

# Ministry of Finance

## Tax Bulletin



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Bulletin SST 074

[www.fin.gov.bc.ca/rev.htm](http://www.fin.gov.bc.ca/rev.htm)

## Out-of-Province Sellers

*Social Service Tax Act*

**Do you operate a business outside British Columbia?**

**Do you need to know how PST applies to your business?**

This bulletin provides specific tax information to help businesses that regularly sell taxable goods to British Columbians understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

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## Overview

PST is a consumption tax that applies to retail sales and leases of taxable goods or services in British Columbia, and to taxable goods brought into the province for use. If you sell taxable goods to customers in British Columbia, you may be required to register and collect the PST.

## Registration

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### When to Register

If your business is located outside British Columbia and you regularly sell taxable goods to customers in British Columbia, you are only required to register if you meet **all** of the following four criteria.

1. You sell taxable goods to customers in British Columbia.
2. You accept purchase orders (including by telephone, mail, e-mail or Internet) from customers located in British Columbia.
3. You deliver goods to a location in British Columbia. Delivery into British Columbia includes goods that you ship physically or electronically, even if you deliver the goods through a third party, such as a courier.
4. You solicit sales in British Columbia through advertising or other means, including mail, fax, newspaper or the Internet.

**Please note:** If you have a website that is accessible from anywhere in the world, you are not soliciting sales in British Columbia. However, if you have a website and also solicit sales in British Columbia by other means, such as promotional flyers or newspaper advertisements, you are soliciting sales in the province.

### How to Register

You can apply to register with the ministry in either of the following ways:

- **online** – through the OneStop Business Registry at [www.bcbusinessregistry.ca](http://www.bcbusinessregistry.ca) or at one of the kiosks located throughout the province, or
- **paper form** – by completing an *Application for Registration as a Vendor* form (**FIN 418**). This form is available from the ministry or any **Service BC Centre**. You will also find it on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/forms.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/forms.htm)

You can submit your paper application by fax, mail or in person.

If the ministry approves your application, you will be provided with:

- a letter advising you of your PST registration number and your tax return filing schedule (your *Certificate of Registration* will be attached to the bottom portion of the letter),
- bulletin publications specific to your business needs (if available), and
- the *Small Business Guide to Provincial Sales Tax (PST)* and *The Taxpayer Fairness and Service Code*.

You will also receive [Bulletin SST 032](#), *Completing the Social Service Tax Return* with your first tax return form. Your tax return form will provide you with information on how to send in the PST you collect.

## Sales

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### When to Charge PST

You charge PST on sales to your British Columbia customers on taxable goods, such as:

- computers, software and software updates (except custom software),
- clothing (except children's clothing),
- furniture and appliances (except certain ENERGY STAR® qualified appliances, for more information, please see [Bulletin SST 011](#), *Exemption for Material and Equipment Used to Conserve Energy*),
- alcoholic beverages,
- motor vehicles and automotive parts,
- telecommunication services, and
- natural gas, heat and electricity for business use.

### When Not to Charge PST

You do not charge your customer PST on goods that are exempt, or when they purchase goods for the following reasons:

- for resale,
- for lease to other persons (as lessor), or
- to be incorporated into goods for resale.

If your customer is registered with the ministry, you record their PST registration number on the invoice. If they are not registered, they complete a *Certificate of Exemption* ([FIN 453](#)), which you keep in your files to show why you did not charge PST.

For information on other exemptions, such as exempt goods, taxable services and common exemptions, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

### Environmental Levy

A \$5 provincial environmental levy applies to each new lead-acid battery weighing 2 kg or more sold in the province, including batteries sold with vehicles and boats. Rebuilt, reconditioned, or used batteries are not subject to the levy.

For more information, please see [Bulletin SST 015](#), *Environmental Levies*.

## Innovative Clean Energy (ICE) Fund Levy

Effective September 1, 2007, a provincial Innovative Clean Energy (ICE) Fund levy of 0.4% applies to purchases of electricity, natural gas, fuel oil and propane sold on a grid system. The levy does not apply to fuel taxed or exempted from tax under the *Motor Fuel Tax Act* (e.g. fuels used in motor vehicles).

For more information on the ICE Fund levy, please see our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/ICE\\_Fund\\_Levy.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/ICE_Fund_Levy.htm)

## PST Rates

The following chart shows the PST rates that apply to the purchase price of taxable goods. PST must be collected **at, or before**, the time the goods are received in British Columbia.

Items	PST Rate
Goods	7%
Alcohol	10%
Passenger Vehicles:	
Less than \$55,000	7%
\$55,000 – \$55,999.99	8%
\$56,000 – \$56,999.99	9%
\$57,000 and over	10%

The purchase price includes charges for transportation and installation, interest, finance, service, customs, and excise when these charges happen at, or before, the time that the title passes to the purchaser. Include fuel surcharges for delivery but do not include the goods and services tax (GST). The charges remain part of the purchase price even if the charges are separated on either the invoice or on the seller's books. If the charges occur after the purchaser receives title to the goods, they are not taxable when the charges are separately listed on the invoice. They do not form part of the original purchase price.

For more information on how tax applies to motor vehicles, please see [Bulletin SST 042](#), *Motor Vehicle Dealers and Leasing Companies*.

## **Need more info?**

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/legislation.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm)

References: *Social Service Tax Act*, Sections 1, 11, 66, 67, 92, 93(1.1), 96(1.1) and 108; *Finance Statutes (Innovative Clean Energy Fund) Amendment Act, 2007*