

Ministry of Finance

Tax Bulletin



ISSUED: April 1993 REVISED: July 2010

Bulletin SST 075

www.fin.gov.bc.ca/rev.htm

On July 1, 2010, the provincial sales tax (PST) was replaced with the harmonized sales tax (HST). However, the information in this bulletin may still be applicable if, under the transitional rules, PST applies. For information on the transitional rules, please see www.sbr.gov.bc.ca/business/Consumer_Taxes/Harmonized_Sales_Tax/hst.html

Items Brought Into British Columbia by New Residents

Social Service Tax Act

This bulletin provides specific tax information to help new residents understand how the social service tax, also called the provincial sales tax (PST), applies to items brought into British Columbia.

The *Social Service Tax Act* imposes PST on goods brought into British Columbia for use. As a new resident, however, you may be eligible for an exemption from the PST on personal property you bring into the province. This bulletin answers questions you may have about this exemption, including the criteria that must be met in order to qualify.

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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What is PST?

PST is British Columbia's provincial retail sales tax. The PST is imposed on goods that are:

- purchased at a retail sale in the province,
- leased or rented in the province, or
- brought in from outside British Columbia for use in the province.

Who is a New Resident?

For the purposes of this exemption, you are a new resident if:

- you were previously a resident of another jurisdiction and have never resided in British Columbia, or
- you previously resided in British Columbia, but gave up your residency here and lived somewhere else as your principal residence for longer than six consecutive months.

If you have been a resident of British Columbia for the past six months, or have temporarily lived outside British Columbia but did not give up residency in this province, you are not eligible for the exemption. You are required to pay PST on goods purchased elsewhere and brought into British Columbia for use in this province.

What Items are Eligible for This Exemption?

As a new resident, you may bring your personal household goods, equipment, motor vehicles, and boats into British Columbia without paying PST if **all three** of the following criteria are met.

1. The items are for your own **personal** use.
2. You have **owned, physically possessed, and used** the items for at least 30 days before taking up residence in British Columbia.
3. You bring the items into British Columbia within six months of taking up residence in this province, or would have if it was not for circumstances that made it impractical for you to bring them in within six months.

Placing an order for a motor vehicle or other goods 30 days or more before you come to British Columbia does not meet the criteria for exemption. You must actually have owned, physically possessed, and used the item for at least 30 days before taking up residence in the province. Goods that are transported by a third party are not considered to be "physically possessed" by the new resident while they are in transit.

What if I am Unable to Bring all my Personal Effects Into the Province Within Six Months?

Personal goods which arrive six months after you take up residence in British Columbia may qualify for exemption if circumstances made it impractical to bring the goods into the province at an earlier date. For example, if you initially took up residence in an isolated area of the province and were limited as to what you could bring to this temporary place of residence, personal effects which otherwise meet the criteria for exemption may be brought into the province after six months exempt from PST.

Business Use

Can I Bring Goods Into the Province for Business Use Without Paying the PST?

No. PST must be paid on the full value of goods you bring into British Columbia for business or commercial purposes.

Motor vehicles and other goods and equipment registered in the name of a proprietorship, partnership, or limited company are considered to have been brought into the province for business or commercial use. PST must be paid on such items.

A personal vehicle registered and licensed in your name, which you also use to do business for your employer, may qualify for exemption, even if you receive compensation from your employer for business use of the vehicle. To find out if you are eligible for the exemption in such a situation, contact the ministry.

Can I Bring Personal Effects into the Province and Subsequently Use Them for Business Use Without Paying PST?

Yes, under certain conditions, effective July 1, 1998, an exemption is provided for settler's effects (e.g., personal goods) brought into the province and subsequently converted to a taxable business use by a new resident of British Columbia. Examples of personal goods brought into the province exempt from PST as settler's effects and eligible to be later converted to business use include:

- tools which later become used in a repair business, and
- a microwave oven or stove later used in a catering business.

This exemption applies only if the conversion to a business use does not occur within the first six months after the property is brought into the province, and one of the following conditions is met:

- satisfactory evidence is provided to the commissioner that PST was paid on the goods to another province and the new resident was not eligible for a refund or rebate of the PST paid, or
- the settler's effect is not a vessel, motor vehicle, or aircraft and has been owned, physically possessed, and used by the new resident for more than three years before moving to British Columbia.

Leased Goods

Can I Bring in Leased Items Without Paying the PST?

No. Household goods, equipment, and motor vehicles that you lease do not qualify for exemption because you do not own them. You must pay the PST on each lease payment for all lease periods during which the leased items are in British Columbia.

If you later exercise an option to purchase contained in the lease agreement, PST applies to any consideration you pay to obtain title to the item.

How is the PST Collected on a Leased Motor Vehicle That I Register in British Columbia?

PST is collected by your Insurance Corporation of British Columbia (ICBC) Autoplan agent when you register a motor vehicle. If you bring a leased motor vehicle into British Columbia and register it in your name, or in your name and the name of the person or company leasing the vehicle to you, the following apply.

If the person or company leasing the vehicle to you is registered to collect the PST and has confirmed in writing, either in the lease or by letter, that they will collect and remit the required PST, you may register the vehicle without paying the PST. Your Autoplan agent will ask to see the written confirmation.

- If that person or company is not registered to collect the PST or, if registered, has not confirmed in writing that they will collect the required PST, you will be required to pay the PST on the full value of the vehicle at the time of registration.
- If the lease is terminated, or the vehicle is removed from the province for registration outside the province, you may apply for a refund equal to the difference between the PST paid when you registered the vehicle, and the PST that would otherwise have been payable on the lease payments while the vehicle was used in the province.

To apply for a refund, obtain an *Application for Refund* form (**FIN 413**), and send the completed application to:

Consumer Taxation Branch
Refund Section
PO Box 9628 Stn Prov Govt
Victoria BC V8W 9N6

You must include satisfactory documentation verifying payment of the PST and the date PST was paid.

For more information, please see **Bulletin GEN 008**, *Refunds of Overpayments of Tax*.

Forms and bulletins are available from the ministry website or any Service BC Centre.

Payment of PST

How do I Pay the PST Due on Other Taxable Items?

Obtain a *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form (FIN 428P) from any Service BC Centre. Instructions for completing the form and remitting the PST are on the form.

Need more info?

Toll free in Canada: 1 877 388-4440

E-mail: 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 available on our website.

References: *Social Service Tax Act*, Sections 1, 9(1.1), 11, 20.1 and 21, and Regulation 3.12.