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Small Business Guide to PST

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated June 2015. For a summary of the changes, see Latest Revision at the end of this document.*

This guide explains the basics of PST in BC.

If you are starting a business in BC or are already operating one, you should read this guide. Even if you are not required to register to collect and remit PST, this guide explains how PST applies to goods and services you purchase for your business.

For information on how to complete the PST return, visit our online **Guide to Completing the PST Return**.

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What is PST?

The PST is a retail sales tax that is payable when a taxable good, software or service is acquired for personal use or business use, unless a specific exemption applies. The general PST rate is 7% (see PST Rates below).

Please note: PST is different from the federal goods and services tax (GST). To register for the GST or for questions about the GST, contact the Canada Revenue Agency (CRA) at 1 800 959-5525 or visit the **CRA** website.

PST Rates

The following PST rates apply:

Item	PST Rate
Goods (except those listed below), software, legal services, telecommunication services and related services	7%
Liquor	10%
Accommodation (not including the additional Municipal and Regional District Tax – see Charging PST and MRDT below)	8%
Vehicles	7% - 10% or 12% (see **Bulletin PST 308**, *PST on Vehicles*)
Boats	7% or 12% (see **Bulletin PST 108**, *Boats*)
Aircraft	7% or 12% (see **Bulletin PST 134**, *Aircraft*)
Manufactured mobile homes	7% of 50% of the purchase or lease price or fair market value
Manufactured modular homes	7% of 55% of the purchase or lease price or fair market value
Portable buildings	7% of 45% of the purchase or lease price or fair market value

What is Taxable?

Unless a specific exemption applies, the PST applies to:

- the purchase or lease of new and used goods in BC
- goods brought, sent or delivered into BC for use in BC
- the purchase of:
  - software
  - services to taxable goods (i.e. related services), such as vehicle maintenance, furniture assembly, computer repair and services to install taxable goods
  - short-term accommodation in BC
  - legal services (including legal services provided outside BC in certain situations)

- telecommunication services (including internet services, and certain digital and electronic media content, such as music and movies)

- gifts of vehicles, boats and aircraft

Note: In this guide, **goods** refers to tangible personal property as defined in the *Provincial Sales Tax Act*. Tangible personal property is personal property that can be seen, weighed, measured, felt or touched, or that is in any other way perceptible to the senses, and includes:

- natural or manufactured gas
- electricity
- heat
- affixed machinery
- an improvement to real property or part of an improvement to real property that is removed from the site at which it is affixed or installed, while it is removed from that site.

Taxable Goods

Examples of taxable goods include:

- affixed machinery (see **Bulletin PST 503**, *Affixed Machinery*)
- alcoholic beverages / liquor
- art and art supplies
- building materials
- computers
- cosmetics and grooming aids
- flowers
- furniture and appliances
- motor vehicles and automotive parts
- natural gas, heat and electricity for business (i.e. non-residential) use
- pets
- souvenirs

For examples of goods that are exempt from PST or non-taxable, see What is Not Taxable? below.

Services to Taxable Goods

PST applies to most services provided to, or to install, taxable goods (i.e. related services), including:

- automobile maintenance, repairs, tune-ups, oil changes, painting and cut polishing
- furniture repair, re-upholstery and refinishing
- maintenance of plants in portable containers
- services to apply protective treatments to taxable goods, such as fabric protection, rust proofing or paint
- services to repair or maintain taxable goods, such as knives, watches, electronics, office equipment or computers

- services to restore or assemble taxable goods, such as furniture
- services to set up, install or dismantle taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions

For more information, see **Bulletin PST 301**, *Related Services*.

Accommodation, Software, Legal Services and Telecommunication Services

PST also applies to:

- short-term accommodation in BC (see **Bulletin PST 120**, *Accommodation*)
- software (see **Bulletin PST 105**, *Software*)
- legal services (see **Bulletin PST 106**, *Legal Services*)
- telecommunication services (see **Bulletin PST 107**, *Telecommunication Services*)

Passenger Vehicle Rental Tax

In addition to the PST, a passenger vehicle rental tax of $1.50 per day, or portion of a day, applies to passenger vehicles leased or rented for more than 8 consecutive hours and 28 consecutive days or less.

Lessors of passenger vehicles must collect this tax in addition to the PST on the lease or rental of the passenger vehicle and remit the tax on their PST return. For example:

Rental charge (2 days at $50 per day):	$100.00
Passenger vehicle rental tax (2 days at $1.50 per day)	$ 3.00
PST (e.g. 7% of the rental charge)	$ 7.00

Note: You do not charge the PST on the passenger vehicle rental tax, but you do charge the GST on the passenger vehicle rental tax.

ICE Fund Tax

In addition to the 7% PST, a 0.4% tax applies to energy products to raise revenue for the Innovative Clean Energy (ICE) Fund. The ICE Fund tax applies only to the following energy products:

- natural gas (excluding natural gas purchased in BC, or brought, sent or delivered into BC, for use in stationary internal combustion engines),
- fuel oil, except kerosene, used for the purposes of heating, cooling or raising steam, and
- propane in a vapourized form delivered:
  - by a public utility, as defined in the *Utilities Commission Act*,
  - by pipe, and
  - to purchasers at the place at which the propane will be used.

The ICE Fund tax does not apply to electricity.

Sellers of natural gas, fuel oil and propane sold on a grid system must collect the ICE Fund tax from industrial, residential and commercial customers, and remit that tax on their PST return.

The PST exemption for residential energy products does not apply to the ICE Fund tax. This means you charge the ICE Fund tax to residential customers.

The 7% PST and the 0.4% ICE Fund tax are calculated separately on the purchase price before taxes. For example:

Energy product charge:	$100.00
ICE Fund tax (0.4%)	$ 0.40
PST (7% of the energy product charge)	$ 7.00

If it is not possible to record the 0.4 % ICE Fund tax separately, you may combine this tax with the 7% PST, as long as you state this on the bill.

Note: You do not charge the 7% PST or the GST on the 0.4% ICE Fund tax.

For more information, including information on exemptions, see **Bulletin PST 203**, *Energy, Energy Conservation and the ICE Fund Tax*.

What is Not Taxable?

Real Property Contracts

Real property is land and anything attached to the land so that it becomes part of real property on installation (i.e. ceases to be personal property at common law). This would normally include buildings, structures, and things, such as machinery or equipment, that are attached to the land (or to buildings and structures) by some means except their own weight.

For the purpose of the PST, things that are attached so that they become part of real property are either:

- improvements to real property, or
- affixed machinery (see **Bulletin PST 503**, *Affixed Machinery*).

If you are a contractor, it does not matter whether your contract is for the supply and affixation, or installation, of an improvement to real property or affixed machinery. In either case, you must pay PST on the goods you obtain to fulfill the contract as outlined in **Bulletin PST 501**, *Real Property Contractors*.

Exempt Goods

You can sell the following goods to anyone without collecting PST. These exemptions can be provided at the time of sale and do not require any specific information or documentation to claim the exemption.

- All food for human consumption (including basic groceries, prepared foods, such as restaurant meals, candies and confections, water and non-alcoholic beverages)
- Vitamins and dietary supplements
- Used clothing and footwear when sold for under $100 per item
- Remembrance Day poppies and wreaths
- Natural cut evergreens sold as Christmas trees

- Energy products (e.g. electricity and natural gas) purchased for use in a residential dwelling under certain circumstances (see **Bulletin PST 203**, *Energy, Energy Conservation and the ICE Fund Tax*)
- Fuel taxed or exempted from tax under the *Motor Fuel Tax Act*

You can also sell the following goods to anyone without collecting PST. However, these items must meet certain conditions for exemption or are limited to specific items.

- Bicycles and adult-sized tricycles (see **Bulletin PST 204**, *Bicycles and Tricycles*)
- Books (including e-books), newspapers and magazines (see **Bulletin PST 205**, *Books, Magazines, Newspapers and Other Publications*)
- Children-sized clothing and footwear, and adult-sized clothing and footwear for children under 15 years of age (see **Bulletin PST 201**, *Children's Clothing and Footwear*)
- Goods shipped by the seller outside BC (see **Bulletin PST 309**, *PST and Non-Residents*)
- Specified safety equipment and protective clothing (see **Bulletin PST 100**, *Safety Equipment and Protective Clothing*)
- Specified energy conservation materials (see **Bulletin PST 203**, *Energy, Energy Conservation and the ICE Fund Tax*)
- Specified medications and health-related equipment and supplies (see **Bulletin PST 207**, *Medical Supplies and Equipment*)
- Specified school supplies (see **Bulletin PST 202**, *School Supplies*)

For more information on PST exemptions, see **Bulletin PST 200**, *PST Exemptions and Documentation Requirements*.

Exempt Services

The following services are exempt from PST.

- Automobile towing, roadside tire changing and battery boosting (but not battery recharging)
- Cleaning services (unless provided with a taxable related service), such as laundry and dry cleaning, carpet and upholstery cleaning, janitorial services, engine shampoos, and car washes and waxes
- Labour to install goods that become real property when installed, and services to real property
- Personal services, such as hairstyling, barbering and beauty treatments (but not sales of product, such as shampoo, which are taxable)
- Services provided to animals, such as horseshoeing, pet grooming or veterinary services
- Services to goods brought or sent into the province solely to receive services and, immediately after receiving the services, removed from the province (the seller must have documentation verifying the circumstances of the sale)
- Services to items that are exempt from tax, such as repairs to non-motorized bicycles
- Services to the following goods if designed for household use: refrigerators, stoves, ovens (including microwave and convection ovens), clothes washers and dryers, dishwashers, vacuums, sewing machines, rugs, carpets, draperies and curtains

For more information on PST exempt services, see **Bulletin PST 301**, *Related Services*.

PST Registration

Businesses Required to Register

You must register to collect and remit PST if you do any of the following in the ordinary course of your business.

- Sell taxable goods in BC, for example:
  - alcoholic beverages / liquor
  - motor vehicles, automotive parts and supplies
  - boats
  - building materials
  - household or office furniture
  - general merchandise, such as flowers, clothing, cosmetics, appliances or souvenirs
- Lease taxable goods in BC (including entering into lease agreements in BC or delivering leased goods to a lessee in BC), for example:
  - motor vehicles
  - tools and equipment
  - aircraft
  - art work
- Provide related services in BC (i.e. services to taxable goods or to install taxable goods), for example:
  - repair or maintenance of taxable goods, such as automobiles, knives, watches, TVs, stereos, office equipment or computers
  - application of protective treatments to taxable goods, such as fabric protection, rust proofing or paint
  - setting up, installing or dismantling taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions
  - restoring or assembling taxable goods, such as furniture
- Provide taxable accommodation in BC
- Provide legal services in BC
- Provide telecommunication services in BC (including internet access, non-basic cable, non-residential telephone services, cell phone services, satellite services, fax services, and digital and electronic media content, such as music and movies)
- Provide software in BC
- Act as a liquidator, receiver, receiver-manager or trustee and dispose of assets as part of your business

If any of the following apply to you, see **Bulletin PST 001**, *Registering to Collect PST* for more information.

- You are a business located outside BC, but within Canada, and sell taxable goods or provide software or telecommunication services to customers in BC.
- You are a business located outside BC that accepts purchase orders for taxable goods you sell to customers in BC, and you hold those goods in inventory in BC at the time of sale (effective September 1, 2015).

- You enter into contracts to improve real property where your customers have agreed to pay PST.
- You sell exclusive products as a direct seller to an independent sales contractor in BC for resale.

All businesses that must be registered are considered to be collectors whether or not they are actually registered. All collectors have specific obligations to collect and remit PST.

Even if you believe you are not required to register for PST, you may still wish to register so you can self-assess (pay directly to us) any PST you must pay through the tax return process. Also, certain businesses that are not required to register may **voluntarily** register to collect and remit PST in certain situations.

For more information, see **Bulletin PST 001**, *Registering to Collect PST*.

Small Sellers

You are a small seller if you meet **all** of the following criteria

- You are located in BC but do not maintain established commercial or business premises (e.g. you do not sell goods from a shop, including a home-based shop)
- You make retail sales of eligible goods, software or services
- You have $10,000 or less in gross revenue from all retail sales of eligible goods, software and services for the previous 12 months, and your estimated gross revenue from all retail sales of eligible goods, software and services for the next 12 months is $10,000 or less
- You do not sell:
  - vehicles, boats or aircraft in the ordinary course of your business
  - accommodation (or offer to sell accommodation) in the ordinary course of business
  - liquor, except under a special occasion licence or at an auction. For information on how PST applies in these situations, see **Bulletin PST 300**, *Special Occasion Liquor Licenses* and **Bulletin PST 320**, *Liquor Sold at Auction*)
- You are not:
  - a lessor (see **Bulletin PST 315**, *Rentals and Leases of Goods)*
  - an independent sales contractor (see **Bulletin PST 004**, *Direct Sellers and Independent Sales Contractors*)
  - a contractor who enters into contracts to supply and affix, or install, goods so they become part of real property (see **Bulletin PST 501**, *Real Property Contractors*)

As a small seller, you are not required to register for PST. Small sellers pay PST when purchasing products for resale and do not collect PST on sales.

However, you have the option to register. If you register, you will no longer be considered a small seller. You will be exempt from PST when purchasing products for resale and must collect PST on your sales.

For more information, see **Bulletin PST 003**, *Small Sellers*.

Registering to Collect PST

You can register for PST online, in person, or by mail or fax. For information on how to register to collect PST, visit our **Register to Collect PST** page.

Charging PST and MRDT

Charging PST

You must charge, collect and remit PST on sales or leases of taxable goods, sales of software and sales of taxable services (i.e. related services, accommodation, legal services and telecommunication services) in BC. This also includes sales and leases outside the ordinary course of business, including sales of business assets such as vehicles, office equipment and furniture.

PST is generally payable at the same time that the purchase or lease price, or any portion of the purchase or lease price, is paid or becomes due, whichever is earlier. For more information, see **Bulletin PST 002**, *When to Charge and Collect PST*.

PST and the Goods and Services Tax (GST)

You charge PST on the price of taxable goods and services before adding the federal GST. This means that the GST is not included in the price on which PST is calculated. You calculate the PST before adding the GST to the sales price of goods as follows.

Sales price	$100.00
PST (7% of $100)	$ 7.00
GST (5% of $100)	$ 5.00
Total amount charged to customer	$112.00

According to the GST legislation, you can sell goods and services that already have the GST included in the price. In this case, assuming the applicable PST rate is 7%, you charge PST on the sales price using the factor of 6.67% (100/105 x 7%).

For alcoholic beverages, which have a PST rate of 10%, if GST is included in the sales price, you charge PST on the sales price using the factor of 9.52% (100/105 x 10%). For example:

GST-included price for the liquor	$10.50
10% PST due (0.0952 x $10.50)	$ 1.00
Total amount charged to customer	$11.50

Charging Municipal and Regional District Tax (MRDT)

If you provide or offer to provide four or more units of accommodation, in addition to collecting the 8% PST on accommodation, you must also collect the MRDT in participating municipalities and regional districts.

The MRDT is a tax of up to 3% charged on sales of taxable accommodation. The MRDT is collected on behalf of municipalities, regional districts and other eligible entities to raise revenue for local tourism, marketing, programs and projects.

The MRDT is administered by us as agent for municipalities, regional districts and other eligible entities and has its own tax return form.

More information for accommodation providers is available in **Bulletin PST 120**, *Accommodation*.

Remitting PST and MRDT

All collectors, including out of province collectors, must collect and remit PST on sales or leases of taxable goods, sales of software and sales of taxable services (i.e. related services, accommodation, legal services and telecommunication services) in BC.

Note: Passenger-carrying commercial vessels, such as cruise ships that make regular scheduled sailings to or from a port outside BC, may receive a written exemption from us from collecting and remitting PST.

Any person who collects PST, or collects an amount as if it were PST, is required to remit that amount to us. For example, if you charged and collected PST at an incorrect rate on general goods (e.g. 10% instead of 7%) or you collected PST on a non-taxable good or service, you still have to remit the amount collected to us. In this case, your customer may be entitled to a refund. For more information, see Refunds below.

You may file your tax returns and make payments online, through a participating financial institution, by mail or in person.

Note: Businesses with at least $1.5 million in total Canadian sales per year must file tax returns and remit PST electronically (i.e. through eTaxBC or through a participating financial institution).

For more information on remitting PST and how to sign up for eTaxBC, see our **Reporting and Paying Tax** webpage.

Reporting Periods

You must report and remit to us any PST you charge, whether or not you have actually collected it from your customer. You must remit all PST charged within a reporting period no later than the last day of the month following the reporting period. For example, if you are reporting for a period ending June 30, you must file your return and remit the PST charged in that period no later than July 31.

For more information, including how reporting periods apply to you if you are not registered but should be, see our **Reporting and Paying Tax** webpage.

Completing the PST and MRDT Tax Returns

You report the PST you must collect on sales or leases of taxable goods, sales of software and sales of taxable services (i.e. related services, accommodation, legal services and telecommunication services) on your PST return. You also report the passenger vehicle rental tax and the ICE Fund tax on your PST return.

You report the MRDT you must collect on an MRDT return, **not** on your PST return.

Note: While PST and MRDT must be reported on separate returns, you may remit one payment to cover both returns.

For information on how to complete the PST and MRDT returns, visit our online guides for **Completing the PST Return** and **Completing the MRDT Return**.

Commission

Collectors who are registered as required are entitled to a commission for each reporting period in which they remit PST as required and on time. Collectors with more than one PST account may only claim commission on one of those accounts. You cannot claim commission on an MRDT return.

Paying PST in Your Business

How to Self-Assess PST

If a seller or lessor does not charge you PST when you are required to pay it, you must self-assess the PST due. For information on how to self-assess PST on your PST return, visit our online guide for **Completing the PST Return**.

Business Assets

Unlike the GST/HST, there are no PST input tax credits provided on goods purchased by a business. PST is payable on goods unless an exemption applies (e.g. goods purchased for resale).

PST applies to the taxable goods you purchase or lease for use in your business. In this case, you are the end user of the goods and are responsible for paying the PST. Generally, you pay PST when you purchase or lease taxable goods from your supplier. However, if the supplier does not charge you PST, you need to self-assess the PST due.

If you have a PST number, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month you purchased or leased the taxable goods. For example, if you purchased taxable goods in June, you must file the return and pay the PST no later than July 31.

Examples of taxable business assets you purchase or lease for use in your business may include the following.

- Advertising flyers
- Affixed machinery (see **Bulletin PST 503**, *Affixed Machinery*)
- Business equipment and supplies, such as vehicles, shop equipment and cleaning supplies
- Demonstration or display items if they are not immediately available for sale
- Heat and electricity
- Office equipment, such as desks, chairs and cash registers
- Office supplies, such as receipt books, stationery and cash register tapes

Services

PST applies to the following services you may purchase for use in your business.

- Most services provided to taxable goods or to install taxable goods. For example, you are responsible for paying the PST on services provided to maintain and repair equipment you use in your business. For more information, see **Bulletin PST 301**, *Related Services*.
- Legal services. For more information, see **Bulletin PST 106**, *Legal Services*.
- Telecommunication services (e.g. telephone and internet) for use in your business. For more information, see **Bulletin PST 107**, Telecommunication Services.

Taking Goods Out of Inventory and Promotional Materials

PST applies when you take taxable goods from your resale inventory for your business or personal use, or you purchase taxable goods for the following purposes:

- Donations to charities or other organizations
- Promotional materials you use or give away to help advertise or promote your business
- Samples, gifts and prizes

For more information on how PST applies to promotional material and gifts, see **Bulletin PST 311**, *Promotional Materials and Special Offers* and **Bulletin PST 312**, *Gifts*.

Change in Use of Lease Inventory

PST applies when you take taxable goods you purchased solely for lease or rental purposes and later use them yourself or allow an employee to use them.

For more information, see **Bulletin PST 315**, *Rentals and Leases of Goods.*

Leased Inventory Occasionally Supplied with an Operator

You are not required to self-assess PST on the depreciated value of goods you purchased solely for lease or rental purposes if you:

- occasionally supply an operator with the goods, and
- the goods remain part of the lease inventory in your company books or accounting records.

In this case, you need to self-assess the PST due on the normal lease price of the goods when you occasionally lease it with an operator. The normal lease price is the price usually charged to your customers for the lease of the goods without an operator.

For more information, see **Bulletin PST 315**, *Rentals and Leases of Goods.*

Out-of-Province Purchases and Leases

PST applies to the taxable goods you purchase or lease for use in your business from out-of-province suppliers. If the seller does not charge you PST, you self-assess and pay the PST due on your total landed cost (see below) to bring the goods into the province.

For more information, see **Bulletin PST 310**, *Goods Brought into BC*.

Also, PST applies on taxable goods you bring into the province for temporary use and on taxable conveyances you use interjurisdictionally. Vehicles licensed under a license to which a prorate agreement applies are subject to multijurisdictional vehicle tax (MJV tax). For more information, see **Bulletin PST 307**, *Goods Brought into BC for Temporary Use* and **Bulletin PST 135**, *Multijurisdictional Vehicles*.

Buying and Selling a Business

When buying a business, PST applies to all taxable business assets. If the seller is a collector, the seller must collect and remit PST on the sale of taxable business assets. A collector must collect and remit PST on taxable sales until the date of cancellation of their registration.

If the seller is not a collector or does not charge PST on the taxable assets, the purchaser must self-assess and remit the PST due on their next PST return.

If you are buying a business, you should ensure that you have a clearance certificate issued by us. The certificate confirms that the current business owner has paid and remitted all outstanding PST and any related penalties and interest (up to the date the certificate was issued).

For more information, see **Bulletin PST 005**, *Buying and Selling a Business*.

Refunds

Applying for Refunds from Us

If you paid PST in error or overpaid PST, you may claim a refund of the tax paid. You must claim a refund within four years from the date the tax was paid. We cannot issue a refund of less than $10.

For more information, see **Bulletin PST 400**, *PST Refunds*.

Providing Refunds to Customers

As a collector, you may refund or credit your customers PST you charged and collected from them in the following circumstances.

Customer Does Not Provide Required Information or Document at the Time of Sale or Lease

If your customer has paid PST and would not have been required to pay PST if they had provided the required information or document to claim an exemption at the time of the sale or lease, you may refund or credit your customer the PST paid if they provide the required information or document within 180 days of the date the PST was paid.

Customer Was Not Required to Pay PST

If your customer has paid PST and was not required to pay it (i.e. on an exempt item that did not require any information or document to claim the exemption), you may refund or credit your customer the PST paid within 180 days of the date the tax was paid.

Refund or Credit of Purchase Price or Lease Price

If you provide your customer a full or partial refund or credit of the purchase or lease price for taxable goods (except a purchased motor vehicle, see below), software or taxable services within four years of the purchase or lease, you may also refund or credit the applicable PST. For example, if you refund or credit 50% of the purchase price of a good to your customer, you may also refund or credit 50% of the PST to your customer.

To be eligible for a reimbursement of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase or lease price.

Motor Vehicles Returned Within One Year of Purchase

When a customer returns a vehicle to you within one year of the purchase and you provide a full or partial refund or credit of the purchase price, you must also refund or credit the applicable PST. To be eligible for a reimbursement of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase price.

Claiming a Refund of PST You Refund or Credit to Your Customer

If you refund or credit PST to your customer in any of the above circumstances, you may claim a refund of the PST you remitted on the sale or lease by taking an adjustment on your PST return (i.e. deducting the amount of your refund from the amount of tax owing) if you are registered, or by applying directly to us for a refund.

You may also claim a refund of PST you remitted if:

- you provide a credit of PST that you charged but your customer had not yet paid,
- the credit was provided within 180 days of the date the PST was charged, **and**
- the credit was a result of:
  - your customer providing you with the information or document required to support an exemption, or
  - you identifying that your customer is not required to pay the PST (i.e. on an exempt item that did not require any information or document to claim the exemption).

If you choose to take an adjustment on your return, you must take the adjustment in the reporting period in which you provided the refund or credit.

For information on making adjustments on your PST return, visit our online guide for **Completing the PST Return**.

Books and Records

You must keep sufficient books and records to provide details of all of the following.

- All sales and leases (taxable and non-taxable)
- All tax charged, collected, remitted and commission taken
- All purchases and leases for inventory and for your own use
- All goods brought, sent or received in BC for inventory and for your own use
- All goods, software or taxable services taken from inventory for your own use
- All applicable supporting documents to show why tax was not collected on taxable goods, software and services
- Price reductions provided for sales and leases of goods, and sales of software and taxable services
- Refunds and credits provided for sales and leases of goods, and sales of software and taxable services

You must keep books, records and any documentation relating to your business for five years. You may destroy records older than five years at your discretion, unless there is an outstanding appeal. If you wish to destroy any of these records before five years, you need written permission from us.

Note: In some cases, you may wish to keep your records for longer periods to prove your entitlement to an exemption. For example, to prove you qualify for a related party asset transfer PST exemption, you need records to show the asset was a tax paid asset even if the records are older than five years.

Audits and Appeals

Audits

An audit is an examination of your business' financial records to ensure you are paying, collecting and remitting tax as required, and to identify any areas where you may be doing this incorrectly.

The BC tax system operates on the principle of voluntary compliance. Each taxpayer is responsible for paying taxes on their taxable purchases, and collecting and remitting taxes correctly and promptly.

Any person can be audited: individuals, manufacturers, wholesalers and retailers – large or small. If your business is located outside BC and you conduct business in the province, you may also be audited.

Your business may be audited for the following reasons:

- there may be a special audit project or legislated program occurring and your business was selected for the project or program
- your business may be selected based on risk of misapplication of tax
- your business may be referred to us for audit
- if you have submitted a refund claim, you may be audited as part of the review to ensure that all taxes due have been paid before the refund is processed

For more information, see our **Audits** page.

Appeals

You have the right to appeal to the Minister of Finance if you disagree with:

- an assessment of taxes, interest or penalties,
- a disallowance or reduction of a refund claim,
- a refusal to register a person for PST,
- a suspension or cancellation of a person's PST registration, or
- a determination that a corporation is associated with another corporation for collection purposes.

If you are not satisfied with the outcome of your appeal, you can appeal to the courts. For more information, see our **Appeals** page.

Note: The law imposes time limits on appeal submissions.

Voluntary Disclosure

If you identify that you have not charged, collected, remitted or paid PST as required, you must disclose the liability to us and pay any overdue amounts, plus applicable interest.

If you voluntarily disclose a tax liability to us, you will not be subject to penalty (other than a penalty equivalent to tax not charged as required, as described in **Bulletin CTB 005**, *Penalties and Interest*) or prosecution if **all** the following conditions are met:

- it is the first time you have made a voluntary disclosure of the tax due,

- you pay the overdue amount plus interest or make satisfactory arrangements for payment,
- we have not already identified the tax liability, issued you a previous warning relating to the type of error, or contacted you for upcoming audit or inspection purposes prior to making this disclosure, and
- you do not have any outstanding debt on your account.

If any of these conditions are not met, we will generally apply penalties in accordance with the information outlined in **Bulletin CTB 005**, *Penalties and Interest*.

How to Make a Disclosure

To make a disclosure, write a letter identifying the liability. If you do not have all the details of the tax liability at the time you make the disclosure, you can state that you will provide the details later.

If your disclosure meets all the conditions above, make note of that in your letter.

Send your letter to:

Executive Director
Consumer Taxation Audit Branch
Unit 800 - 900 Howe Street
Vancouver BC V6Z 2M4

Rulings

Rulings and interpretations are written confirmations of our position on how the PST applies. Rulings and interpretations are the tools used to ensure PST is applied according to the legislation, policy, and the principles of fair tax administration.

We provide consistent and timely rulings, interpretations, and technical information to a variety of stakeholders as an aid to understanding the legislation. However, rulings and interpretations are not law. The information in rulings and technical interpretations may not apply in whole or part as a result of changes to the legislation.

The applicability of a ruling or interpretation to a particular circumstance depends upon the facts and information provided. For this reason, provide us with as much relevant detail as possible. Variations in circumstance and incomplete or inaccurate information could impact the ruling or interpretation. The information in rulings and technical interpretations generally only apply to the specific circumstances set out in the request.

PST rulings and interpretations are available from **CTBTaxQuestions@gov.bc.ca**

Taxpayer Fairness and Service Code

At the Ministry of Finance, we are committed to providing you with the best quality customer service possible. The Taxpayer Fairness and Service Code describes the fairness and service principles we follow when dealing with you.

Copies of the Taxpayer Fairness and Service Code are available on our **website** or by calling Taxpayer Services at 1 877 388-4440.

Additional Resources

PST Forms, Publications, Legislation and Regulations

PST forms, publications, legislation and regulations are available online on our **Forms** and **Publications** pages.

Subscription Service

For up to date information on PST and other consumer taxes, subscribe to our **What's New** page.

Taxpayer Services

Call us at 1 877 388-4440, 8:30am to 4:30pm, Monday to Friday, with your PST questions.

PST Outreach

PST Webinars and Seminars

We offer online interactive webinars and in-person seminars to provide information on transitioning to the PST. The topics include general PST application, registration and our new online services option, called eTaxBC. For more information, visit our **Webinars & Seminars** page.

PST Videos

Watch our PST video (hosted by YouTube): **PST in BC – Online Registration**.

Other Provincial Programs That May Affect Your Business

For information on **Insurance Premium Tax**, **International Business Activity** or **Logging Tax**, visit our website or call us at 1 877 387-3332.

For information on the Book Publishing Tax Credit, Film and Television Tax Credit, Mining Exploration Tax Credit, Mining Flow Through Share Tax Credit, Production Services Tax Credit, Scientific Research and Experimental Development Tax Credit, or Venture Capital Tax Credit, visit our **Corporate Income Tax** or **Personal Income Tax** website or call us at 1 877 387-3332.

For information on federal income tax credits or the GST, visit the **Canada Revenue Agency** website.

For information on property transfer tax, visit our **Property Transfer Tax** website or contact us at 250 387-0604 in Victoria, or call Service BC toll free at 1 800 663-7867 and ask to be transferred to us at the Victoria number.

For information on rural property tax, visit our **Rural Property Tax** website or contact us at 250 387-0555 in Victoria, or call Service BC toll free at 1 800 663-7867 and ask to be transferred to us at the Victoria number.

Small Business Information Resources

Other websites particularly useful to new businesses:

- British Columbia Chamber of Commerce – **bcchamber.org**
- British Columbia's Ministry of Jobs, Tourism and Skills Training – **gov.bc.ca/jtst**

- Canada Revenue Agency (GST) – **cra-arc.gc.ca**
- Canadian Federation of Independent Business (CFIB) – **cfib.ca**
- Community Futures Development Association of British Columbia – **communityfutures.ca**
- Investment Capital Programs – **http://www.jtst.gov.bc.ca/icp/**
- OneStop Business Registry – **bcbusinessregistry.ca**
- Retail Council of Canada – **retailcouncil.org**
- Service BC Centres – **servicebc.gov.bc.ca**
- Small Business BC – **smallbusinessbc.ca**

Latest Revision
July 2016

- Updated the Voluntary Disclosure section.