

Ministry of Finance

Tax Bulletin



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Bulletin SST 030

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

Purchases by Non-Residents of British Columbia

Social Service Tax Act

This bulletin provides specific tax information to help non-residents of British Columbia 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)*.

Table of Contents

Purchases of Merchandise.....	1
Purchases of Taxable Services	4
Refunds of PST Paid or the Levies Paid by Non-Resident Purchases	4

Purchases of Merchandise

Purchases for Own Use Eligible for Exemption

General merchandise purchased in the province by non-residents for their own use outside of the province may only be purchased exempt from PST if one of the following criteria is met.

- The merchandise is delivered by the seller in the seller’s own vehicle to a point outside the province, without any use by the purchaser in the province.

The *Out-of-Province Delivery Exemption* form (**FIN 448**) must be completed and signed by both the purchaser and the seller. This form is available from the ministry or any **Service BC Centre**. Alternatively, a seller may use a rubber stamp in the following form:

I certify that the goods purchased as described on this invoice have been delivered outside the Province of British Columbia by the seller of the goods	
_____	_____
Purchaser's Signature	Date
_____	_____
Seller's Signature	Date

The stamp must be placed on all copies of invoices, bills of sale, and must be signed by the seller allowing the exemption and the purchaser. The seller must retain the completed *Out-of-Province Delivery Exemption* form (**FIN 448**) or stamped invoices on file to justify why the PST was not collected.

- The merchandise is delivered by the seller to a common carrier, customs broker or forwarding agent for shipment outside of the province to the purchaser. A forwarding agent is someone hired by the seller who organizes a delivery order, but never takes ownership of the goods. Typically, such individuals are hired when there is a large project that requires the shipping of a number of different goods.
- The merchandise is sold to a common carrier for use in the conduct of its business outside this province and the goods are shipped by the seller via the purchasing carrier under a bill of lading.
- The merchandise is sold to a foreign purchaser and the goods are delivered by the seller to a ship, airplane or other common carrier for the purpose of carrying the property outside the province. Title and control of the property does not pass to the foreign purchaser until delivery is complete and no portion of the property is used or consumed in the province.

All documents relating to the delivery of goods sold to non-residents, such as bills of lading, signed forms, or certificates, must be retained by the seller in support of these exemptions.

Taxable Transactions

Generally, no exemption applies to transactions where a non-resident purchaser takes delivery of goods in the province, even if the goods are later removed from the province. The seller is required to charge PST on the full sale price at the time the sale takes place. However, in very limited circumstances, the non-resident purchaser may be entitled to apply for a refund of the PST (see the section below, Refunds of PST Paid or the Levies Paid by Non-Resident Purchasers).

Under certain circumstances, an exemption applies to transactions where a non-resident purchaser takes delivery of a vehicle or an aircraft in the province. For more information, please see **Bulletin SST 007, Purchases of Vehicles by Non-Residents** and **Bulletin SST 051, Aircraft**.

Purchases for Resale

Where merchandise is sold to a non-resident claiming to be purchasing the goods for resale or for incorporation into property which will be resold, the sale may be made without collection of PST only if all of the following criteria are met.

- The purchaser completes and signs a *Certificate of Exemption* form (**FIN 453**).
- In allowing the exemption, the vendor is satisfied that the circumstances of the sale indicate that the criteria for non-collection of PST have been met. That is, the goods will be removed from the province, without use in the province, by a person purchasing the goods for resale. Evidence that the criteria have been met includes: the goods are invoiced to a business, the quantity of goods purchased are unlikely to be for personal use and the purchaser provides an out-of-province business licence or tax registration.

The seller must retain the signed certificate and any supportive documentation to verify non-collection of PST on that sale. The *Certificate of Exemption* form (**FIN 453**) is available from the ministry or any **Service BC Centre**.

The *Certificate of Exemption* form (**FIN 453**) may only be used by persons who do not regularly make retail sales in the province. Persons who do make regular sales in the province are required to be registered as vendors. For more information, please see **Bulletin SST 044, Registering to Collect Provincial Sales Tax (PST)**.

Environmental Levies

A \$5 provincial environmental levy applies to each new lead-acid battery purchased in British Columbia. Non-residents are exempt from paying the battery levy only if the sale meets the criteria for a PST exemption as outlined in this bulletin. For more information, please see **Bulletin SST 015**, *Environmental Levies*.

Effective September 1, 2007, a provincial Innovative Clean Energy (ICE) Fund levy of 0.4% applies to sales 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. fuel used in a motor vehicle, generator or chainsaw). Non-residents are exempt from paying the ICE Fund levy only if a sale meets the criteria for a PST exemption as outlined in this bulletin. For more information, please see the *Notice to Sellers of Electricity, Natural Gas, Fuel Oil and Propane: Innovative Clean Energy (ICE) Fund Levy Extension*.

Purchases of Taxable Services

Taxable

PST applies to charges for services provided to non-residents to install, assemble, dismantle, repair, adjust, restore, recondition, refinish, or maintain tangible personal property while they are visiting British Columbia.

Exemption

PST does not apply to charges for such services where the goods are brought or sent into British Columbia solely to receive taxable services and, immediately after receiving the services, are removed from the province.

To verify non-collection of PST on such sales, the person providing the services must obtain documentation verifying the circumstances of the sale. When available, shipping invoices or bills of lading showing the date the item was shipped from the repairer's shop to an out-of-province location will be accepted as verification. If shipping invoices are not available, a written statement, signed by the customer, must be obtained.

Refunds of PST Paid or the Levies Paid by Non-Resident Purchases

Purchases Eligible for a Refund

Where the circumstances of the sale do not meet the requirements for exemption, the non-resident purchaser may apply to the ministry for a refund of the PST paid provided one of the following conditions are met.

- The goods are removed from the province, without use in the province, by a dealer purchasing the goods for resale purposes and the goods are subsequently resold. The dealer must provide satisfactory proof that the goods were resold, and were not used by the dealer. In these circumstances, the levies paid may also be refunded if the dealer provides satisfactory proof that the goods were resold.
- PST was erroneously paid on purchases of general merchandise or taxable services that meet the criteria for exemptions.

Where to Apply for a Refund

Claims for refunds of PST paid must be submitted by the non-resident purchaser to:

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

Claims must be made within four years of when the tax was paid. The ministry requires that all claimants provide satisfactory proof of payment of PST and of removal of the goods from the province before a refund can be approved. The type of documentation required includes invoices and bills of lading showing delivery to the out-of-province destination by a common courier, or other documentation, such as accounting records and contract tender documents, which would substantiate the out-of-province use of the items purchased in the province.

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, 2, 5, 40, 68.01, 77, 78, 80, 81, 82, 87, and Regulations 2.46, 3.12.1, 3.12.2, 17.1, and 17.2