

Ministry of Finance

Tax Bulletin



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

Wholesalers

Social Service Tax Act

This bulletin provides specific tax information to help wholesalers 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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Registration Requirements

Wholesalers who do not normally make regular retail sales do not qualify as vendors under the *Social Service Tax Act* and are therefore not required to be registered with the ministry.

Wholesalers who make retail sales of taxable goods are required to be registered as vendors with the ministry.

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

- **online** – through the OneStop Business Registry at 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, any **Service BC Centre** or 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)

The paper application can be submitted by fax, mail or in person.

If the ministry approves the application, the wholesaler will be provided with:

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

Wholesalers will also receive **Bulletin SST 032**, *Completing the Social Service Tax Return* with their first tax return form. The tax return form will provide information on how to send in the PST they collect.

For more information on registration, please see **Bulletin SST 044**, *Registering to Collect Provincial Sales Tax (PST)*.

Application of the Environmental Levy

A provincial environmental levy applies to new lead-acid batteries purchased at retail in British Columbia. Wholesalers who make retail sales of batteries are required to register with the ministry and to collect the PST and levy.

Under the Act, a \$5 levy is applied to each new lead-acid battery weighing 2 kg or more. The levy is charged at the time of the retail sale, along with the PST, but PST is not charged on the levy.

For more information, please see **Bulletin SST 015**, *Environmental Levies*.

Purchases or Leases by Wholesalers

Business Use

All wholesalers operating in British Columbia are required to pay PST and the battery levy, if applicable, on equipment, furnishings and supplies purchased for their own use. This includes desks, cash registers, calculators, file cabinets, typewriters, computers, stationery, pens, pencils and similar items. Wholesalers who lease such equipment are required to pay PST on their lease payments but are not required to pay the levy.

If any of these items are acquired without payment of the PST or levy, if applicable, the wholesaler is responsible for remitting the PST and levy due on the purchase price. If the items are acquired from an out-of-province supplier, the PST applies to the amount paid to the supplier to acquire the goods, including charges for customs, excise, transportation and any other costs incurred prior to use in the province, but not to the federal goods and services tax (GST).

Resale

The PST and battery levy do not apply to tangible personal property purchased for resale at the retail or wholesale level, or for export.

Wholesalers who are registered as vendors with the ministry may obtain tangible personal property for resale without payment of PST or the levy by quoting their registration number to their suppliers.

Wholesalers who are not registered as vendors with the ministry are required to provide each of their suppliers with a completed *Certificate of Exemption* ([FIN 453](#)) in order to purchase tangible personal property for resale without payment of PST or the levy. Certificates may be obtained from the ministry or any Service BC Centre.

Where goods are regularly purchased from the same supplier, the supplier may allow exempt sales on the basis of one certificate, provided that the type of goods being purchased does not change. A new certificate must be provided to the supplier when there is a change in the type of goods purchased.

The supplier is responsible for obtaining a signed *Certificate of Exemption* prior to making an exempt sale. The supplier must retain the certificate to substantiate the non-collection of PST and the levy, if applicable, on the sale.

Sales by Wholesalers

Goods for Customer's Own Use

Wholesalers must collect PST on the full sale price of tangible personal property that customers are purchasing for their own use rather than for resale purposes. The battery levy, if applicable, must also be collected on such sales.

Goods Purchased for Resale

Where customers are purchasing goods for resale at the retail, wholesale or export level, the wholesaler is not required to collect the battery levy or PST, provided the purchasers quote their vendor registration number or provide a completed *Certificate of Exemption*, which the wholesaler retains.

As an alternative to the *Certificate of Exemption*, wholesalers (sellers) may obtain permission from the Commissioner of the *Social Service Tax Act* to use a rubber stamp in the following form.

Resale exemption claimed and allowed under Regulation 3.4 of the <i>Social Service Tax Act</i> where no registration certificate is held. Dated _____, 20__ (Signature)_____

The stamp must be placed on all copies of invoices, bills of sale and purchase orders, and it must be signed by the wholesaler (seller) allowing the exemption. Before allowing the exemption, the wholesaler must be satisfied that the claim is legitimate and that it meets the requirements of the legislation.

Out-of-Province Sellers

Businesses that are located outside British Columbia and regularly sell goods to British Columbia purchasers are required to register if they meet all four of the following criteria:

- solicit sales in British Columbia through advertising or other means,
- accept purchase orders originating in British Columbia,
- sell goods to British Columbia purchasers, and
- deliver goods to a location in British Columbia, even if delivery is through a third party, such as a courier.

In determining whether or not you must register, please note the following.

- Solicitation can occur by any means including mail, Internet, fax or newspaper advertisement (not a complete list).
- Orders to purchase include telephone, written or e-mail orders from a location in British Columbia, regardless of whether or not the business has an agent in the province.
- Delivery into British Columbia includes goods shipped either physically or electronically by a seller or an agent of the seller.

Out-of-province sellers are required to hold a valid registration certificate at the time the seller causes the goods to be delivered into the province.

Where an out-of-province wholesaler is registered with the ministry, they will collect and remit PST on purchases made by British Columbia customers where the goods are delivered into British Columbia.

Tax Returns

Registered Vendors

The PST and battery levy due on purchases for use by wholesalers and collected on sales to customers must be remitted to the Minister of Finance on a regular basis. A tax reporting period will be established by the ministry at the time of registration as a vendor.

Unregistered Wholesalers

Wholesalers who do not qualify for registration, but who occasionally make taxable sales or owe PST on purchases for business use, should contact the ministry for forms and information on remitting PST due.

Record Keeping

A vendor, lessor or other person carrying on business in British Columbia who is required to collect or pay PST under the Act must retain books of account, records and documents required under the Act for a period of five years.

If a vendor, lessor or other person carrying on business in British Columbia makes a written application to the commissioner for permission to destroy a book of account, record or document, the commissioner may authorize the requested destruction prior to the expiry of the period described above.

Need more info?

Telephone (Vancouver): 604 660-4524

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 on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

References: *Social Service Tax Act*, Sections 1, 67, 92 and 98, and Regulation 3.4