

Notice to Businesses that Lease or Rent Out Vehicles, Equipment and Other Goods

Social Service Tax Act

This notice clarifies how social service tax, also called provincial sales tax (PST), applies when customers reimburse you for damage to rental property.

You may require your customers to pay a repair fee or a loss of use fee if they damage rental property. The repair fee is intended to reimburse you for the cost of repairing damaged rental property. The loss of use fee is intended to compensate you for the rental revenue that is lost while property is being repaired.

If your customer pays either of these fees because of a contractual obligation to reimburse you for damage to rental property, or for lost revenue while the rental property is being repaired, you do not charge PST on the fee. This is because your customer is not purchasing a repair service or paying for the right to use the property. Your customer is only reimbursing you for the repair expense or lost revenue.

You also do not charge PST on any administration fees solely related to the repair fee or loss of use fee.

Further Information

If you have any questions, please call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440, or email your questions to CTBTaxQuestions@gov.bc.ca

You can also find information on our website at www.sbr.gov.bc.ca/ctb