



# Provincial Sales Tax (PST) Notice

Notice 2012-023

Issued: December 2012

## Municipal and Regional District Tax *Provincial Sales Tax Act*

During the summer of 2011, British Columbians had the opportunity to participate in a province-wide referendum on the harmonized sales tax (HST). On August 26, 2011, Elections BC announced that British Columbians had voted in favour of eliminating the HST and returning to the provincial sales tax (PST) plus federal goods and services tax (GST) system.

Following the referendum results, government committed to make the transition back to the PST/GST system as quickly as responsibly possible. The *Provincial Sales Tax Act* received Royal Assent on May 31, 2012, and the PST will be re-implemented on April 1, 2013.

This notice provides a general overview of how the up to 2% municipal and regional district tax (MRDT) in participating communities will apply to purchases of accommodation in BC on and after April 1, 2013.

**Please note:** Some of the rules and requirements described in this notice are subject to legislative and regulatory approval.

For information on how the PST applies to purchases of accommodation in BC that straddle April 1, 2013, please see PST [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

### Overview

When the PST is re-implemented on April 1, 2013, the tax on short term accommodation (formerly the provincial hotel room tax) will also be re-implemented but will be incorporated into the PST, eliminating the additional administrative burden associated with having separate registrations, returns and remittances for those businesses that sell both accommodation and taxable goods. The tax rate will be 8%, the same rate as prior to the HST, and tax will apply in generally the same way it did prior to the HST.

The up to 2% MRDT levied on behalf of municipalities, regional districts and eligible entities, such as non-profit tourism associations, to raise revenue for local tourism marketing, programs and projects will continue after April 1, 2013 and will also be incorporated into the PST. The program will continue unchanged, other than the due date for remitting the tax will change to correspond to the due date for remitting PST.

### Application of Tax

The tax on accommodation under the *Provincial Sales Tax Act* will be essentially the same as the previous hotel room tax, and the MRDT will continue to apply to the same types of

accommodation and in the same circumstances that it currently applies, once the PST is re-implemented.

Accommodation providers who currently charge the MRDT on accommodation will also be required to charge the 8% PST on accommodation once the PST is re-implemented. The PST on accommodation and the MRDT (in communities where the MRDT applies) apply to the same taxable accommodation.

For the purpose of the PST and the MRDT, accommodation is lodging in:

- hotels, motels, resorts, boarding houses, lodging houses, rooming houses, hostels, dormitories, bed and breakfast establishments, condominiums, vacation homes, clubs, bunkhouses, cabins, mobile homes, trailers and similar dwellings, and
- ships and trains in certain circumstances.

For the MRDT, accommodation is taxable if the accommodation provider offers **four or more** units of accommodation in the province, and **one or more** of those units is located within a community where the MRDT applies.

## Exemptions

The following accommodation is **not** taxable:

- Accommodation provided by a person who **offers** less than 4 units of accommodation in the province regardless of how many units are actually sold on any given night)
- Accommodation where the cost of the accommodation is \$30 or less per day, or \$210 or less per week
- Accommodation provided to the same person for a continuous period of more than one month
- Accommodation provided in hospitals, assisted living residences as defined in the *Community Care and Assisted Living Act*, and in long term care facilities
- Accommodation in a ship or train while the ship or train is in transit or is making a scheduled stopover in BC

More information about non-taxable accommodation will be provided in future notices and bulletins.

## Application of GST on the MRDT

The MRDT imposed under the *Hotel Room Tax Act* is included in the purchase price for determining the amount of HST payable on sales of accommodation. Sales of accommodation currently subject to HST will be subject to the 5% federal goods and services tax (GST) effective April 1, 2013. The 8% PST and the MRDT imposed under the *Provincial Sales Tax Act* will not be included in the purchase price for determining the amount of GST payable.

All questions regarding the current **HST treatment** of sales of accommodation or the **GST treatment** of sales of accommodation on or after April 1, 2013 should be directed to the Canada Revenue Agency.

## Sales of Other Goods

Accommodation providers who sell other taxable goods, including liquor, will also be required to charge PST on those goods on or after April 1, 2013. The tax rate on liquor will be 10% while

the general PST rate on other taxable goods will be 7%. For more information on the application of tax to purchases of goods in BC, please see [Notice 2012-011](#), *Purchases of Tangible Personal Property (Goods) in British Columbia*.

## Registration

If you are currently registered for the MRDT, you will need to register for the PST before April 1, 2013. All accommodation providers who provide taxable accommodation in BC will be required to register to collect the PST because the tax on accommodation will be part of the PST. Once registered for PST, your PST number will also be your MRDT number.

Registration for the new PST starts at 8am on January 2, 2013. See our [Register to Collect PST](#) page for information on how to register.

## Returns and Remittances

Accommodation providers registered to collect the MRDT under the *Hotel Room Tax Act* will still be required to submit a MRDT return that is separate from the PST return under the *Provincial Sales Tax Act*. If you offer accommodation in more than one community where the MRDT applies, you must file a separate return for each community unless you register with eTaxBC to file returns online, in which case you may consolidate your MRDT accounts onto one MRDT return. Registration for eTaxBC will be available starting January 2, 2013 when registration for the PST starts. To register and sign up for eTaxBC, please go to [gov.bc.ca/eTaxBC](http://gov.bc.ca/eTaxBC)

When you register for the PST you will be placed on a schedule that will apply to both your PST and your MRDT remittances. Starting with the PST you collect on accommodation in April 2013, your remittances, **including those for the MRDT**, will be due no later than the last day of the month following the reporting period, or no later than 30 days after the last day of the reporting period, depending on the nature of your reporting period. For example, if you are on a monthly remittance schedule, you will be required to remit tax that you charged in April, no later than May 30<sup>th</sup>.

## Further Information

If you have any questions, please call us toll free at 1 877 388-4440 or email your questions to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

You can also find information on our website at [gov.bc.ca/pst](http://gov.bc.ca/pst)

The information in this notice is for your convenience and guidance and is not a replacement for the legislation.

You can access *Bill 54-Provincial Sales Tax Act* on the Legislative Assembly of British Columbia website at [leg.bc.ca/39th4th/3rd\\_read/gov54-3.htm](http://leg.bc.ca/39th4th/3rd_read/gov54-3.htm)

The *Provincial Sales Tax Act* Regulations will be posted to our website as soon as they are available.

For up to date information on the return to PST, subscribe to our What's New page at [sbr.gov.bc.ca/msbr/whats\\_new/consumer\\_taxes/whatsnew.htm](http://sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm)

For more information on the MRDT, including a list of participating communities, see [Bulletin MRDT 001](#), *Municipal and Regional District Tax*. See also [Bulletin MRDT 002](#), *Municipal and Regional District Tax: Information for Accommodation Providers*.