

Notice to Motor Vehicle Dealers – Optional Service Contracts and Extended Care Plans

Social Service Tax Act

This notice clarifies how the social service tax, also called the provincial sales tax (PST), applies to optional service contracts. Extended care plans are an example of optional service contracts.

You charge PST when you sell optional contracts with a limited or specific number of taxable services. You charge PST because the service contracts are prepayments for taxable services that will be provided at a later date under the contract.

Generally, when you sell optional service contracts that include both taxable services (e.g. oil changes) and non-taxable services (e.g. trip insurance), you charge PST on the fair market value of the taxable service portion of the contract.

For more information on optional and other service contracts, please see [Bulletin SST 110](#), *Warranties, Service Contracts, and Maintenance Agreements*.

Further Information

For more information on the motor vehicle industry, please see our industry website at www.sbr.gov.bc.ca/industry_specific/motor_vehicle/motor_vehicle_dealers.htm

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

You can also find information on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/consumer_taxes.htm

The information in this notice 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