



## Caterers, Event Planners and Party Supply Stores

### Provincial Sales Tax Act

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Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this bulletin dated April 2015. For a summary of the changes, see Latest Revision at the end of this document.*

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This bulletin explains to caterers, event planners and party supply stores how the PST applies to their businesses.

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### Caterers and Event Planners

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The following are not subject to PST:

- catering services (e.g. menu planning, preparing, plating and serving food)
- event planning services (e.g. planning, designing, consulting, coordinating and organizing an event)
- food for human consumption

As a caterer, if you only provide catering services and food, and do not sell or lease taxable goods to your customer, you do not charge your customer PST.

As an event planner, if you only provide event planning services and you do not sell or lease taxable goods to your customer, you do not charge your customer PST. Also, if you bill your customer for your travel fees (e.g. airfare) you do not charge PST as transportation charges are not subject to PST.

If you make sales or leases of taxable goods in the ordinary course of business, you must register to collect and remit the PST. For more information, see [Bulletin PST 001](#), *Registering to Collect PST*.

## When Are Goods Sold or Leased?

### Sales

Generally, you are selling goods if you provide goods to your customer either as part of your contract for services or separately from the services, and your customer is allowed to keep the goods after the event. However, you are not selling goods if the goods are incidental to the service you are providing (see Incidental Goods below).

#### Example 1 – Sale of Taxable Goods Provided with a Service

You charge \$10,000 to plan a wedding and, as part of that package, your customer receives two dozen bouquets of flowers they are allowed to keep. In this case, you are selling the flowers and you must charge PST on the fair market value of the flowers. However, you are exempt from PST when you purchase the flowers as they are purchased for the sole purpose of resale.

If the fair market value of the flowers is \$50 or less, and other criteria are met, the bundled sales exemption may apply (see Bundled Sales Exemption below).

### Leases (Rentals)

If you provide goods to your customer that your customer is not allowed to keep after the event, you are not selling those goods to your customer. In this case, you are either:

- using those goods in providing your services (and therefore, you must pay PST when you purchase or lease those goods), or
- leasing (renting) those goods to your customer.

Generally, if you provide catering or event planning services for an all-inclusive price or as part of a package, you are using the goods in performing these services for your customer.

However, you may be leasing the goods to your customer if:

- your contract with your customer specifies you are leasing the goods to your customer, or
- you charge an additional amount to your customer for the goods (e.g. on the invoice, you separate the charge for your services from the charge(s) for the goods), or the total price of the package varies based on the goods selected by your customer.

#### Example 2 – Goods Used in Providing a Service (No Lease)

You charge \$40 per person to cater an event for your customer. The contract specifies that as part of the \$40 charge, you (the caterer) are responsible for supplying food, tables, linen, metal cutlery and ceramic dishware and the customer is not allowed to keep any of the goods after the event. In this case, the catering service is not subject to PST and you do not charge PST on the \$40 per person charge. However, you are using the tables, linen, cutlery and dishware in providing your services and you must pay PST when you purchase or lease these goods from your supplier.

Some supplies are not subject to PST if they are included as part of the sale of food; see Catering Supplies below.

#### Example 3 – Goods Used in Providing a Service (No Lease)

You charge \$5,000 for a wedding package for your customer that includes planning services and décor (e.g. tables, chairs and decorations) your customer is not allowed to keep after the wedding. In this case, the wedding package is not subject to PST and you do not charge PST

on the \$5,000 charge. However, you are using the décor in providing your services and you must pay PST when you purchase or lease the décor from your supplier.

#### **Example 4 – Lease of Taxable Goods**

You charge \$5,000 for a wedding package for your customer that includes planning services and décor, as well as an additional charge for a tent and a dance floor. In this case, the wedding package is not subject to PST and you do not charge PST on the \$5,000 charge. However, you are leasing the tent and dance floor to your customer because you charge an additional amount for these goods and you are required to charge PST on the charge (lease price) for the goods.

You may purchase or lease the tent and dance floor from your suppliers exempt from PST, provided the purchase or lease is solely for the purpose of leasing these goods to your customers. However, you are using the décor in providing your services and you must pay PST when you purchase or lease the décor from your supplier.

## **Charging PST on Goods**

### **Sales and Leases of Taxable Goods**

If you sell or lease (rent) taxable goods, you must charge PST on the purchase price or lease price for those goods. For example, if you sell champagne glasses to your customer you must charge PST on the purchase price of these glasses.

Examples of taxable goods you may sell or lease are:

- cake figurines and cake stands
- candles and holders
- chairs
- decorations (e.g. vases, centrepieces)
- flowers and flower baskets
- gazebos and archways
- guest books
- linens (e.g. chair covers, chair ties, cushions, tablecloths, runners, backdrops)
- place card holders
- reusable napkins, cutlery and dishware
- sound systems, speakers and microphones
- speakers' podiums and lecterns
- tables

### **Liquor**

If you are a licensed caterer with the [Liquor Control and Licensing Branch](#), you must charge 10% PST on the sale of alcoholic beverages, such as:

- beer (draft, canned or bottled)
- coolers and ciders
- mixed drinks
- spirits and liqueurs

- wine
- any other beverage with an alcohol content of greater than 1%

For information on how PST is calculated on sales of liquor, see [Bulletin PST 119](#), *Restaurants and Liquor Sellers*.

### **Goods Bundled With Your Service for a Single Price**

If you charge your customer a single price for taxable goods as part of your catering or event planning service and your **customer has the right to keep the goods**, you must charge PST using the bundled sales rules unless the goods:

- are considered incidental to the provision of a service that is not subject to PST (see Incidental Goods below), or
- qualify for the bundled sales exemption (see Bundled Sales Exemption below).

The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion, unless a specific exemption applies. The fair market value is the price that a good or service would normally sell for in the open market. For more information, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

### **Leases**

If you charge your customer a single price for your catering or event planning service and your contract includes the lease of goods, you must charge PST on the fair market value of the lease.

For example, you enter into a single price contract with your customer for wedding planning services and the contract specifies you are leasing a dance floor to your customer during the wedding. You charge PST on the fair market value of the lease of the dance floor.

The fair market value of a lease is generally the price you would normally charge to lease the goods on their own (i.e. without providing your services) for that timeframe. If you never lease the goods on their own, the fair market value of the lease is the amount the good would normally be leased for in the open market.

## **When Not to Charge PST on Goods**

### **Goods Used in the Course of Providing Your Service**

Generally, you do not charge your customer PST if your catering or event planning service includes taxable goods (e.g. you provide your customer with cutlery, glasses and plates to use during the event) for an all-inclusive price and:

- your **customer does not have the right to keep those goods after the event**, and
- you are not leasing the goods to your customer as part of the contract.

This includes goods you:

- provide that are used up during the event or that do not retain any value after the event, such as disposable decorations and balloons, or
- lease from a third party in order to provide your services, such as linen and tables. This only applies if you are not specifically re-leasing the goods to your customer (i.e. you do not identify the goods separately in the contract for your services).

You must pay PST when you purchase or lease these taxable goods from your supplier because you are using these goods in the course of providing your services.

If you are a caterer or other business in the food service industry, you may qualify for an exemption on supplies provided as part of the sale of food. For more information, see [Catering Supplies](#) below.

### **Incidental Goods**

If you provide goods without a separate charge to your customer when you provide a non-taxable service, you do not charge PST on the goods if:

- the main purpose of the contract is for your service and not for the goods,
- there is no separate charge for the goods, and
- the total price for the service, including the goods is the same as or only marginally different from the price you would charge if the goods were not provided.

For example, you provide wedding planning services for an all-inclusive price, you provide your customer with cake figurines they may keep after the wedding and the price would be the same or only marginally different if the customer did not want the cake figurines. In this case, the cake figurines are incidental to the provision of your non-taxable wedding planning services.

You do not charge PST because the goods are not being sold and are only incidental to the service you are providing. However, you must pay PST when you acquire the goods.

### **Bundled Sales Exemption**

If you provide goods that are not incidental to the provision of the non-taxable services, you are selling the goods to your customer. However, you do not charge your customer PST on the sale of the goods if all of the following criteria are met:

- the goods are sold for a single price with a non-taxable good or service (e.g. event planning services),
- the fair market value of the goods together with any other taxable good or service sold for the single price is \$50 or less and 10% or less of the fair market value of the taxable and non-taxable goods and services provided for a single price,
- the goods are pre-packaged with a non-taxable good or service or you do not ordinarily sell the goods separately from the non-taxable component,
- the goods are not being provided by way of promotional distribution, and
- none of the goods sold for the single price are liquor, telecommunication services or legal services.

In this situation, when you purchase the goods you may be eligible for the exemption for goods purchased or leased for resale. For more information, see [Goods for Resale or Lease](#) below.

For more information on the bundled sales exemption, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

### **Goods Supplied with an Operator**

If you supply taxable goods and a person to operate the goods, you are not considered to be leasing the goods. In this situation, you are providing a non-taxable service to your customer and you do not charge your customer PST. However, generally, when you acquire the goods you will be supplying to your customer with an operator you must pay PST on the goods.

The person does not have to directly operate the goods for this rule to apply. However, the person must be present on-site (e.g. to supervise) during the entire period the goods are being used.

For example, you provide a bouncy castle and a person to set up and take down the bouncy castle, and be present on-site during the event (in case there are any problems with the bouncy castle). In this situation, you do not charge PST.

For more information, see [Bulletin PST 315](#), *Rentals and Leases of Goods*.

## Related Services

Related services are services to goods or services to install goods. If you charge your customer to perform related services to their goods, or to goods they are leasing, you must charge your customer PST. For example, you must charge PST on related services you provide to set up and take down:

- temporary gazebos, arches, tents, dance floor and stages your customer owns or leases
- tables and chairs with detachable legs (i.e. not foldable chairs and tables) your customer owns or leases

You do not charge PST if you provide related services to goods you are using in the course of providing your services. However, if you have someone other than your employee provide related services to these goods, you must pay PST on these services, unless a specific exemption applies.

For more information, see [Bulletin PST 301](#), *Related Services*.

## Accommodation

If you purchase accommodation in BC on behalf of your customer as part of your event planning service, you must pay 8% PST and, if in a participating area of BC, the up to 3% municipal and regional district tax (MRDT). You do not charge your customer PST or MRDT on the accommodation.

For more information, see [Bulletin PST 120](#), *Accommodation*.

## Photography and Videography Services

If you arrange for photographers or videographers at the event you cater or plan, you or your customer may be subject to PST depending on who is purchasing the service.

For more information, see [Bulletin PST 126](#), *Photographers, Videographers and Photofinishers*.

## Other Arrangements

If you make arrangements for your customer to directly purchase or lease taxable goods from a party supply store, your customer pays PST to the party supply store.

If you or your customer purchases or leases taxable goods outside of BC (e.g. at a destination wedding) and those goods are not brought, sent or delivered into BC, PST does not apply.

## Party Supply Stores

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You must charge your customer PST when you sell or lease (rent) taxable goods such as:

- barbeques and grills
- bar equipment
- concession equipment
- dance floors
- food serving equipment
- games and casino equipment
- linen, curtains and table decorations
- photo booths and props, in certain situations (see [Bulletin PST 126](#), *Photographers, Videographers and Photofinishers*)
- riser platforms
- speakers' podiums and lecterns
- tables and chairs
- tents, canopies and gazebos
- wedding decorations

If you also provide related services to the goods you are leasing (e.g. installation of tents and canopies) these charges are subject to PST. For more information on related services, see [Bulletin PST 301](#), *Related Services*.

### Exempt Sales and Leases

You do not charge PST to customers who purchase or lease goods for resale, **solely** to lease or, in certain circumstances, to occasionally lease the goods with an operator. To sell or lease these goods exempt from PST, your customer must give you their PST number or, if they do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)).

For more information, see [Bulletin PST 315](#), *Rentals and Leases of Goods*.

## Purchases for Your Business

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### Taxable Goods

You must pay PST on the purchase or lease of new or used taxable goods you use in your business, such as:

- advertising materials, such as flyers and brochures
- computer hardware
- dishes, cutlery, knives, coasters, pots and pans
- free-standing equipment, such as coolers, ice machines, juice dispensers and coffee machines
- goods taken out of your resale or lease inventory for business use
- linen (e.g. reusable napkins and table cloths)
- reusable glasses and cups
- stationery, furniture and office equipment

- supplies, such as pan liners, parchment paper and paper towels, re-usable coasters, tray covers and doilies

You must also pay PST on the following.

- Software, unless a specific exemption applies (e.g. custom software). For more information, see [Bulletin PST 105](#), *Software*.
- Related services you purchase, such as:
  - repairs to your equipment
  - set up or take down of goods (e.g. if you lease a temporary stage and contract the stage owner or another company to set up the stage. However, if your employee sets up the stage, you do not pay PST on the service).

For more information, see [Bulletin PST 301](#), *Related Services*.

If the supplier does not charge you PST on the above items, you must self-assess (pay directly to us) the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you obtained the taxable items. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

## Goods from Out-of-Province Suppliers

If you purchase or lease taxable goods from an out-of-province supplier, you must pay PST on the total amount you pay to bring the goods into BC, including charges for transportation, customs, excise, and any other costs, except the goods and services tax (GST). If the supplier does not charge you PST at the time of the sale or lease, you must self-assess the PST due. If you have a PST number, you must self-assess the PST due on your next PST return.

## Exempt Purchases

### Goods for Resale or Lease

You are exempt from PST on the goods or services you obtain **solely** for resale or lease (e.g. tables, chairs and linen). You are also exempt from PST on goods you obtain solely for processing, fabricating, manufacturing, attaching, or incorporating into other goods for resale or lease (e.g. liquor used in cooking or incorporated into food for resale). To purchase these goods or services exempt from PST, give the supplier your PST number or, if you do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), *Goods for Resale*.

This exemption does not apply to incidental goods (see Incidental Goods above).

If you take goods from your resale or lease inventory and use them to provide a service, you must pay PST. For example, generally, you pay PST when you use tables and chairs as part of an all-inclusive packaged price for catering.

### *Change in Use*

If you take taxable items from your resale or lease inventory for business or personal use, you must self-assess the PST. For resale inventory, you self-assess PST on the purchase price of the goods. For lease inventory, you self-assess PST based on the depreciated purchase price.



If you have a PST number, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using the *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month you used the goods for a taxable purpose. For example, if you use a taxable item in your business in June, you must file the return and pay the PST no later than July 31.

## Catering Supplies

If you are a caterer or other business in the food service industry, you are exempt from PST when you obtain supplies to provide to your customer as part of the purchase of food. The exemption does not apply to supplies your customer uses and returns to you, such as porcelain dinnerware and metal cutlery (see Taxable Goods above).

Exempt supplies include items such as:

- coffee cup carry trays
- disposable cutlery (e.g. wooden or plastic)
- disposable plates and bowls
- napkins, straws, stir sticks and disposable skewers
- paper and plastic bags
- toothpicks, cocktail picks, cocktail serviettes

The exemption applies whether or not you separately charge your customer for the supplies because you are obtaining the supplies for resale. To purchase these goods exempt from PST, give the supplier your PST number or, if you do not have a PST number, a completed *Certificate of Exemption – General* (**FIN 490**).



## Need more info?

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free in Canada: 1 877 388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

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

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### Latest Revision

February 2016

- Clarified that, effective April 1, 2013 (subject to Bill 14, *Finance Statutes Amendment Act, 2016* receiving royal assent), you are exempt from PST on goods you obtain **solely** for processing, fabricating, manufacturing, attaching, or incorporating into other goods for resale or lease
- Minor revisions

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References: *Provincial Sales Tax Act*, sections 1 “accommodation”, “lease”, “lease price”, “lessee”, “lessor”, “liquor”, “purchaser”, “related service”, “use”, 9, 10, 12, 13, 26, 34, 35, 37, 39, 49, 81, 83, 105, 119, 122, 123, 137, 139, 141, 142, 145 and 192; *Provincial Sales Tax Regulation*, sections 7, 47, 52, 72 and 79.