



Charging, Collecting and Remitting PST

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated November 2014. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides information to help businesses understand their obligation to charge, collect and remit PST.

Table of Contents

Overview.....	1
Charging and Collecting PST	2
Reporting and Remitting PST	3
Exemptions Requiring Supporting Documentation	6
Refunding PST to Your Customers	7
Retaining Books and Records	8

Overview

If you are registered to collect PST, you are a collector under the *Provincial Sales Tax Act*.

If you are not registered but should be, you are still considered to be a collector and have all the same obligations as a registered collector.

All collectors, including out of province collectors, must charge, collect and remit PST on sales or leases of taxable goods, sales of software and sales of taxable services (i.e. related services, accommodation, legal services and telecommunication services) in BC. This also includes sales and leases outside the ordinary course of business, including sales of business assets such as vehicles, office equipment and furniture.

Please note: Passenger-carrying commercial vessels, such as cruise ships, that make regular scheduled sailings to or from a port outside BC may receive a written exemption from us from charging, collecting and remitting PST.

For more information about collectors and who must be registered, see [Bulletin PST 001](#), *Registering to Collect PST*.

Charging and Collecting PST

As a collector, you must charge and collect PST at the time the tax is payable, unless a specific exemption applies to the sale or lease (see Exemptions Requiring Supporting Documentation below).

When PST is Payable

PST is generally payable at the same time the purchase or lease price, or any portion of the purchase or lease price, is paid or becomes due, whichever is earlier. A purchase or lease price, or any portion of the purchase or lease price, generally becomes due the **earliest** of:

- the day you first issue an invoice for the sale or lease,
- the date of the invoice,
- the day you would have, but for undue delay, issued the invoice, and
- the day your customer must pay the purchase or lease price under a written agreement.

Leases, Licences and Similar Arrangements

In the case of goods, software or services sold or provided by way of a lease, licence or similar arrangement under a written agreement, the purchase or lease price becomes due on the day the purchaser of the good or service is required to pay the purchase or lease price under that agreement.

For example, on May 1, 2013, you lease a piece of equipment to your customer under a written agreement in which they must make lease payments of \$500 on the first of each month for a 12-month period. A \$500 portion of the lease price becomes due on the first of each month. Therefore, the PST you must charge and collect on the first of each month is 7% of \$500.

PST Payable Before the Purchase Price Becomes Due or is Paid

In certain circumstances PST may become payable before the purchase price for the goods becomes due or is paid (e.g. a sale in which a purchaser takes possession of the goods now but pays one year later).

This is the case if all or any portion of the purchase price has not been paid or has not become due on or before the last day of the month immediately following the first month in which:

- the ownership or possession of the goods transfers to the purchaser, or
- for a purchase of goods under which the seller delivers the goods to the purchaser on approval, consignment or sale-and-return basis or similar terms, the purchaser becomes the owner of the goods or makes the goods available to any person except the seller.

In these cases, the PST on any portion of the purchase price that had not yet become due or been paid becomes payable on the last day of the month immediately following the month the purchaser takes ownership or possession of the goods or makes the goods available to any person except the seller.

For example, in July 2013, you sell a couch to your customer. They take possession of the couch but the full purchase price does not become due until July 2014 (i.e. no invoice will be issued until July 2014). The PST on the full purchase price of the couch would be payable on August 31, 2013.

In the above example, assume your customer was required to make monthly payments for the couch from July 2013 to July 2014 and invoices for the monthly payments were issued on a monthly basis (i.e. a portion of the purchase price becomes due each month). In this case, PST on the remainder of the purchase price that had not yet become due or been paid would be payable on August 31, 2013.

Sales of Business Assets

As a collector, if you sell or lease your new or used taxable business assets in BC, you must collect and remit PST from the purchaser or lessee, unless a specific exemption applies.

Examples of taxable business assets you may sell in your business may include:

- Business equipment, such as vehicles, shop equipment and appliances
- Computer hardware
- Office equipment, such as desks, chairs and cash registers
- Tools and machinery
- Affixed machinery (see [Bulletin PST 501](#), *Real Property Contractors*)

If you do not collect and remit PST on a sale or lease of a taxable business asset, you may be subject to penalties and interest charges.

Please note: If you are buying a business, you should ensure that you have a clearance certificate issued by us. The certificate confirms that the current business owner has paid and remitted all outstanding PST and any related penalties and interest (up to the date the certificate was issued). For more information, see [Bulletin PST 005](#), *Buying and Selling a Business*.

Municipal and Regional District Tax

If you provide four or more units of accommodation, in addition to charging and collecting the PST on accommodation, you must also charge and collect the municipal and regional district tax (MRDT) in participating municipalities, regional districts and eligible entities.

The MRDT is a tax of up to 3% charged on sales of taxable accommodation that is collected on behalf of participating municipalities, regional districts and eligible entities to raise revenue for local tourism, marketing, programs and projects.

The MRDT has its own tax return form.

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

Reporting and Remitting PST

You must report and remit to us any PST you charge, whether or not you have actually collected it from your customer. You must remit all PST charged within a reporting period no later than the last day of the month following the reporting period.

For example, if you are reporting for a period ending June 30, you must file your return and remit the PST charged in that period no later than July 31. If you do not remit PST on or before the due date, you may not be able to claim the commission (see Commissions below) and may be subject to a penalty and interest.

You must complete and file your PST return in Canadian (CDN) dollars. Also, if you are remitting PST online (e.g. through [eTaxBC](#) or through Internet banking) or by electronic funds transfer, you must remit the PST due in Canadian dollars.

If you are remitting PST by cheque, you should also remit the PST due in Canadian dollars. However, if you are an out-of-country business, you may remit the PST due by using a cheque in US dollars. If you choose to use a cheque in US dollars, please be aware of the following:

- your return must still be completed and filed in Canadian dollars
- the exchange rate used at the time we process your payment may result in a debit or credit balance on your account

Reporting Periods

Before You Apply to Register

If you are not registered for PST but should be, you should apply to register and remit the PST due as soon as possible to minimize penalties and interest that may be applied to your business.

If you are required to be registered but have not applied, your reporting periods are as follows.

Sales and Leases before June 1, 2015

Your first reporting period starts April 1, 2013 or on the date of your first taxable sale or lease, whichever is later. This reporting period ends May 31, 2015.

You must file a PST return and remit the PST for this first reporting period no later than June 30, 2015. If you do not file your return and remit the PST by the due date, you may be subject to penalties and interest.

Sales and Leases on or after June 1, 2015

Your reporting period for sales and leases you make on or after June 1, 2015 is monthly.

For example, if you have sales and leases after June 1, 2015 but you do not apply to register until August 15, 2015, the reporting period for sales and leases in June is the month of June and the reporting period for sales and leases in July is the month of July.

If you do not file your return and remit the PST by the last day of the month following the month in which you make a sale or lease, you may be subject to penalties and interest.

After You Apply to Register

At the time of registration, we will assign you an ongoing monthly, quarterly, semi-annual or annual reporting period. Your first reporting period as a registered collector starts the first day of the month you apply to register.

For example, if you apply to register August 15, 2015, your first reporting period as a registered collector will start August 1, 2015.

Reporting Periods at Registration

The following chart shows how ongoing reporting periods are generally determined at registration.

PST Collectable Per Year	Ongoing Reporting Period
More than \$12,000	Monthly only
More than \$6,000 up to \$12,000	Monthly or Quarterly
More than \$3,000 up to \$6,000	Quarterly or Semi-annual
\$3,000 or less	Quarterly, Semi-annual or Annual

If the amount of PST you regularly collect changes, we may adjust your ongoing reporting period. We will notify you by letter if this happens. You can also ask us to change your reporting period; however, we will base our approval on the amount of PST you regularly collect.

If you are a liquor vendor, your ongoing reporting period **must** be monthly.

If you have accounting periods that do not correspond to calendar months (i.e. 13 accounting periods within a fiscal year), once you are registered for PST you may request reporting periods that match your accounting periods. Please contact us for more information.

In addition to the above, if you collect PST, or collect an amount as if it were PST, you must remit that amount to us. For example, if you charged and collected PST at an incorrect rate on general goods (e.g. 10% instead of 7%) or you charged and collected PST on a non-taxable good or service, you still have to remit the amount collected. In this case, your customer may be entitled to a refund.

For information on completing the tax returns, see our online guides for [Completing the PST Return](#) and [Completing the MRDT Return](#).

Reporting and Payment Options

You may file your PST and MRDT returns and make payments using any of the following options:

- **Online using eTaxBC:** You can file your PST and MRDT returns (including NIL returns), make payments, manage your accounts and more online using [eTaxBC](#).
- **Internet Banking:** Check with your financial institution to see if you can file your PST returns and make payments online through their website (online banking) or through their filing and payment service. This service is only available for PST. If you collect MRDT you need to file and pay MRDT using another method.
- **Electronic Funds Transfer:** Make electronic payments through your financial institution. For more information, visit our [Electronic Funds Transfer and Wire Payments](#) page.
- **By mail or courier:** You can mail or courier your completed PST and MRDT return(s) and payment to us at the following addresses.

Mailing Address

Director
Provincial Sales Tax
PO BOX 9443 STN PROV GOVT
VICTORIA BC V8W 9W7

Courier Address

Director
Provincial Sales Tax
Ministry of Finance
1802 Douglas Street
Victoria BC V8T 4K6

- **In Person:** You can file and remit PST and MRDT in person at most financial institutions, your local [Service BC Centre](#) or at 1802 Douglas Street in Victoria.

Most financial institutions and [Service BC Centres](#) will accept tax returns and payments by cash, cheque or debit.

At the 1802 Douglas Street location in Victoria, payment may be made **only** by cheque, money order or bank draft. Cash, debit or credit card payments are **not** accepted at this location.

Requirement for Electronic Filing and Payment

Businesses with at least \$1.5 million in total Canadian sales and leases per year must file returns and remit PST and MRDT electronically.

To **file** PST returns electronically, you must use either [eTaxBC](#) or your financial institution's filing and payment service. To file MRDT returns electronically, you must use [eTaxBC](#).

You may use any of the following options to **remit (pay) PST and MRDT** electronically:

- Online using [eTaxBC](#)
- Through your financial institution's online tax filing and payment service (PST only)
- Through your financial institution's bill payment service or by electronic funds transfer if you file your tax return using [eTaxBC](#)

If you do not remit the full amount of PST owing on time and as required, you may be subject to penalty and interest charges. For more information, see [Bulletin CTB 005, Penalty and Interest on Overdue Tax Returns and Tax Assessments](#).

Commissions

As a registered collector, you are entitled to a commission for each reporting period in which you remit PST as required and on time. If you have more than one PST account, you may only claim commission on one of those accounts. You cannot claim commission for collecting MRDT, which must be reported separately from the PST.

The amount of the commission is as follows:

PST Collectable	Commission
\$22.00 or less	The PST collectable
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of PST collectable, to a maximum of \$198.00

Exemptions Requiring Supporting Documentation

There are a number of PST exemptions you can only provide to your customers if they provide you with the required information or documentation. For these exemptions, including purchases of goods, software, related services, accommodation, or telecommunication services for resale, if your customer does not provide the required information or documentation, you must charge and collect the PST from your customer and they must pay it.

For example, if your customer is a PST registrant and claims they are making a purchase for resale, they must provide you with their PST number. If they are a wholesaler or a

vendor who has not yet received a PST number, they must provide you with a *Certificate of Exemption – General* ([FIN 490](#)).

If they do provide their PST number and you issue a bill, invoice or receipt, you must record that PST number on the bill, invoice or receipt to show why you did not collect the PST. Alternatively, you may record your customer's PST number on a written agreement that you have entered into related to that sale.

If your customer provides an exemption certificate, you must keep a copy of the certificate in your records to show why you did not collect the PST. If you do not document why you did not collect the PST, you may be assessed a penalty equivalent to the tax, as well as an additional penalty and interest.

If, after paying the PST, your customer returns with the required information or documentation to support the exemption, you may refund the PST in certain circumstances (see *Refunding PST to Your Customers* below).

For more information, see [Bulletin PST 200](#), *PST Exemptions and Documentation Requirements*.

Refunding PST to Your Customers

As a collector, you may refund or credit your customers the PST you charged and collected from them in the following circumstances.

Customer Does Not Provide Required Information or Documentation at the Time of Sale or Lease

If you charged your customer PST and they would not have been required to pay PST if they had provided the required information or documentation to claim an exemption at the time of the sale or lease, you may refund or credit your customer the PST if they provide the required information or documentation within 180 days of the date the PST was charged.

For example, you charged PST when you sold a farm tractor to a qualifying farmer because they did not provide a BC Farmer Identity Card or a completed *Certificate of Exemption – Farmer* ([FIN 458](#)) at the time of sale. You may refund or credit your customer the PST if they later provide the identity card or a completed certificate within 180 days of the date the PST was charged.

After the 180 days, you cannot refund your customer the PST (if you do, you are not eligible to make an adjustment on your PST return for this amount and you are not eligible for a refund from us. However, your customer may claim a refund from us (see [Bulletin PST 400](#), *PST Refunds*).

Customer Was Not Required to Pay the PST

If your customer has paid PST and was not required to pay it (i.e. on an exempt item that did not require any information or documentation to claim the exemption), you may refund or credit your customer the PST paid within 180 days of the date the PST was paid.

For example, your customer paid PST on exempt goods that did not require any information or document to claim the exemption (e.g. a non-motorized bicycle).

After the 180 days, you cannot refund your customer the PST. If you do, you are not eligible to make an adjustment on your PST return for this amount and you are not eligible for a refund from us. However, your customer may claim a refund from us (see [Bulletin PST 400, PST Refunds](#)).

Refund or Credit of Purchase Price or Lease Price

If you provide a full or partial refund or credit of the purchase or lease price to your customer for taxable goods (except a purchased motor vehicle - see below), software or taxable services within four years of the purchase or lease, you may also refund or credit the applicable PST. For example, if you refund or credit 50% of the purchase price of a good to your customer, you may also refund or credit 50% of the PST to your customer.

To be eligible for a refund of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase or lease price.

Motor Vehicles Returned Within One Year of Purchase

When a customer returns a vehicle to you within one year of the purchase and you provide a full or partial refund or credit of the purchase price, you must also refund or credit the applicable PST. To be eligible for a reimbursement of the PST you refund or credit to your customer, you must provide the refund or credit to your customer at the same time you provide the full or partial refund or credit of the purchase price.

Claiming a Refund of PST You Refund or Credit to Your Customer

If you refund or credit PST to your customer as described above, you may claim a refund of the PST you remitted on the sale or lease by taking an adjustment on your PST return (deducting the amount of your refund from the amount of PST owing) if you are registered, or by applying directly to us for a refund.

If you choose to take an adjustment on your return, you must take the adjustment in the reporting period in which you provided the refund or credit.

For information on making adjustments on your PST return, see our online guide for [Completing the PST Return](#).

Retaining Books and Records

You must keep sufficient books and records to provide details of all of the following:

- all sales and leases (taxable and non-taxable),
- all PST charged, collected, remitted and commission taken,
- all purchases and leases for inventory and for your own use,
- all goods brought, sent or received in BC for inventory and for your own use,
- all goods, software and taxable services taken from inventory for your own use,
- all applicable supporting documentation to show why PST was not collected on taxable goods, software and services,
- price reductions provided for sales and leases of goods, and sales of software and taxable services, and
- refunds and credits provided for sales and leases of goods, and sales of software and taxable services.

You must keep books, records and any documentation relating to your business for five years. You may destroy records older than five years at your discretion, unless the records relate to a matter under appeal. If you wish to destroy any of these records before five years, you need written permission from us.

Please note: In some cases, you may wish to keep your records for longer periods to prove your entitlement to an exemption. For example, to prove you qualify for a related party asset transfer PST exemption, you need records to show the asset was a tax paid asset even if the records are older than five years.

Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to [Forms](#) or [Publications](#)).

Subscribe to our [What's New](#) page to receive email updates when new PST information is available.

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

Latest Revision

June 2015

- As a result of Budget 2015, the maximum MRDT rate increased from 2% to 3%.
 - Clarified the rules for reporting periods for unregistered and registered collectors.
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References: *Provincial Sales Tax Act*, sections 1, “accommodation”, “collector”, “legal services”, “registrant”, “related service”, “reporting period”, “software”, “taxable service”, “telecommunication service”, 28, 33, 37, 39, 105, 119, 122, 123, 126, 130, 145-147, 149-153, 160, 168-172, 178-180, 184-186, 189, 198, 199, 203 and 205; *Provincial Sales Tax Exemption and Refund Regulation*, sections 148-155; *Provincial Sales Tax Regulation*, sections 72-78, 82-83, 86, 88, 93 and 95.