

## Provincial Social Service Tax (PST) and Federal Goods and Services Tax (GST)

### *Social Service Tax Act*

**Do you sell or lease taxable goods and services?**

**Do you know how to calculate the PST on your sales and leases?**

This bulletin provides specific tax information to help businesses understand how to calculate the social service tax, also called the provincial sales tax (PST), when they also charge the GST.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

### Table of Contents

PST and GST .....	1
PST on Goods and Services .....	2
PST on Liquor .....	3
Provincial Environmental Levies .....	3

### PST and GST

In general, how you calculate the PST depends on whether or not the sales price includes the GST.

---

This bulletin has been completely rewritten and replaces the previous version dated August 2007.

The current PST rate in British Columbia on goods and services is 7%. Two exceptions are the PST rates on liquor and passenger vehicles.

Liquor is subject to a tax rate of 10%.

Tax rates on passenger vehicles are based on the vehicle purchase prices. For information on calculating the PST on sales of passenger vehicles, please see [Bulletin SST 042](#), *Motor Vehicle Dealers and Leasing Companies*.

There is an environmental levy on lead-acid batteries, and a levy on certain energy products, such as electricity, natural gas, fuel oil and propane.

You remit PST and environmental levies to the provincial government. For more information on remitting PST, please see [Bulletin GEN 012](#), *Remitting Tax*.

The current GST rate is 5%. You remit GST to the federal government. For more information on remitting GST, please see the Canada Revenue Agency website at [www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html](http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html)

## PST on Goods and Services

In most instances, you charge PST on the price of taxable goods and services before adding the federal GST. This means that the GST is not included in the price on which PST is calculated. You calculate the PST before adding the GST to the sales price of goods as follows.

Sales price	\$100.00
PST (7% of \$100)	\$7.00
GST (5% of \$100)	<u>\$5.00</u>
Total amount charged to customer	<u>\$112.00</u>

According to the GST legislation, you can sell goods and services that already have the GST included in the price. In this case, you charge PST on the sales price using the factor of 6.67% ( $100/105 \times 7\%$ ).

For example, the sales price is \$105, [ $\$100 + (\$100 \times 5\%)$ ], which includes the GST. You calculate the PST as follows.

Sales price (includes GST)	\$105.00
PST (6.67% of \$105)	<u>\$7.00</u>
Total amount charged to customer	<u>\$112.00</u>

## PST on Liquor

You charge 10% PST and 5% GST on alcoholic beverages. How you calculate the PST depends on whether or not the sales price includes the GST.

In most cases, you charge PST on the price of liquor before adding the federal GST. You calculate the PST before adding the GST to the sales price of liquor as follows.

Sales price	\$10.00
PST (10% of \$10)	\$1.00
GST (5% of \$10)	<u>\$0.50</u>
Total amount charged to customer	<u>\$11.50</u>

You can sell alcoholic beverages that already have the GST included in the price. In this case, you charge PST on the sales price using the factor of 9.52% ( $100/105 \times 10\%$ ).

For example, the sales price is \$10.50, [ $\$10 + (\$10 \times 5\%)$ ], which includes the GST. You calculate the PST as follows.

Sales price (includes GST)	\$10.50
PST (9.52% of \$10.50)	<u>\$1.00</u>
Total amount charged to customer	<u>\$11.50</u>

For more information on how the PST applies to the liquor industry, please see [Bulletin SST 094, Liquor Sellers](#).

## Provincial Environmental Levies

### Battery Levy

You charge a \$5 provincial environmental levy when you sell a new lead-acid battery weighing 2 kg or more to your customers in British Columbia.

You do not charge PST on the battery levy, but you do charge GST. You calculate the GST and the battery levy for the sale of a new lead-acid battery as follows.

Sales price of the battery	\$100.00
PST (7% of \$100)	\$7.00
GST (5% of \$100)	\$5.00
Battery levy	\$5.00
GST on the \$5 battery levy (5% of \$5)	<u>\$0.25</u>
Total amount charged to customer	<u>\$117.25</u>

In the case above, you remit \$12 (\$7 PST and \$5 battery levy) to the provincial government and \$5.25 GST (\$5 GST and \$0.25 GST on the battery levy) to the federal government. For more information, please see [Bulletin SST 015](#), *Environmental Levy on Batteries*.

### **Innovative Clean Energy (ICE) Fund Levy**

Effective September 1, 2007, a provincial ICE Fund levy of 0.4% applies to sales of electricity, natural gas, fuel oil and propane sold on a grid system. The levy does not apply to fuel taxed or exempted from tax under the *Motor Fuel Tax Act* (e.g. fuel used in a motor vehicle, generator or chainsaw).

You do not pay the PST or the GST on the ICE Fund levy.

You calculate the tax and the levy for the sale of an energy product as follows.

Energy product charge	\$100.00
PST (7% of \$100)	\$7.00
GST (5% of \$100)	\$5.00
ICE Fund levy (0.4% of \$100)	<u>\$0.40</u>
Total amount charged to customer	<u>\$112.40</u>

In the case above, you remit \$7.40 (\$7 PST and \$0.40 ICE Fund levy) to the provincial government and \$5 GST to the federal government. For more information, please see our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/ICE\\_Fund\\_Levy.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/ICE_Fund_Levy.htm)



## Need more info?

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin 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](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm)

## Acknowledgments

This bulletin has been prepared in consultation with industry representatives. We wish to acknowledge and thank the *Retail BC* for their input. By working with us, they help us better serve their members and work towards making British Columbia the best place to do business.

References: *Social Service Tax Act*, Sections 6, 40, 66, 67 and 68.01, and Regulations 5.12, 17.1 and 17.2;  
Federal Goods and Services Tax Legislation