



Provincial Sales Tax (PST) Notice

Notice 2012-011

Issued: October 2012

Purchases of Tangible Personal Property (Goods) in British Columbia

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 the application of the PST to purchases of tangible personal property in BC. This notice does not apply to vehicles subject to the multijurisdictional vehicle tax or conveyances used interjurisdictionally.

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 tangible personal property 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*.

What is Tangible Personal Property (Goods)?

Tangible personal property is personal property that you can see, weigh, measure, feel or touch, or that is in any other way perceptible to the senses—generally, all goods. Tangible personal property also includes natural or manufactured gas, heat, electricity and affixed machinery, but does not include real property. Real property is land and any items permanently attached to land (buildings and structures).

Please note: An improvement to real property, or a part of an improvement to real property, that is removed from the site at which it is affixed or installed (i.e. to be repaired) is tangible personal property while it is removed.

More information specific to affixed machinery and improvements to real property will be provided in the near future.

Goods Purchased in BC

Tangible personal property (goods) purchased in BC for personal or business use will be subject to PST, unless a specific exemption applies. The general rate of tax payable on goods will be 7% of the purchase price. However, some goods will be taxed at a different rate, as follows:

- Liquor: 10% of the purchase price
- Vehicles: 7% to 12% of the purchase price (including the surtax for passenger vehicles valued at \$55,000 or more)
- Boats and aircraft: 7% or 12% of the purchase price
- Certain manufactured mobile homes: 7% of 50% of the purchase price
- Certain manufactured modular homes: 7% of 55% of the purchase price

Taxable Goods

Examples of taxable goods include:

- Alcoholic beverages
- Art
- Automotive parts
- Boats (other than self-propelled vessels of more than 500 tons gross)
- Building materials
- Clothing and footwear for adults
- Computers and other electronics
- Cosmetics and grooming aids
- Flowers
- Furniture and appliances
- Natural gas, heat and electricity for business use
- Office supplies and equipment
- Pets and pet food
- Vehicles, including off-road vehicles and snowmobiles

Exemptions

Permanent exemptions under the previous PST will be re-implemented (time-limited exemptions will not be re-implemented¹) including, but not limited to, exemptions from tax on certain goods:

- All food for human consumption (e.g. basic groceries and prepared foods such as restaurant meals)
- Non-motorized bicycles and non-motorized tricycles (where the diameter of each wheel is at least 350 mm)
- Children-sized clothing and footwear
- Adult-sized clothing and footwear purchased for children under the age of 15 years
- Used clothing and footwear under \$100

¹ Time-limited exemptions were those exemptions under the *Social Service Tax Act* that had a specified expiry date included in the exemption; for example, qualifying energy efficient natural gas or propane commercial boilers purchased before April 1, 2011, and auxiliary power units, cabin heaters and engine heaters for certain commercial trucks purchased before April 1, 2012.

- Books, newspapers and periodicals
- Medications (e.g. prescription and specific over-the-counter medication)
- Vitamins
- Specified school supplies
- Remembrance Day poppies and wreaths
- Natural cut evergreens sold as Christmas trees
- Energy products (e.g. electricity and natural gas) purchased for use in a residential dwelling unit
- Fuel taxed or exempt from tax under the *Motor Fuel Tax Act*

Exemptions specific to businesses will also be re-implemented including, but not limited to, exemptions from tax on certain goods:

- Goods purchased for resale or for lease
- Goods incorporated into goods for resale
- Eligible machinery and equipment used in manufacturing, logging, mining, mineral exploration, and oil and gas production
- Specified goods purchased for use by qualifying farmers for a farm use
- Specified goods purchased for use by qualifying fishers or aquaculturists (includes shellfish growers) for use in their trade
- Specified manufactured machinery and equipment that is part of a penstock system for a hydroelectric power plant

Other circumstances in which an exemption may apply include:

- Eligible goods purchased from a small seller
- Goods shipped directly by the seller out of BC

More information on other exemptions will be provided in future bulletins and notices.

Process for Claiming Exemptions

Most exemptions will be provided by the seller of the goods at the time of sale and will not require any specific information or documentation to substantiate the exemption.

However, a number of PST exemptions will only be available where the purchaser provides required information or documentation. This includes exemptions such as goods purchased for resale, goods purchased by a qualifying farmer, and eligible machinery and equipment. Where a purchaser is required to provide specific information or a document to substantiate an exemption and the purchaser does not provide the required information or document, the purchaser must pay PST on the purchase. However, they would be eligible for a refund of the PST upon providing the required information or document.

For example, if a person is a PST registrant making a purchase of goods for resale, they are required to provide their PST registration number to receive the exemption from PST at the time of purchase. If they are a wholesaler or a vendor who has not yet received a PST registration number, they must provide an exemption certificate to receive the exemption from PST at the time of purchase, or pay PST and apply for a refund.

More information on the use of exemption certificates, and the information and documents required to substantiate other exemptions, will be provided in the near future.

Paying and Collecting Tax

In most cases, the seller of goods in BC will charge and collect the PST payable on the purchase of taxable goods.

However, in limited circumstances, the purchaser of goods may be required to self-assess tax. For example, purchasers of boats, aircraft and vehicles not required to be registered with the Insurance Corporation of British Columbia (ICBC) that are purchased at a private sale will be required to self-assess PST on those purchases. More information on the requirement to self-assess will be provided in the near future.

In the case of vehicles purchased at a private sale that are required to be registered with ICBC, PST will generally be payable at the time of registration and will be collected by ICBC.

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

You can also find information on our website at 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

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