

Refunds of Overpayments of Tax

Social Service Tax Act, Hotel Room Tax Act, Motor Fuel Tax Act, Tobacco Tax Act

This bulletin provides specific tax information to help businesses understand how to claim refunds of overpayments of the provincial sales tax (PST), the hotel room tax, the motor fuel tax and the tobacco tax.

This bulletin does not include information on the carbon tax. For information on the carbon tax, please see our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm

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)*.

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Applying for a Refund

Tax paid in error will be refunded, provided that the refund application is received by the ministry within four years from the date the tax was paid. For example, if tax was paid in error on August 12, 2008, the refund application must be received by the ministry by August 11, 2012.

Claims for amounts of less than \$10 are not eligible for refund.

Completing the Application Form

Refund application forms are available from the ministry and [Service BC Centres](#).

All refund applications must be in writing and must be signed by the person who paid the tax in error. Where the person who paid the tax is a corporation, the refund application must be signed by a director or authorized employee of the corporation.

All refund applications must include satisfactory documentation verifying payment of the tax and the date the tax was paid.

Please note: If it is subsequently determined that the basis for a refund was inaccurate or incomplete and the claimant received a tax refund in excess of the amount due, the claimant may be assessed for the excess amount plus interest.

Completed refund applications and supporting documents should be sent to:

Consumer Taxation Branch
Refund Section
PO Box 9628 Stn Prov Govt
Victoria BC V8W 9N6

Appealing a Disallowed or Reduced Refund Claim

Appeal Procedures

If a refund claim is disallowed by the ministry, or if the ministry reduces the amount refunded or assesses the refund recipient for an overpayment, the taxpayer may appeal the disallowance, reduction, or assessment to the ministry.

An appeal to the minister must be made within 90 days of the date on the letter that notifies the taxpayer of the disallowance or reduction of the refund claim. The appeal must be in writing and addressed to:

Minister of Finance
PO Box 9629 Stn Prov Govt
Victoria BC V8W 9N6

The notice must clearly state the reasons for appeal and all relevant facts.

For more information on appeals of tax assessments or disallowed refunds, please see [Bulletin GEN 003](#), *Appeals of Tax Assessments or Disallowed Refunds*.

Real Property Contracts (PST)

Contractors are required to pay PST on the materials and equipment they supply and install to complete:

- lump sum (fixed price) contracts **entered into before October 1, 2008**, and
- all real property contracts **entered into on, or after, October 1, 2008**, unless there is a written agreement between the customer and the contractor, as outlined in [Bulletin SST 072](#), *Real Property Contractors*.

Contractors who are unfamiliar with the legislation may incorrectly charge the purchaser PST on the full amount of the contract. When this occurs, the purchaser may be eligible for a refund of all, or a portion of, the PST paid.

If the contractor paid PST on the purchase of materials and equipment, and satisfactory evidence of this is provided with the refund claim, the full amount of PST paid by the purchaser will be refunded.

If there is no evidence that the contractor has paid PST on the purchase price of materials and equipment, the purchaser is only eligible for a refund of the difference between the amount of PST paid by the purchaser and the amount of PST that should have been paid by the contractor on the purchase price of the materials and equipment. The legislation deems the non-refundable amount to be paid by the purchaser on behalf of the contractor for materials and equipment supplied under the contract.

Tax paid in error on real property contracts will be refunded, provided that the refund application is received by the ministry within four years from the date the tax was paid.

Please note: In addition to the requirements listed in the section above, Completing the Application Form, refund claims for PST paid on real property contracts must include a copy of the contract and, when possible, documentation showing the contractor's purchase price of materials and equipment used in carrying out the contract.

For more information on real property contracts, please see [Bulletin SST 072](#), *Real Property Contractors*.



Need more info?

Telephone (Vancouver): 604 660-4524

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E-mail: 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*, *Hotel Room Tax Act*, *Motor Fuel Tax Act*, *Tobacco Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/consumer_taxes.htm

References: *Social Service Tax Act*, Sections 80, 81, 82 and 83; *Hotel Room Tax Act*, Sections 10, 11 and 12; *Motor Fuel Tax Act*, Sections 25 and 26; *Tobacco Tax Act*, Sections 17, 18 and 19