

## Completing the Social Service Tax Return

### *Social Service Tax Act*

Are you registered to collect PST?

Do you need help completing the tax return form?

This bulletin is a guide to help you complete the *Social Service Tax Return*, also known as the provincial sales tax (PST) return form.

For detailed information on where and how to file your tax return, please see [Bulletin GEN 012](#), *Remitting Tax*.

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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### Overview

The Ministry of Small Business and Revenue sends all registered businesses a *Social Service Tax Return* (**FIN 400**) at the end of each reporting period.

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The revision bar (|) identifies changes to the previous version of this bulletin dated November 2007.

You use the tax return to:

- calculate and pay the PST collected on your sales during your reporting period, and
- self-assess and pay the PST due on items you purchased during your reporting period for your business or personal use, and were not charged PST at the time of your purchase.

**Please note:** You do not use your tax return form to pay any other amounts due to the ministry, such as amounts you were assessed from an audit.

## Front of the Tax Return

### Information Printed on the Form

The ministry prints the following information on the front of the tax return form.

- **Business Number:** For more information on business numbers, please see our website at [www.bcbusinessregistry.ca/sbn/SBNP/default.htm](http://www.bcbusinessregistry.ca/sbn/SBNP/default.htm)
- **Registration Number:** Your registration number is separate from your business number. The ministry assigns you a registration number when you register to collect and remit PST. For more information on registering, please see [Bulletin SST 044](#), *Registering to Collect Provincial Sales Tax (PST)*.
- **Due Date:** This is the date your tax return and payment are due (23 days after the last day of your reporting period). For more information on due dates and remitting tax, please see [Bulletin GEN 012](#), *Remitting Tax*.
- **Period Covered:** This is the reporting period for your tax return.

### Messages

The messages printed on the left part of the tax return contain important information, such as updates for all businesses, changes for specific industries and various tips to help you avoid costly tax errors.

### Nil Returns – No PST Collected

You are required to complete and send in your tax return even if you did not make any taxable sales. In this case, complete and file your tax return as follows:

- in **Box A** at Step 1, enter the total amount of your non-taxable sales or “0” if you made no sales, and
- in **Box K** at Step 5, enter “Nil”.

If you do not file a nil return, the ministry may estimate the amount of PST due based on your previous sales and send you an assessment for the estimated PST you owe, plus any applicable interest and penalties. If you are filing nil returns often, you may be

eligible to file less frequently. For more information, please see [Bulletin GEN 012](#), *Remitting Tax*.

## Remittance Form

After completing the worksheet on the back of the tax return, you enter the amount paid on the Remittance Form (the bottom portion of the tax return).

## Completing the Worksheet

On the back of the tax return is the worksheet (please keep a copy for your records). The worksheet has five steps and will help you complete your tax return accurately.

### Step 1 - Total Sales

In **Box A**, enter the total amount of **all** your in-province and out-of-province sales and leases made during the reporting period, including:

- taxable and non-taxable sales or leases,
- conditional sales, including sales on instalments,
- sales or leases made on credit,
- sales of propane, regardless of which Act they are taxed under, and
- sales subject to the provincial battery levy or the Innovative Clean Energy (ICE) Fund levy. For more information, please see [Bulletin SST 015](#), *Environmental Levy on Batteries*.

Your total sales and leases do not include the federal goods and services tax (GST), the provincial battery or ICE Fund levy, or any other taxes.

### Step 2 - Tax Collectable on Sales

In **Box B**, enter the total amount of PST collectable during the reporting period on:

- all your taxable sales and leases,
- all your taxable sales made on credit (if you later write off an outstanding credit sale as a bad debt, you can take an adjustment as described in Step 4),
- tax collectable on your sales of propane, including tax collected on propane for motor vehicles, stationary engines or commercial purposes,
- all provincial battery levies collectable on sales of new lead-acid batteries, and
- all provincial ICE Fund levies collectable on sales of energy products.

If you are entitled to an internal tax account adjustment (see section below, Internal Tax Account Adjustments), you subtract the adjustment amount from the tax collectable when calculating the total PST collectable on your sales and leases.

## Commission

In **Box C**, enter your commission. Your commission is based on the amount of PST collectable on your sales (as outlined in Step 2 of the worksheet). To claim a commission, you must file your tax return and pay the PST due by the due date.

Effective November 1, 2008, the commission amounts have increased.

### Commission Amounts – On, or After, November 1, 2008

Tax Collectable (Box B)	Commission (Box C)
\$22.00 or less	The tax collectable (Box B on your tax return)
\$22.01 - \$333.33	\$22.00
More than \$333.33	6.6% of tax collectable, to a maximum of \$198.00

You claim the increased commission starting on your November 2008 tax return. If you are filing a tax return where your reporting period ends prior to November 1, 2008, you calculate the commission as outlined below.

### Commission Amounts – Before November 1, 2008

Tax Collectable (Box B)	Commission (Box C)
\$11.00 or less	The tax collectable (Box B on your tax return)
\$11.01 - \$333.33	\$11.00
More than \$333.33	3.3% of tax collectable, to a maximum of \$99.00

If your business has more than one location of the same legal entity and you receive a separate tax return for each location, you can only claim a commission on **one** tax return. The ministry will assign one of your business locations as the primary account and the other(s) as the secondary account(s). You claim your commission on the tax return of the primary account.

You base your commission on the combined amount of PST collectable from all your accounts. However, your total commission for all accounts cannot exceed the maximum amount.

To claim commission for more than one account, enter the amount of eligible commission for the primary account in **Box C** on the primary tax return. If your commission for the primary tax account does not amount to the full maximum amount, you may claim the remaining eligible amount(s) for your secondary account(s) by entering the remaining commission amount in **Box J** on the primary tax return. Write the following in the space beside **Total Adjustments**: *shared commission with {secondary account(s) registration number(s)}*.

You are required to file the primary account on time to receive any commission for that legal entity, and you are required to file the secondary account(s) on time to receive that portion of the commission.

**Please note:** If you have more than one business location and you receive a separate tax return for each location, you may find it easier to consolidate your accounts and receive one tax return for all locations. For more information, please contact the ministry.

### **Net Tax Due on Sales**

In **Box D**, enter the total PST collectable on all your sales (Box B) minus your commission (Box C).

### **Step 3 - Purchase Price of Taxable Goods**

In **Box E**, enter the total purchase or lease price of taxable goods or services you purchased or leased for business use without paying PST (or applicable provincial levies).

You are required to pay PST on **everything you use** in conducting your business (unless specifically exempted under the Act), including new and used taxable goods and services. For example:

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- items you purchase to give away as free promotions,
- cleaning supplies,
- computer hardware and software, except custom software (for more information, please see [Bulletin SST 040, Computer Software and Hardware](#)),
- goods taken out of your resale inventory for business use, and
- goods purchased from out-of-province suppliers (you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise and any other costs, except GST, the provincial battery levy or the ICE Fund levy).

### **Tax Due On Purchases**

In **Box F**, enter the PST due on taxable goods you purchased or leased for your business, or for personal use, without paying PST (Box E). If applicable, you also enter any unpaid provincial battery or ICE Fund levies.

### **Tax Payable Before Adjustments**

In **Box G**, enter the total of net PST due on sales (Box D) plus the PST due on your purchases (Box F).

## Step 4 - Adjustments

In **Box H**, enter the amount of PST that you remitted on goods sold that were returned to you within 90 days and where you provided the customer with a credit or refund for PST paid. For more information, please see [Bulletin SST 079](#), *Service Charges, Trade-Ins and Returns*.

In **Box I**, enter the amount of PST you remitted on goods sold on credit and where you wrote off the debt. For more information, please see [Bulletin GEN 001](#), *Refund of Tax Remitted on Sales Written Off as "Bad Debts"*.

## Total Adjustments

In **Box J**, enter the total amount of the adjustment(s) (Box H plus Box I).

**Please note:** Step 4 is only used to take the adjustments as described above in Boxes H and I. You are required to keep documents to support the reason for the adjustments. Do not use Step 4 to make any eligible internal adjustments listed in the section below, Internal Tax Account Adjustments.

## Step 5 - Total Amount Due

In **Box K**, enter the total of PST payable before adjustments (Box G) minus the total amount of adjustments being taken (Box J).

Box K is the amount of PST, provincial battery levy and provincial ICE Fund levy due to the ministry. You must enclose payment for this amount when you file your tax return form. Please write your registration number on your cheque.

## Completing the Remittance Form

The bottom portion of the tax return is the Remittance Form, which you detach and submit with your payment. All information on the Remittance Form must be complete.

To complete the Remittance Form, copy the amounts from boxes A, B, C, E, F, H, I, J and K of the worksheet to the corresponding letters on the Remittance Form. The amount in **Box K** is the amount that you enter in the Enter Amount Paid box on the front of your tax return.

Check that the date in the Period Covered box is correct, or is for the period that you are reporting. If the date is incorrect, write the dates for which you are filing. Include a start and end date in the space provided on the form.

When you have completed both sides of the Remittance Form and calculated the PST due, complete and sign the certification section.

**Please note:** If you permanently close or sell your business, please read the directions on the front of the Remittance Form.

## Internal Tax Account Adjustments

In **Box B** of the worksheet, enter the total PST collectable on your sales minus any internal adjustments. You **only** take internal tax account adjustments if:

- you incorrectly charged a customer PST and then refunded them the PST paid, including PST incorrectly charged on tax-exempt sales (e.g. children's clothing) or on sales to individuals who qualify for an exemption (e.g. qualifying First Nations persons or *bona fide* farmers),
- you charged too much PST because of a mathematical error or you calculated PST on a GST-included price, and you refunded the PST to your customer,
- you adjusted a price for a customer and refunded them the difference in PST paid on the higher price (e.g. you sold goods immediately before a sale and the customer requested the sale price, or you reduced a price after the account was paid), or
- you incorrectly paid PST on items purchased for resale, including items purchased for resale before you were registered with the ministry.

You cannot take any other internal tax account adjustments. If you believe you have overpaid PST in circumstances not described here, you need to apply to the ministry for a refund.

Do not use boxes H or I of the worksheet for internal tax adjustments. You only use these boxes for purposes as described in the section above, *Completing the Worksheet*.

You cannot reduce the PST due to below zero. If your adjustments are greater than the PST due, you need to apply to the ministry for a refund.

You can only take internal adjustments for overpayments of PST that occurred in the current reporting period or the period immediately prior to the current period. For example, if you are filing your July 2007 monthly tax return (due August 23, 2007), you can only take internal adjustments for overpayments of PST that occurred in June or July 2007. If you made an overpayment of PST before June 2007, you need to apply to the ministry for a refund. For more information, please see [Bulletin GEN 008](#), *Refunds of Overpayment of Tax*.

You are required to follow proper accounting techniques and practices when taking an internal tax account adjustment. Document and keep a record of the adjustment to show why it was made. If documentation for the adjustment is not available during an audit or inspection, you will be liable for an assessment of the PST due, interest and

possibly a penalty. If you have any doubts about whether you should take an internal adjustment, please contact the ministry.

## Filing Your Tax Return

You have several options for filing your tax return and making payments, including by mail or courier to the ministry, or in-person at any [Service BC Centre](#) or at most financial institutions. For more information, please see [Bulletin GEN 012, Remitting Tax](#).

If you do not file a tax return, the ministry will estimate the amount of PST due based on your previous sales and send you an assessment for the estimated PST you owe, plus any applicable interest and penalties.



### Need more info?

Remitting Tax website: [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/file\\_and\\_pay.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/file_and_pay.htm)

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 *Canadian Federation of Independent Business* 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 1, 5, 20, 67, 78, 81, 82, 84, 90, 95, 96, 97, 98 and 117, Regulations 4.5, 5.1, 5.2, 5.3, 5.4, 5.5, 5.8, 5.9, 5.11 and 5.14, and 17.