



Provincial Sales Tax (PST) Notice

Notice 2012-017

Issued: December 2012

Notice to the Restaurant Industry

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 an overview of how the new PST applies to the restaurant industry.

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 transactions that straddle April 1, 2013, please see PST [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

Overview

The PST is returning substantially as it was prior to the implementation of the HST with all permanent exemptions. The general PST rate on most goods and services will be 7%. Liquor will be taxed at a rate of 10%.

Registration for PST

If you operate a restaurant, bar, pub or other eating establishment and you sell liquor or other taxable goods, you are required to register to collect PST on your taxable sales. For more information on who must be registered, please see [Bulletin PST 001](#), *Registering to Collect Provincial Sales Tax (PST)*.

If you operate a restaurant or other eating establishment that does not sell liquor or other taxable goods, you are not required to register to collect PST. However, you will be required to pay PST on certain goods and services acquired for your business use (see Purchases below).

Sales

When to Charge PST

You charge PST when you make sales of liquor and when you make sales or leases of other taxable goods. You charge 10% PST on sales of alcoholic beverages, such as:

- Beer, wine, spirits
- Liqueurs, ciders and coolers
- Mixed drinks
- Any beverage with an alcohol content greater than 1%

For more information, please see [Notice 2012-009](#), *Notice to Liquor Vendors: BC Returns to PST on April 1, 2013*.

You charge 7% PST on the sale or lease of other taxable items, such as clothing, bottle openers and souvenirs.

When Not to Charge PST

As all food for human consumption is exempt from PST, you do not charge PST on sales of food, such as:

- Meals and other prepared food
- Snack foods (e.g. chips, nuts and candy)
- Non-alcoholic hot or cold beverages

Where you provide other goods, such as disposable or non-reusable containers, utensils, napkins and packaging materials to customers as part of their purchase of food, you do not charge PST on those items.

Purchases

You pay PST on taxable goods and taxable services acquired for use in your business.

When to Pay PST

You pay PST on the purchase or lease of new or used goods, software and some services that you use in your business. The following are examples of taxable purchases.

- New or used goods acquired for use in the business, including tables, chairs, appliances, dishes, cleaning supplies and menus
- Alcohol or other goods that you purchase and then give away for free or at a reduced cost
- Stationery, furniture and office equipment
- Advertising materials, such as flyers and brochures
- Computer hardware and software (unless custom software)
- Services to repair or maintain taxable goods
- Telecommunication services, such as phone, Internet and television services
- Energy (e.g. electricity, natural gas or heating oil)

When Not to Pay PST

You do not pay PST on the following:

- Food for human consumption
- Juices, cocktail mixes and other non-alcoholic drinks
- Refundable deposits
- Cleaning services
- Goods you purchase for resale or lease to your customers
- Liquor incorporated into food for resale (e.g. liquor used in preparing meals and baked goods, such as cooking wine)

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