



# Provincial Sales Tax (PST) Notice

Notice 2012-018

Issued: December 2012

## Telecommunication Services

### *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 telecommunication services in BC, other than dedicated telecommunication services. Information on the application of PST to dedicated telecommunication services will be provided in future notices and bulletins.

**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 telecommunication services 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 are Telecommunication Services?

Telecommunication services for the purpose of the PST are generally any of the following:

- the right, whether exercised or not, to utilize a telecommunication system to send or receive one or more telecommunications by means of an electronic device ordinarily situated in BC. This includes services such as telephone and facsimile, television, radio, internet access, and email and text messaging services.
- utilizing a telecommunication system to send or receive telecommunications, such as telephone calls and facsimiles, television and radio signals, emails and text messages (including where the message is not limited to text) by means of an electronic device ordinarily situated in BC; and
- the right, whether exercised or not, to download, view or access, via a telecommunication system by means of an electronic device ordinarily situated in BC, the following telecommunications:
  - audio books, audio programs (e.g. radio programming or pod-casts), music and ring tones, and
  - television programming, motion pictures and other videos.

A telecommunication means signs, signals, writing, images, sound or intelligence of any nature.

A telecommunication system means a wire, cable, radio, optical, satellite or other electromagnetic or similar system, including WiFi, for the transmission, emission or reception of a telecommunication.

Electronic device in relation to a telecommunication service means a device by which a person may send or receive telecommunications, or download, view or access telecommunications.

Examples of electronic devices include computers (desktops, laptops and tablets), mobile phones and smart phones, televisions and radios.

## **Purchase of Telecommunication Services**

The purchase of a telecommunication service will be subject to PST at a rate of 7%, unless a specific exemption applies. PST applies to the purchase price, which includes sign-up, access, airtime, usage, service and other charges related to the use of, or the right to use, the service.

Mobile electronic devices are generally considered to be ordinarily situated in BC if the billing address is located in BC.

## **Exemptions**

Exemptions under the previous PST will be re-implemented with the new PST including, but not limited to, exemptions from tax for the following telecommunication services:

- Basic cable television services provided by means of a wire or cable (does not include other services over and above the basic service or television services provided by satellite or by Internet)
- Local residential landline telephone services (including calling features, such as call waiting)
- 1-800, 1-888, and 1-877 telephone and facsimile services, other than when acquired for family or domestic use
- Downloading, streaming, viewing or accessing audio or video content that are qualifying educational programs
- Downloading, streaming, viewing or accessing audio video content that are live lectures, seminars, workshops or similar activities that allow for real time communication between the presenter and participants
- Electronic books (other than audio books)
- Telecommunication services purchased for the purpose of resale

More information about exemptions will be available in future bulletins and notices.

## **Paying and Collecting Tax**

In most cases, the provider of taxable telecommunication services will charge and collect the PST payable on the purchase of taxable telecommunication services. However, where the provider of the telecommunication service is not a collector, purchasers may be required to self-assess tax. More information on the requirement to self-assess will be provided in the near future.

## 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](mailto:CTBTaxQuestions@gov.bc.ca)

You can also find information on our website at [gov.bc.ca/pst](http://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](http://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](http://sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm)