



## Registering to Collect Provincial Sales Tax (PST)

### *Provincial Sales Tax Act*

This bulletin provides information to help businesses understand when and how to register with the Ministry of Finance (ministry) to collect and remit the PST.

The registration rules and requirements explained in this bulletin come into effect with the re-implementation of the PST on April 1, 2013. However, you can register your business now.

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## Businesses Required to Register

### Businesses in B.C.

If you make sales or leases of taxable goods, software or services in the ordinary course of your business, **you are required to register** with the ministry.

You are required to register if you regularly do any of the following in B.C.

- Sell taxable goods, for example:
  - alcoholic beverages,
  - motor vehicles, automotive parts and supplies,
  - boats,
  - building materials,
  - household or office furniture, or
  - general merchandise, such as flowers, clothing, cosmetics, appliances or souvenirs.
- Lease taxable goods, for example:
  - motor vehicles,
  - tools and equipment,

- aircraft, or
- art work.
- Provide related services, for example:
  - repair or maintain taxable goods, such as automobiles, knives, watches, TVs, stereos, office equipment or computers,
  - apply protective treatments to taxable goods, such as fabric protection, rust proofing or paint,
  - set up, install or dismantle taxable goods, such as temporary display counters, shelves or booths at trade fairs and conventions, or
  - restore taxable goods, such as furniture.
- Provide four or more units of accommodation.
- Provide legal services.
- Provide telecommunication services, including internet access, non-basic cable, non-residential telephone services, cell phone services, satellite services, facsimile services, and digital and electronic media content, such as music and movies.
- Provide software.
- Act as a liquidator, receiver, receiver-manager or trustee and dispose of assets as part of your business.
- Enter into contracts to improve real property where your customers pay PST (see the section below, Real Property Contractors).
- Sell exclusive products as a direct seller to an independent sales contractor in B.C. for resale (see the section below, Direct Sellers and Independent Sales Contractors).

If you meet these criteria, effective April 1, 2013, you are prohibited from making retail sales and leasing goods in B.C. unless you have a valid PST registration number.

**Please note:** You are not required to register if you qualify as a small seller or are an independent sales contractor only selling exclusive products of a direct seller (see the sections below, Small Sellers, and Direct Sellers and Independent Sales Contractors).

## Real Property Contractors

You are required to register if you are a contractor who:

- enters into contracts to improve real property (e.g. home renovations), **and**
- enter into an agreement with your customer that specifically states that the customer pays the PST on the goods, and the agreement (which you must have written evidence of) sets out the purchase price of the goods.

If you meet these criteria, effective April 1, 2013, you are prohibited from supplying material and equipment under one of these contracts in B.C. unless you have a valid PST registration number.

## Direct Sellers and Independent Sales Contractors

You are a **direct seller** if you:

- do not make taxable sales from established business premises (e.g. a retail store), and
- sell exclusive products to independent sales contractors in B.C.

Exclusive products are those products you acquire, manufacture or produce and that are primarily offered to purchasers at a retail sale by your independent sales contractors.

You are an **independent sales contractor**, in relation to a direct seller, if:

- you purchase exclusive products from a direct seller or another independent sales contractor for the purpose of resale or for personal use,
- you are not an agent or employee of the direct seller, and
- you offer to sell the exclusive products at temporary business premises, your private residence, or other non-business premises.

Direct sellers are required to register, and to charge and collect PST on sales of taxable exclusive products to independent sales contractors and sales directly to purchasers. Independent sales contractors are required to pay PST on the suggested retail price of the exclusive products when purchasing the products for resale from direct sellers or another independent sales contractor. They are also required to charge and collect PST on sales of exclusive products to customers. If an independent sales contractor has paid PST on their purchase of the exclusive product, they may reimburse themselves the PST they paid by keeping the PST they collect on their sales. If an independent sales contractor has not paid PST on their purchase of the exclusive product, they must remit the PST they collect on their sales to the ministry.

If you are a direct seller, effective April 1, 2013, you are prohibited from selling exclusive products to independent sales contractors or at a retail sale in B.C. unless you have a valid PST registration number.

More information will be available in the coming months on the obligations of direct sellers and independent sales contractors.

## **Businesses Located in Canada but Outside of B.C.**

You are required to register with the ministry if you are located outside of B.C., but within Canada, and in the ordinary course of your business do **all** of the following in relation to taxable goods.

1. Sell taxable goods to customers in B.C.
2. Accept purchase orders (including by telephone, mail, email or Internet) for taxable goods from customers located in B.C.
3. Deliver taxable goods to a location in B.C. Delivery into B.C. includes goods that you ship physically or electronically, even if you deliver the goods through a third party, such as a courier.
4. Solicit persons in B.C. (through advertising or other means, including mail, email, fax, newspaper or the Internet) for orders to purchase taxable goods.

You are also required to register with the ministry if you are located outside of B.C., but within Canada, and regularly do **all** of the following in relation to taxable software and telecommunication services.

1. Sell taxable software or a telecommunication service to customers in B.C.
2. Accept purchase orders (including by telephone, mail, email or Internet) for taxable software or a telecommunication service from customers located in B.C.

3. Solicit persons in B.C. (through advertising or other means, including mail, email, fax, newspaper or the Internet) for orders to purchase taxable software or a telecommunication service.

**Please note:** If you have only a website that is accessible from anywhere in the world, which does not target B.C., you are not soliciting sales in B.C. However, if you have a website and also solicit sales in B.C. by other means, such as through targeted internet advertisements, promotional flyers or newspaper advertisements, you are soliciting sales in the province.

If you meet these criteria, effective April 1, 2013, you are prohibited from delivering goods into B.C., providing software for use on or with an electronic device ordinarily situated in B.C., or providing a telecommunication service unless you have a valid PST registration number.

You are also required to register with the ministry if you are located outside of B.C. and you, as lessor, lease goods in B.C., lease goods that are located in B.C. at the time of the lease, or lease goods that are transferred to the lessee in B.C.

If you meet these criteria, effective April 1, 2013, you are prohibited from leasing goods in these circumstances unless you have a valid PST registration number.

## **Businesses Not Required to Register**

You are not required to register with the ministry if you do not make taxable sales of goods or software, do not make taxable leases of goods, and do not provide taxable services (related services, telecommunication services, legal services and accommodation). The following examples are circumstances when you do not need to register:

- you only sell non-taxable or exempt goods or software, such as food for human consumption or provide non-taxable or exempt services, such as dry cleaning or transportation services,
- you are a wholesaler and you do not make retail sales,
- you are a small seller (see the section below, Small Sellers),
- you are an independent sales contractor only selling exclusive products (see the section above, Direct Sellers and Independent Sales Contractors).

If you are not registered and you collect PST, or an amount as if it were PST, on any sales or leases, you must remit that amount to the ministry. For example, if you charged and collected PST on an exempt or non-taxable item, or collected tax at an incorrect rate (e.g. 10% instead of 7%), you would still have to remit that amount. Depending on the circumstances, your customer may be entitled to a refund either directly from you or from the ministry.

If you are not required to register, you may still wish to register so you can self-assess any PST you are required to pay through the tax return process. For example, in certain circumstances, some businesses are required to self-assess PST on goods purchased for use in their business.

Further information on remitting tax will be provided in future bulletin(s).

## Small Sellers

You are a **small seller** if you meet **all** of the following criteria:

- You are located in B.C. but do not maintain established commercial or business premises (e.g. you sell goods from your home).
- You sell eligible goods (all goods other than liquor, vehicles, boats or aircraft) or software, or provide taxable services.
- You do not, in the ordinary course of your business, sell vehicles, boats or aircraft.
- You do not sell liquor, other than under a special occasion licence.
- You have \$10,000 or less in gross revenue from all retail sales of eligible goods, software and taxable services for the previous 12 months, and your estimated gross revenue from all retail sales of eligible goods, software and taxable services for the next 12 months is \$10,000 or less.
- You are not a lessor.
- You are not an independent sales contractor.
- You are not a provider of four or more units of accommodation in hotels, resorts, boarding houses or similar establishments.
- You are not a contractor who acquires goods for the purpose of fulfilling contracts to improve real property.

As a small seller you are not required to be registered to collect and remit PST. Small sellers pay PST when purchasing products for resale and do not charge or collect PST on sales. However, you have the option to register with the ministry to collect PST. If you register with the ministry, you will no longer be considered a small seller and must charge and collect PST on your sales.

## Registration

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### Registration Package Information

In December 2012 letters were sent out to businesses with information on how to register. If you did not receive a letter or are unsure if you need to register, please contact us.

Registration for businesses is now available. PST will be re-implemented starting on April 1, 2013.

Businesses that were registered to collect PST or hotel room tax prior to July 1, 2010 under the *Social Service Tax Act* or *Hotel Room Tax Act* will need to apply for a new PST registration number.

### Registering

You can apply to register with the ministry using any of the following options:

- **Online:** register online using the new online system called **eTaxBC** (see our webpage [Register to Collect PST](#) for more information)
- **In person:** at your local **Service BC Centre** or at 1802 Douglas Street in Victoria
- **By fax or mail:** complete a paper form and mail or fax it to the ministry

The *Application for Registration for Provincial Sales Tax* form (**FIN 418**) is available from the ministry, any Service BC Centre and on our website.

If the ministry approves your application, you will be provided with a letter advising you of your PST registration number and your tax return filing schedule.

**Please note:** Registering to collect PST and having a registration number does not take the place of a business licence or any other required authorization. You apply for a business licence through your municipality or regional district, or the **OneStop Business Registry** in participating municipalities.

Once you are registered, you are required to notify the ministry if:

- you change your address, change the name or nature of your business, or stop operating your business, or
- you change the legal structure of your business (e.g. sole proprietor to corporation).

**Please note:** Your registration number is not transferable. If you do not comply with the provisions of the *Provincial Sales Tax Act*, you may have your registration suspended or cancelled.

## Obligations of Businesses Required to Register

All businesses that are required to be registered are considered to be collectors whether or not they are actually registered. All collectors have specific obligations to charge, collect and remit PST. For information on your obligations as a collector, please see **Bulletin PST 002, Charging, Collecting and Remitting PST**.



### Need more info?

Online: [gov.bc.ca/PST](http://gov.bc.ca/PST)

Toll free in Canada: 1 877 388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

You can access our forms, publications, legislation and regulations online at [gov.bc.ca/PST](http://gov.bc.ca/PST) (go to **Forms and Publications**).

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

For up to date information on the return to PST, subscribe to our What's New page at [www.sbr.gov.bc.ca/msbr/whats\\_new/consumer\\_taxes/whatsnew.htm](http://www.sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm)