

## Do You Need To Register As A Vendor?

*Social Service Tax Act*

**Update: Budget 2006**

Effective February 22, 2006,  
services to software are exempt  
from tax.

Many businesses operating in the Province of British Columbia must apply to the Consumer Taxation Branch (the branch) for registration as a vendor under the *Social Service Tax Act* (the Act) before commencing business. This bulletin provides information to assist you in determining whether or not you need to register.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations can be found on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)

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## WHO MUST REGISTER AS A VENDOR?

### British Columbia Businesses

You are required to register as a vendor with the Consumer Taxation Branch if you engage in any of the following business activities in British Columbia.

- Regularly make taxable sales of goods or lease taxable goods as a lessor.
- Provide legal services in British Columbia.
- Sell taxable parking within the Vancouver Regional Transit Service Area.
- Provide taxable services. A taxable service is any service provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish or maintain tangible personal property.
- Sell a telecommunication service.
- Sell propane.
- Act as a liquidator, receiver, receiver-manager or trustee and dispose of assets in the course of your business.

### Out-of-Province Businesses

Businesses that are located outside British Columbia and regularly sell goods to British Columbia purchasers are required to register if they meet all four of the following criteria:

- solicit sales in British Columbia through advertising or other means,
- accept purchase orders originating in British Columbia,
- sell goods to British Columbia purchasers, and
- cause the goods to be delivered to a location in British Columbia.

In determining whether or not you must register, please note the following.

- Solicitation can occur by any means including mail, Internet, fax, or newspaper advertisement (not a complete list).
- Orders to purchase include telephone, written, or e-mail orders from a location in British Columbia, regardless of whether or not the business has an agent in the province.
- Delivery into British Columbia includes goods shipped either physically or electronically by a seller or an agent of the seller.

Out-of-province sellers are required to hold a valid registration certificate at the time the seller causes the goods to be delivered into the province.

## Who is not Required to Register?

Persons who do not make regular taxable sales or leases do not need to register as vendors. These include the following.

- Businesses selling **only** non-taxable goods, such as fresh fruit and vegetables, or services that are not taxable. If the business plans to add any taxable goods to its resale inventory, or provide any taxable services, it must first register as a vendor.
- Persons who are not in business but who occasionally dispose of personal goods through garage sales, flea markets or fund raising sales. In such cases, however, tax should be collected and remitted to the Consumer Taxation Branch on all sales.
- Wholesalers who do not make retail sales.
- Contractors exclusively involved in the construction or improvement of real property.

## Unsure Whether You Must Register?

If you are unsure whether you are required to register, please contact the nearest Consumer Taxation Branch office. Branch staff will be pleased to assist you.

The Consumer Taxation Branch publishes a variety of information bulletins on provincial sales taxes, including the social service tax. A list of the bulletins is printed in the pamphlet, *Your Responsibilities as a Vendor or Lessor under the Social Service Tax Act*. When you register with the branch, a copy of this pamphlet is automatically mailed to you.

## HOW DO I REGISTER?

### Obtaining a Registration Form

To register, you must complete an *Application for Registration as a Vendor* form (**FIN 418**). This form is available at any Consumer Taxation Branch or Government Agents office. You can also register on-line at the branch's website at [www.sbr.gov.bc.ca/ctb](http://www.sbr.gov.bc.ca/ctb)

### Completing and Submitting the Form

Instructions for completing the form are included on the form. Please answer all questions carefully and completely to avoid delays in processing your registration. Your completed form may be forwarded through the mail to the Consumer Taxation Branch in Victoria, presented in person at your local Consumer Taxation Branch office, or submitted electronically if you have completed the form provided on the branch's website.

On receipt of the form, the Consumer Taxation Branch will assign you a registration number, and send you a registration certificate and information concerning the collection and remittance of social service tax. Please note, the *Certificate of Registration* does not take the place of a business licence, which should be obtained from your city or municipal office.

## REQUIREMENTS FOR UNREGISTERED BUSINESSES

### Collecting and Remitting Tax

Persons not required to register with the Consumer Taxation Branch are still responsible for collecting and remitting tax if they occasionally make taxable sales or leases. In such cases, you should complete and submit a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller Not Registered under the Social Service Tax Act* form (**FIN 428**), available from all branch offices and on the branch's website. Instructions for remitting the tax due are provided on the form.

Businesses operating in British Columbia must also remit tax on the purchase or lease price of all goods acquired outside British Columbia for use or consumption in their business operations in this province. The tax due must be remitted to the branch at the time the goods are brought into the province. This applies to goods such as operating supplies, tools, equipment or other items that are not directly resold.

**MORE INFO:** [Bulletin SST 043](#), *Goods Purchased from Out-of-Province Suppliers*

## EXAMPLES OF TAXABLE SALES AND LEASES

### Goods

"Taxable sales or leases of goods" include the sale, lease, or rental of all goods except those specifically exempted under the *Social Service Tax Act*.

For example, you must be registered as a vendor if you regularly sell or lease any of the following items (not a complete list).

- Alcoholic beverages.
- Automotive parts and supplies.
- Building materials.
- Cigarettes and other tobacco products.
- Flowers.

- General merchandise such as cosmetics, appliances, souvenirs, clothing and art supplies.
- Household or office furniture.
- Motor vehicles.
- Propane.

### **Taxable Services**

You must be registered if you sell a service that meets the definition of taxable service (page 1), unless the service is specifically exempted under the Act. Examples of taxable services include the following (not a complete list).

- Automobile maintenance and repairs.
- Furniture repairs, re-upholstery and refinishing.
- Maintenance of business equipment, such as cash registers, photocopiers and computers.
- Watch repair and maintenance.

### **NEED MORE INFO?**

**This bulletin is provided for convenience and guidance.**

**If you have any questions, call us at 604 660-4524 in Vancouver or call toll-free at 1 877 388-4440, or email your questions to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)**

**Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr) While there, you can subscribe to our free electronic update service.**

**References:** *Social Service Tax Act*, Sections 1, 92, 93 and Regulation 4