

Sales and Leases to the Governments of Canada and British Columbia

Social Service Tax

This bulletin outlines the application of British Columbia's social service tax (PST), hotel room tax, fuel tax, and tobacco tax to sales and leases to the federal and provincial governments, and the application of the federal goods and services tax (GST) to purchases by the Province of British Columbia.

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

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SALES AND LEASES TO THE GOVERNMENT OF CANADA

Social Service Tax (PST) Exemption

Social service tax **does not** apply to sales and leases to the Government of Canada when:

- the federal government's provincial registration number is quoted on an official government purchase order, or
- the charge is billed to a federal government acquisition card (charge card), and the purchaser quotes the federal government's provincial registration number (the acquisition cards are issued in the name of a federal government employee and specify Government of Canada).

Scope of the Exemption

This exemption applies to sales and leases of tangible personal property, as well as sales of legal services, taxable services, telecommunication services, and parking (tax on parking imposed in Vancouver area only).

Only federal government departments and some federal boards, agencies, and commissions may claim the exemption. It does not extend to purchases by third parties, such as those by federal government employees.

Documenting Exempt Sales and Leases

Where a tax-exempt purchase or lease is made using an official federal government purchase order, the vendor must retain a copy of the purchase order showing the federal government's registration number to substantiate non-collection of tax on the sale or lease.

Where the exempt purchase or lease is made using an acquisition card, the seller must record the federal government's provincial registration number on the invoice and retain a copy of the invoice. If the purchase or lease is made in person, the vendor should also take an imprint of the acquisition card on the sales invoice.

Environmental Levies and Other Provincial Taxes

The Government of Canada **will** pay British Columbia environmental levies, hotel room tax, fuel tax, and tobacco tax. For example, if the federal government purchases five tires for \$100 each and the federal government registration number is quoted on the purchase order, the vendor is not required to collect PST on that sale but is required to collect \$15 in environmental levies (\$3 per tire).

SALES AND LEASES TO THE GOVERNMENT OF BRITISH COLUMBIA

Federal Goods and Services Tax (GST) Exemption

GST **does not** apply to sales and leases to the Government of British Columbia when:

- the charge is billed to a provincial government acquisition card (the card is issued in the name of a provincial government employee and bears the words "Province of BC" and "GST Exempt"); or
- the following certification is included on official provincial government purchase orders and contract documents.

CERTIFICATION CLAUSE

This is to certify that the property and/or services ordered/ purchased hereby are for the use of, and are being purchased by, the Province of British Columbia with crown funds, and are therefore not subject to the goods and services tax.

Signature of Authorized Official

This certification clause is the supplier's authority not to charge GST.

Vendors making GST-exempt sales to the provincial government may still claim Input Tax Credits to recover the GST paid in acquiring a supply of normally taxable goods or services for the government, even though they do not charge

the GST on those sales. Goods and services purchased by the province using the certification are treated as zero-rated.

Scope of the GST Exemption

This GST-exempt status applies only to provincial government ministries, boards, agencies, and commissions. It does not extend to purchases by third parties, such as those by provincial government employees.

Other Federal Taxes

The Province of British Columbia will pay any federal taxes, other than GST, that are levied or imposed under the *Excise Tax Act* (Canada).

Provincial Sales Tax

All sales and leases to the Province of British Columbia are subject to British Columbia's provincial sales taxes unless the item or service purchased is specifically exempt under the legislation. This applies to PST, environmental levies, hotel room tax, fuel tax, and tobacco tax.

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.