

Sales of Long Distance Telephone Debit Cards

Social Service Tax Act

This bulletin outlines the application of social service tax to sales of long distance telephone debit cards.

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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LONG DISTANCE TELEPHONE DEBIT CARDS

These cards provide the purchaser with access to long distance telephone services, usually at discounted rates. The cards are sold for various values - \$10, \$20, \$50, \$100. The purchase price of the card represents the value of long distance telephone calls the holder may make without additional charges. These cards can be purchased from a variety of retail outlets, such as grocery and drug stores.

APPLICATION OF TAX

When a customer purchases a long distance debit card, they are prepaying for long distance telephone services. Under the *Social Service Tax Act*, telephone services and other telecommunication services are subject to tax on the full sale price. Therefore, the sale of long distance telephone debit cards is subject to tax.

All persons selling long distance debit cards are required to collect social service tax from their customers on the full sale price of the telephone debit card.

REQUIREMENT TO REGISTER

A person who sells telephone debit cards is required to be registered as a vendor under the Act, and to collect tax on all taxable sales. If you are already registered, the tax collected must be remitted with your regular tax return form.

If you are not registered, obtain an Applications for Registration as a Vendor Pursuant to the *Social Service Tax Act* form (**FIN 418**) from your nearest Consumer Taxation Branch or Government Agents office.

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.