

Service Clubs and Non-Profit Thrift Stores

Social Service Tax Act

This bulletin provides guidelines for the application of social service tax to sales made by service clubs, thrift stores, and similar organizations or societies for charitable, fund-raising, community, or other club purposes.

Clubs involved in catering may wish to obtain a copy of [Bulletin SST 041](#), *Application of Tax to Sales and Purchases Made by Caterers*. This bulletin is available from all Consumer Taxation Branch and Service BC-Government Agents offices and on our website at www.sbr.gov.bc.ca/ctb

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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REGISTRATION REQUIREMENTS

Organizations That Regularly Make Taxable Sales

Clubs, organizations, or societies that regularly sponsor events at which taxable sales are made must be registered as vendors under the *Social Service Tax Act*. Non-profit thrift stores must also register as vendors.

Applications for registration may be obtained from any Consumer Taxation Branch or Service BC-Government Agents office. You can also register on-line on the branch web site. Instructions for remitting tax collected will be provided upon registration.

Organizations That Do Not Regularly Make Taxable Sales

Clubs or organizations that do not sponsor such events on a regular basis do not need to be registered. They should contact their local Consumer Taxation Branch office for information on remitting the tax collected on sales when sponsoring events where taxable sales will be made.

APPLICATION OF THE TAX TO SALES MADE BY SERVICE CLUBS

Alcoholic Beverages

Tax at the rate of 10% of the purchase price must be collected on all sales of alcoholic beverages. This includes draft beer, bottled beer, wine, coolers, ciders, spirits, liqueurs, mixed drinks, and any other beverage with an alcohol content of greater than 1%.

When alcohol is being sold under a Special Occasion Licence issued by the Liquor Distribution Branch, the persons acquiring the licence are required to pay an amount equal to the additional tax collectable on the expected proceeds of liquor sales.

The sponsors of the event may reimburse themselves from the tax collected on the subsequent sale of liquor.

More Info: [Bulletin SST 097](#), *Sales of Liquor Under a Special Occasion Licence*

If alcohol is to be given away or sold at the cost of the alcohol, the persons acquiring the Special Occasion Licence are only required to pay tax on their cost of acquiring the liquor at the time it is purchased.

Auctions, Flea Markets, Bazaars, and Other Sales

Sales and rentals of other tangible personal property are subject to tax at 7% of the purchase or rental price unless the items sold or rented are

specifically exempted under the Act. A list of exemptions is provided in the Act, a copy of which may be obtained from any Consumer Taxation Branch office or on our branch website. Sales of meals, candies, and soft drinks are not subject to the tax.

A \$3 environmental levy applies to each new pneumatic tire priced at \$30 or more and a \$5 environmental levy applies to each new lead-acid battery weighing 2 kilograms or more, when such items are sold in the province. Clubs, organizations, or societies selling tires or batteries that are subject to the levies must be registered as vendors and collect the applicable levies.

More Info: [Bulletin SST 015](#), *Environmental Levies on Tires and Batteries*

Raffles and Contest Prizes

When a car, television, or other merchandise is raffled, tax does not apply to the sale of tickets.

The person providing the prize (e.g., the club or prize donor) must pay the tax and any applicable environmental levies on merchandise raffled or given away as a prize in a contest, bingo game, or similar activity. The person who wins the prize is not required to pay tax or levies on the value of the prize.

APPLICATION OF TAX TO SALES MADE BY NON-PROFIT THRIFT STORES

Application of Tax

The Social Service Tax Act imposes a tax on sales of tangible personal property (goods) sold in British Columbia, regardless of whether the goods are new or used, or where they are purchased. The only exception is where the item itself is specifically exempted by the legislation.

The Act does not provide a general exemption for goods sold by religious, charitable, benevolent or other non-profit organizations. Unless the item is specifically exempted by the Act, thrift stores and other non-profit retail outlets that sell new, used or donated merchandise are required to collect tax on their sales, even if the proceeds are used for charitable purposes.

Many items sold by thrift stores are specifically exempted from tax under the Act. These items include the following.

- Individual items of used clothing and footwear sold for under \$100. If the individual item is sold for \$100 or more, tax applies.
- Children's clothing or footwear
More Info: [Bulletin SST 009](#), *Children's Clothing*
- Magazines, as well as books that contain no advertising
More Info: [Bulletin SST 036](#), *Publications: Books, Magazines, Periodicals, and Newspapers*
- Non-motorized two wheel bicycles
More Info: [Bulletin SST 001](#), *Exemption for Non-Motorized Two Wheel Bicycles*

For information on other specific items, please visit the Consumer Taxation Branch website.

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.

References: *Social Service Tax Act*, Sections 1, 5, 6, 67, 69-77, 92 and Regulation 2.4