

Wholesalers

Social Service Tax Act

This bulletin outlines the requirements for registration and the application of social service tax and environmental levies to purchases and sales by wholesalers.

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

Wholesalers who do not normally make regular retail sales do not qualify as vendors under the *Social Service Tax Act* and are therefore not required to be registered with the Consumer Taxation Branch.

Wholesalers who make retail sales of tangible personal property are required to be registered as vendors with the branch. 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 Service BC-Government Agents office, or you can complete the form on-line at the ministry's website at www.sbr.gov.bc.ca/ctb/Forms

Upon receipt of a completed application, the branch will assign a registration number and forward a *Certificate of Registration* and related information to the applicant.

APPLICATION OF ENVIRONMENTAL LEVIES

Environmental levies apply to most new pneumatic tires and new lead-acid batteries purchased at retail

in British Columbia. Wholesalers who make retail sales of tires and batteries are required to register with the Consumer Taxation Branch and to collect the applicable tax and levies.

Under the *Social Service Tax Act*, a \$3 levy is applied to each new pneumatic tire sold at a price of \$30 or more, and a \$5 levy is applied to each new lead-acid battery weighing 2 kg or more. The levies are collected, along with the social service tax, at the time of the retail sale, but are not subject to the tax.

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

PURCHASES OR LEASES BY WHOLESALERS

Business Use

All wholesalers operating in British Columbia are required to pay social service tax and applicable environmental levies on equipment, furnishings, and supplies purchased for their own use. This includes desks, cash registers, calculators, file cabinets, typewriters, computers, stationery, pens, pencils, and similar items. Wholesalers who lease such equipment are required to pay social service tax on their lease payments but are not required to pay environmental levies.

If any of these items are acquired without payment of the social service tax or applicable levies, the wholesaler is responsible for remitting the tax and levies due on the purchase price. If the items are acquired from an out-of-province supplier, the tax applies to the amount paid to the supplier to acquire the goods, including charges for customs, excise, transportation, and any other costs incurred prior to use in the province, but not to the federal goods and services tax (GST).

Resale

Social service tax and environmental levies do not apply to tangible personal property purchased for resale at the retail or wholesale level, or for export.

Wholesalers who are registered as vendors with the Consumer Taxation Branch may obtain tangible personal property for resale without payment of tax or levies by quoting their registration number to their suppliers.

Wholesalers who are not registered as vendors with the branch are required to provide each of their suppliers with a completed *Certificate of Exemption (FIN 453)* in order to purchase tangible personal property for resale without payment of tax or levies. Certificates may be obtained from any Consumer Taxation Branch or Service BC-Government Agents office.

Where goods are regularly purchased from the same supplier, the supplier may allow exempt sales on the basis of one certificate, provided that the type of goods being purchased does not change. A new certificate must be provided to the supplier when there is a change in the type of goods purchased.

The supplier is responsible for obtaining a signed *Certificate of Exemption* prior to making an exempt sale. The supplier must retain the certificate to substantiate the non-collection of tax and environmental levies on the sale.

Certificate of Exemption

BRITISH COLUMBIA
Ministry of Finance and Corporate Relations
CERTIFICATE OF EXEMPTION

Name of Corporation, Association, or Partners or Proprietors - Please Print: _____

do hereby certify that I do not hold a vendor's registration certificate issued pursuant to section 92 (1) of the Social Service Tax Act and that the tangible personal property or taxable services described herein, which I shall purchase from _____

will be resold, or
 the tangible personal property will become part of tangible personal property for resale purposes, or
 the tangible personal property will become part of a prototype (see reverse).

I further state that in the event that such property or taxable service is used for any purpose other than that as stated herein, I will remit the tax due under the Act.
Description of tangible personal property or taxable services purchased and price thereof: _____

\$ _____

NAME - please print _____ SIGNATURE _____ DATE SIGNED _____ BY _____ AT _____
ADDRESS _____ POSTAL CODE _____ TELEPHONE NO. AREA CODE _____

FIN 453 Rev. 2007/1/13 MB-2013 SEE REVERSE FOR INSTRUCTIONS AND NOTICE

SALES BY WHOLESALERS

Goods for Customer's Own Use

Wholesalers must collect social service tax on the full sale price of tangible personal property that customers are purchasing for their own use rather than for resale purposes. Any applicable environmental levy must also be collected on such

sales.

Goods Purchased for Resale

Where customers are purchasing goods for resale, at the retail, wholesale, or export level, the wholesaler is not required to collect environmental levies or social service tax provided the purchasers quote their vendor registration number, or provide a completed *Certificate of Exemption*, which the wholesaler retains.

As an alternative to the use of *Certificates of Exemption*, wholesalers (sellers) may obtain permission from the Commissioner of the *Social Service Tax Act* to use a rubber stamp in the following form.

Resale exemption claimed and allowed under Regulation 3.4 of the *Social Service Tax Act* where no registration certificate is held.

Dated _____, 20____
(Signature) _____

The stamp must be placed on all copies of invoices, bills of sale, and purchase orders, and it must be signed by the wholesaler (seller) allowing the exemption. Before allowing the exemption, the wholesaler must be satisfied that the claim is legitimate and that it meets the requirements of the legislation.

Out-of-Province Sellers

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.

Where an out-of-province wholesaler is registered with the branch, they will collect and remit tax on purchases made by British Columbia customers where the goods are delivered into British Columbia.

TAX RETURNS

Registered Vendors

Tax and levies due on purchases for use by wholesalers and collected on sales to customers must be remitted to the Minister of Finance on a regular basis. A tax reporting period will be established by the Consumer Taxation Branch at the time of registration as a vendor.

Unregistered Wholesalers

Wholesalers who do not qualify for registration, but who occasionally make taxable sales or owe tax on purchases for business use, should contact the branch for forms and information on remitting tax due.

Record Keeping

A vendor, lessor or other person carrying on business in British Columbia who is required to

collect or pay tax under the Act must retain books of account, records and documents required under the Act for a period of seven years.

If a vendor, lessor or other person carrying on business in British Columbia makes a written application to the commissioner for permission to destroy a book of account, record or document, the commissioner may authorize the requested destruction prior to the expiry of the period described above.

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, 67, 92, 98 and Regulation 3.4