

Special Occasion Liquor Licences

Social Service Tax Act

Are you holding an event where you plan to sell alcoholic beverages?

Do you need to know how to get a PST refund?

This bulletin provides specific tax information to help individuals and businesses understand how the social service tax, also called the provincial sales tax (PST), applies to the liquor sold under a Special Occasion Licence.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

Sales

If you serve liquor at a location that is not a residence or licensed premise, you need a Special Occasion Licence. You can purchase a Special Occasion Licence at any BC Liquor Store. For information, please visit the BC Liquor Store nearest you or see their website at www.bcliquorstores.com

During your event, you charge 10% PST on the sale of liquor or alcoholic beverages, such as:

- beer (draft, canned or bottled),
- wine,
- spirits and liqueurs,
- cooler and ciders,
- mixed drinks, and
- any other alcoholic beverage with an alcohol content of more than 1%.

You can include the 10% PST in the sale price of the liquor or charge it separately.

Purchases

When you purchase liquor for your event you:

- pay PST on your cost of the liquor,
- estimate the amount and the expected selling price of the liquor you will sell, and
- prepay PST on the mark-up if you will be selling the liquor at, or above, your cost of the liquor.

For example: if you host a wedding and purchase \$500 in liquor and expect to sell it for \$800 at the wedding, the PST due is \$80, calculated as follows:

Your cost of the liquor purchased (10% PST on \$500)	=	\$50.00
Your expected mark-up amount (10% PST on \$300)	=	<u>30.00</u>
Total PST due	=	\$80.00

The BC Liquor Store manager calculates and collects the prepaid PST on the mark-up based on your estimated liquor sales at the event. You can recover the amount of PST you prepaid when you sell the liquor at the event.

If you sell liquor at cost or you do not charge for liquor provided at the event (i.e. an open bar), you pay PST only on your cost of the liquor.

Please Note: If your actual liquor sales are greater than you originally estimated, or you sell the liquor at a higher price, you remit the additional PST collected to the ministry.

You remit the additional PST collected using the *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller Not Registered Under the Social Service Tax Act* form (**FIN 428**). This form is available from the ministry or any Service BC-Government Agent office. You will also find it on our website at www.sbr.gov.bc.ca/ctb/forms.htm If you are registered with the ministry, you remit the PST on your next tax return.

Refunds

If your event is cancelled, you can get a refund of the PST you paid, provided you return the unsold liquor to the liquor store **before** the scheduled date of the event. The BC Liquor Store will refund the PST you paid on the liquor, including the PST paid on the mark-up.

If you return unsold liquor to the liquor store **after** the scheduled date of the event, the BC Liquor Store will refund the PST you paid on only your cost of the liquor.

You will need to apply to the ministry for a refund of the PST you prepaid on the liquor mark-up.

You may also apply for a refund from the ministry if the actual sales of liquor are less than you originally estimated (e.g. the selling price was reduced). We refund the difference between the PST you prepaid on the mark-up and the PST that should have been prepaid based on the lower selling price.

To apply for a refund, please provide us with an *Application for Refund* form ([FIN 413](#)), and the following:

- a statement explaining the reason for claiming the refund,
- the Special Occasion Licence showing the prepaid amount on the mark-up,
- documentation from the BC Liquor Store confirming you returned the liquor (such as a copy of a refund receipt from the BC Liquor Store),
- cash register tapes verifying the total liquor purchased for the event, and
- sales records indicating the quantity and price of each type of liquor sold.

Send the completed application form and the supporting documentation to the ministry at the address indicated on the application form.

Need more info?

Liquor Industry website: www.sbr.gov.bc.ca/ctb/Liquor.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/ctb

References: *Social Service Tax Act*, Sections 1, 5, 6(2) and 7