

Optical Retailers

Social Service Tax Act

Do you sell glasses, contact lenses or other optical goods?

Do you sell sunglasses or optical accessories?

This bulletin provides specific tax information to help optical retailers understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

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

When to Charge PST

You charge PST on the sale or lease of optical goods, such as:

- non-prescription glasses,
- non-prescription contact lenses,
- non-prescription sunglasses,
- optical goods that do not *require* a prescription (e.g. off-the-shelf magnifying reading glasses),
- frames sold without prescription lenses,
- contact lens solutions and cleaners,
- eye drops,
- clip-on sunglasses sold separately from prescription glasses or listed separately on the invoice,
- optical accessories sold separately from prescription optical goods or listed separately on the invoice, and

- repairs to non-prescription optical goods.

When Not to Charge PST

You do not charge PST on *prescription* optical goods or optical goods that are prescribed by an optometrist or physician, such as:

- glasses,
- frames,
- sunglasses, and
- contact lenses.

You also do not charge PST on the following goods:

- clip-on sunglasses sold with prescription glasses for a single price,
- eye drops that are made for the purpose of treating an eye condition (e.g. Visine or Murine for red eyes),
- optical accessories (e.g. chains and cases) sold with prescription optical goods for a single price, and
- repairs to prescription optical goods.

For detailed lists of taxable and non-taxable items sold by optical retailers, please see our website at www.sbr.gov.bc.ca/ctb/Optical.htm

Discounted Sales

You charge PST on the reduced price if you give your customer a discount or a reduction off the retail price of an item. For example, if you give a reduction in price on a display model or discontinued model, you charge PST on the reduced price. For more information, please see [Bulletin SST 080, Promotions and Special Offers](#).

Purchases

When to Pay PST

You pay PST on the purchase or lease of new or used goods that you use in your business, such as:

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- free promotional items,
- computer hardware and software (unless custom software), and
- items solely used for demonstration (e.g. frames for display glasses).

If your supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

When Not to Pay PST

You do not pay PST on the following:

- items you purchase for resale or lease to your customers, including prescription and non-prescription optical goods, and
- containers, labels or packaging materials that are included with your sales at no extra charge to your customers.

To purchase the above items without paying PST, give the supplier your PST registration number.

If you take items from your resale inventory and use them for your business, or for personal use, you self-assess PST on your cost of the items.

Purchases from Out-of-Province Suppliers

If you purchase taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise, and any other costs, except the goods and services tax (GST). If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

Warranties and Service Contracts

Sales of Warranties and Service Contracts

You may or may not charge PST to your customers depending on the type of warranty or service contract you sell, and if the warranty or service contract is for prescription or non-prescription optical goods.

Prescription optical goods

You do not charge PST on warranties or service contracts for *prescription* optical goods.

Non-prescription optical goods

You charge PST on the following types of warranties and service contracts for *non-prescription* optical goods:

- mandatory, or included in the purchase price,
- optional, with scheduled maintenance, and
- optional with specific or a limited number of services.

You do not charge PST on warranties or service contracts for *non-prescription* optical goods when the warranty is an optional condition of sale and services are provided only on an “as needed basis.”

Parts and Services Provided Under Warranty

Prescription optical goods

You do not pay PST on parts and services provided under a warranty for *prescription* optical goods.

Non-prescription optical goods

Whether or not you pay PST on parts and services provided under a warranty for non-prescription optical goods, depends on if your customer initially paid PST on the warranty.

If your customer initially paid PST on the warranty:

- you do not pay PST on parts or services provided under a warranty for non-prescription optical goods, even if a third party performs the service.

If your customer did not pay PST on the warranty:

- you pay PST on your cost of parts for non-prescription optical goods provided under a warranty, and
- you also pay PST on your purchase of any services for non-prescription optical goods provided by a third party.

If you perform repairs under a warranty for non-prescription optical goods, and your customer pays for a portion of the taxable part or service you provide, you charge PST on the cost of the taxable part or service. For example, if repairs cost \$150 and a warranty covers the first \$50 of repairs, you charge PST on your customer’s \$100 portion.

Manufacturer’s Warranty

You do not pay or charge your customer PST when you replace a part free of charge under a manufacturer’s warranty or recall. The part and the service you provide are both non-taxable. For more information, please see [Bulletin SST 110, Warranties, Service Contracts, and Maintenance Agreements](#).

Production Machinery and Equipment Exemption

If you grind your own lenses, you may qualify as a manufacturer. If you qualify as a manufacturer, you may purchase equipment used to produce your lenses without paying PST. For more information on the production machinery and equipment exemption, please see [Bulletin SST 054, Manufacturers](#).

Need more info?

Optical Retailers website: www.sbr.gov.bc.ca/ctb/Optical.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, 11, 14, 20, 21, 40, 69.1, 71 and 76(1)(k), and Regulation 2.20