

Out-of-Province Sellers

Social Service Tax Act

Many businesses located outside the Province of British Columbia that make sales to residents of the province are required to register under the *Social Service Tax Act* and collect the province's retail sales tax on such sales. This bulletin provides information to assist you in determining if you need to register and, if so, outlines your obligations under the Act for collecting and remitting British Columbia tax.

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 \(PST\)](#).

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

In this issue...

- ***Who must register?***
- ***How do I register?***
- ***Seller's obligations***

WHO MUST REGISTER?

Out-of-Province Sellers

Businesses located outside British Columbia that 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, telephone, or newspaper advertisement, if the solicitation is targeted to potential British Columbia customers.

- 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, or goods shipped at a cost to the customer.

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.

Unsure If You Must Register?

If you are unsure if you are required to register, please contact us.

We can be reached through our website at www.sbr.gov.bc.ca/ctb or you can call us toll-free at **1 877 388-4440**.

The Consumer Taxation Branch publishes a [Small Business Guide to Provincial Sales Tax \(PST\)](#) with a variety of information on the application of PST. When you register with the branch, a copy of this guide is mailed to you.

HOW DO I REGISTER?

Obtaining a Registration Form

To register, you must complete an *Application for Registration as a Vendor* (**FIN 418**). You may obtain this form by writing or phoning us, or you can register online at the branch's website.

Instructions are included on the form. Please answer all questions carefully and completely to avoid delays in processing your registration. Your completed form may be forwarded to the branch by:

- mail,
- facsimile (number **250 356-2195**), or
- electronically, if you have completed the online form.

On receipt of the form, the branch will confirm whether you are required to be registered. If you are, you will be assigned a registration number and sent a registration certificate, along with instructions for collecting and remitting social service tax.

Tax Returns

The branch establishes a tax-reporting period for each registrant at the time of registration. The tax return form you will receive for each reporting period explains how to complete the form. If no taxable sales or leases are made during a reporting period, you must still complete and submit a tax return for that period (a "NIL" return). As soon as you register, you must begin remitting tax returns for each reporting period.

The Act requires that tax returns and payments be filed at the end of each reporting period, no later than 15 days after the last day of that period. The due date for your return is shown on the tax return form sent to you for each reporting period. You may mail your return, including payment of PST collected, directly to the branch.

Alternatively, most Canadian financial institutions are authorized to accept the return and payment. Overdue tax returns are subject to interest, 10 percent penalty charges, and loss of commission.

Even if you do not receive your tax return form for a particular reporting period, you are required to report your sales and remit the PST owing by the due date. Provide all the standard information on a copy of the tax return form or in a similar format, or download a copy of the form from our website at www.sbr.gov.bc.ca/ctb

SELLER'S OBLIGATIONS

What is PST?

PST is applied to retail sales of "tangible personal property" purchased for consumption or use, or brought or sent into the province for use. Under section 1 of the *Social Service Tax Act*, tangible personal property is defined as:

- (a) personal property that can be seen, weighed, measured, felt or touched, or that is in any other way perceptible to the senses, and includes fixtures and natural or manufactured gas;
- (b) software;
- (c) electricity;
- (d) fixtures, other than prescribed types of fixtures; and
- (e) heat.

How Much PST do I Collect?

The general PST rate is 7% of the purchase price. This rate applies to all purchases of tangible personal property that are subject to PST under the Act, other than liquor and passenger vehicles. The PST rate on liquor is 10%. Tax rates of 7%, 8%, 9% or 10% apply to passenger vehicles, depending on the value of the passenger vehicle.

More Info: [Bulletin SST 042](#), *Motor Vehicle Dealers*

What is Not Taxed

You are not required to collect PST on sales of goods that are exempt under the Act. Information on the exemptions as they apply to your business is available from the branch, and are outlined in various branch information bulletins. Bulletins may be obtained directly from the branch or are available on the branch's website at www.sbr.gov.bc.ca/ctb

In addition to such exemptions, you are not required to charge PST on sales when:

- the customer purchases goods for resale and quotes their vendor registration number, which you record on the invoice;
- the customer purchases items to lease them (as lessor) and quotes their vendor registration number, which you record on the invoice; or
- the customer claims exemption by providing you with a completed *Certificate of Exemption* (**FIN 453**), which you retain for your records.

When Do I Collect PST?

If the good is not exempt from tax, PST must be charged on the “purchase price” and must be collected **at or before** the time the item is received in British Columbia.

Purchase price means the total amount the customer must pay to receive title to and possession of the taxable good, including all costs and expenses of and to the customer for materials, labour, service, customs, excise, transportation and other manufacturing and processing costs and expenses incurred by the user before the use of the item in British Columbia. It **does not** include the federal goods and service tax (GST) payable on that sale.

If a customer charges an item to an account, you must include the PST due on the purchase with the tax return for the period in which the sale is made, whether or not the customer has fully paid the account. If an account becomes a bad debt and is written-off, the PST you remitted but did not collect on the portion of the purchase price being written-off will be refunded.

More Info: [Bulletin GEN 001](#), *Refund of Tax Remitted on Sales Written off as Bad Debts*

Commission

Under the *Social Service Tax Act*, registered sellers may claim a commission for collecting the PST on behalf of the province. The amount of the commission is based on the on the total amount of PST collected, provided the return is filed and any PST due is paid by the due date. Commission eligibility and entitlement information is outlined on the back of the tax return form.

Change in Business Structure

If you change the structure of your business in any way, through incorporation, a partnership change, amalgamation etc., or if you change your name, business name or address, you must advise the branch using the *Notice of Change of Business/ Location Address or Business Name* form ([FIN 386](#)), and provide appropriate supporting documents. The form can be accessed and submitted on-line, by fax, or by mail.

Record Keeping And Retention of Documents

All persons who are required to collect tax under the Act must keep books of account, records, and documents sufficient to furnish the commissioner with the necessary particulars of:

- taxable sales of tangible personal property,
- amount of tax collected, and
- disposal of tax, including commission taken.

NEED MORE INFO?

This bulletin is provided for convenience and guidance.

If you have any questions, call us at 604 660-4524 in Vancouver or call toll-free at 1 877 388-4440, or email your questions to CTBTaxQuestions@gov.bc.ca

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, 11, 92, 93(1.1), 96(1.1), 108