

Telecommunication Services

Social Service tax Act

If you provide telecommunication services and are uncertain of the application of the tax to your specific business, please contact your nearest Consumer Taxation Branch office. The staff in our offices will be pleased to assist you.

Please note that all persons who sell telecommunication services are required to be registered as vendors under the *Social Service Tax Act*, and to collect and remit tax on all taxable sales as outlined in this bulletin. Persons who are not already registered may obtain applications for registration online or from any Service BC-Government Agent Office. Upon receipt of a completed application, the ministry will assign a registration number and forward a *Certificate of Registration* and information on reporting and remitting the tax collected.

This bulletin provides guidelines on the application of social service tax, also called the provincial sales tax (PST), to the provision of telecommunication services in British Columbia. This bulletin **does not** apply to telecommunication services that are dedicated to the exclusive use of a particular customer. For information on dedicated telecommunication services, please refer to [Bulletin SST 108, *Dedicated Telecommunication Services*](#).

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

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DEFINITIONS

Telecommunication Service

The *Social Service Tax Act* (Act) defines a telecommunication service as the right, whether exercised or not, to send or receive one or more

telecommunications by means of a transmitter that is ordinarily situated in the province, and includes the sending or receiving of a telecommunication by means of a transmitter that is ordinarily situated in the province.

Telecommunication

A telecommunication is defined to include any transmission, emission or reception of signs, signals, writing, images, sound or intelligence of any nature by wire, fibre optic cable, radio, satellite or other electromagnetic or laser based system, but does not include any prescribed transmission, emission or reception or any prescribed class of transmission, emission or reception.

Transmitter

A transmitter is defined as a facility or instrument by which a purchaser of a telecommunication service may send or receive the telecommunications, and includes a telephone, facsimile machine, modem and television.

DETERMINING WHETHER A SERVICE IS A TELECOMMUNICATION SERVICE

Telecommunication Services

Under the above statutory definitions, any service which allows the customer to send and/or receive voice, data, television, and other types of transmissions via wire, fibre optic cable, radio, satellite, microwave, or other electromagnetic or laser based system is a telecommunication service. This includes, **but is not limited to**, the following.

- Telephone services, including all long distance services, radio telephone services, and cellular telephone services
- Long distance telephone debit cards
- Radio-maritime telecommunications
- Cable television services, including pay television, specialty service channels, and non-programming channels, for which there is a charge in addition to the basic cable television charge (basic cablevision is specifically exempt from the tax)
- Continuous satellite television services
- Facsimile transmissions
- Electronic mail services (e-mail)
- Radio frequency usage
- Automated reception services which route incoming calls and contain a pre-recorded voice requesting that callers identify themselves and indicate whom they are calling
- Call forwarding and call alert

Non-taxable Services Delivered Through Telecommunication Services

Many businesses use telecommunications to facilitate delivery of a non-telecommunication service to their customers. In determining whether PST applies, it is necessary to establish the type of service that is actually purchased or sold.

If the service is to enable the purchaser to send and/or receive transmissions between intended locations or recipients, then it is a telecommunication service.

Please note that two-way communication is not necessary for a service to qualify as a telecommunication service. For example, a service may permit a field office to transmit messages to its head office, but the field office does not receive communications on this line from the head office. The purchaser is required to pay PST on the full purchase price for the telecommunication service.

If the service purchased simply uses telecommunications technology to deliver the

service to the customer, such as security alarm services or providing access to, *but not the ability to manipulate*, a database, then it is not a purchase of a telecommunication service.

Non-telecommunication services that use telecommunications in their delivery include, **but are not limited to**, the following.

- On-line information services that provide access to a data bank
- On-line data processing services where the customer transmits data electronically to a data processing service for processing
- Security alarm services that use telecommunication services to alert the security company and/or the police

Where the service provided is not a telecommunication service and is not subject to PST under other provisions of the legislation, PST does not apply to the charge to the customer for the service. This includes any set-up or initiation fees for the service, provided that the fees are for the start-up of the service and do not relate to any equipment provided with the service. If any equipment is sold or leased with the service, PST must be collected from the customer on the purchase price or lease price of the equipment, and on charges to install the equipment.

The company providing the service must pay PST on its purchases of phone and data transmission line access, and any other telecommunication services used to deliver the non-taxable service to its customers.

APPLICATION OF PST TO TELECOMMUNICATION SERVICES

What is Taxed?

Section 53 of the Act imposes PST on the provision of a telecommunication service, payable by the purchaser of the service. It is the provision of the telecommunication service - not the actual signal - that is the subject matter of the tax. Therefore, telecommunication services provided in British Columbia are subject to PST even though the telecommunication signals may travel a circuitous route through a number of jurisdictions, or may travel through space by means of satellite transmissions.

Persons who provide telecommunication services in British Columbia are required to collect PST from their customers on the full purchase price for the service unless that service is specifically exempt from the tax under the Act.

Purchase Price

The purchase price of a telecommunication service means the total amount paid by the purchaser for the provision of the service and for each period in respect of which an invoice for the service is issued, and includes:

- sign up charges, access charges, airtime charges, usage charges, service charges, and
- charges for each telecommunication that meets the criteria outlined below under **Individual Telecommunications.**

Individual Telecommunications

Charges for individual telecommunications provided as part of a telecommunication service are subject to PST if:

- (1) the charge for the telecommunication is invoiced with respect to a transmitter that is ordinarily situated in British Columbia, **and**
- (2) the telecommunication either:
 - (i) originates in British Columbia, or
 - (ii) is received in British Columbia.

Out-of-Province Billing Address

The criteria for determining whether an individual telecommunication is taxable apply regardless of where the bill for the service is sent. For example, a British Columbia business subscribes to a long-distance telephone service that is connected to a telephone located in British Columbia, but arranges for the billings to be sent to an out-of-province location. Because the billing for the service is with respect to a transmitter ordinarily situated in British Columbia, PST applies to any charges for long distance calls. In addition, sign-up charges, access charges or similar charges would be subject to PST because the service is being provided in British Columbia.

Telecommunications Within British Columbia

Telecommunications between two locations in British Columbia are subject to PST if the billing for the service is with respect to a transmitter ordinarily situated in the province.

Interjurisdictional Telecommunications

A telecommunication between a location in British Columbia and a location outside the province always meets one of the criteria for determining whether an individual telecommunication is taxable. That is, the telecommunication either originates or terminates in British Columbia. The application of PST to such a

telecommunication therefore depends upon whether the charge is billed with respect to a transmitter that is ordinarily situated in British Columbia. This principle is best illustrated through the following examples.

- A long distance call is placed from a British Columbia transmitter to a location in Saskatchewan. The call is charged to the British Columbia telephone. The charge is taxable because the call originates in British Columbia and is invoiced with respect to a transmitter situated in British Columbia.
- A long distance collect call is placed from a British Columbia transmitter to a location in Newfoundland. Although the call originates in British Columbia, the charge is not taxable because it is billed with respect to a transmitter ordinarily situated in Newfoundland.
- A British Columbia resident subscribes to a cellular telephone service in British Columbia, travels to Calgary, and uses the cellular phone to place a call to Vancouver. The charge is taxable because the call terminates in British Columbia and is billed with respect to a cellular phone that is **ordinarily** situated in the province.

The charge for an inter-jurisdictional telecommunication that neither originates nor terminates in British Columbia is not taxable even if the call is invoiced with respect to a transmitter ordinarily situated in British Columbia. For example, a British Columbia resident places a call from Toronto to Montreal and charges the call to a British Columbia telephone service.

Telecommunication Services Packaged with Non-Telecommunication Services

Telecommunication services are sometimes bundled with non-taxable services. For example, an electronic mail service, which is taxable as a telecommunication service, may include access to an information bank, which is not taxable.

If the charge for a telecommunication service is stated separately on the invoice from the non-taxable service, PST applies to the charge for the telecommunication service.

If the telecommunication service is packaged with non-taxable services and sold for a single price, PST applies to the fair market value of the telecommunication service.

More Info: [Bulletin SST 119](#), *Bundled Sales: Taxable and Non-Taxable Goods or Services Sold Together for a Single Price*

EXEMPT TELECOMMUNICATION SERVICES

Residential Telephone Services

Telephone services that qualify for a residential rate, **other than long distance telephone services**, are exempt from the tax. Additional charges for services such as call forwarding, call alert or call display are also not subject to PST when provided as part of an exempt telephone service that qualifies for a residential rate.

Basic Cablevision

Charges for basic cable television service and for additional cable outlets are not subject to PST. However, where a company offers more than one basic cablevision service, PST applies to any charge over the company's lowest basic cablevision charge.

The cablevision company is not required to pay PST on its purchase of any telecommunication service that it uses to provide its service to its customers, including those used to provide the basic cablevision services.

Telecommunication Services Purchased for Resale

Businesses are not required to pay PST on telecommunication services that are acquired solely for resale. For example, businesses that provide specialized long distance calling services may purchase bulk telecommunication lines from the major telecommunication companies without paying PST. Such businesses are, however, required to collect and remit PST on their sales of telecommunication services.

Air-to-Ground Telecommunication Services

The charge to passengers for air-to-ground telecommunication services provided on an aircraft, such as telephone calls, fax transmissions, and data transmissions, are not subject to PST provided that the transmission occurs while the aircraft is airborne.

Companies providing air-to-ground telecommunication services are not required to pay PST on their purchase of telecommunication services used to deliver the air-to-ground telecommunication services.

Purchases by Indians or Indian Bands

Charges for telecommunication services that are placed from, or charged to, equipment located on reserve land and billed to an Indian or Indian band are exempt from PST.

More Info: [Bulletin SST 046](#), *Exemption for Indians and Indian Bands*

Members of the Diplomatic and Consular Corps

Under international protocol agreements, members of the diplomatic and consular corps are exempt from provincial tax. As a result, PST does not apply to purchases of telecommunication services by persons qualifying as members of the diplomatic and consular corps.

More Info: [Bulletin GEN 006](#), *Exemption for Members of the Diplomatic and Consular Corps: Instructions to Vendors and Operators*

SPECIFIC APPLICATIONS OF THE TAX

Area Extenders

This service extends the geographic range of a customer's free-calling area for a flat monthly fee. The fee is considered to be a charge for long-distance telecommunication services and is subject to PST. This tax applies to the charge even if the customer makes no long distance calls in a particular month.

Paging Services

Companies providing conventional paging services are not providing telecommunication services. They are using the telecommunication services to facilitate their paging business.

Conventional paging services are those where the telephone calls for individuals are placed to a central location. Either by human or computer action, the incoming call triggers a pager to beep, alerting the customer to call the central location for a message. Equipment that displays telephone numbers or other written messages, or that provide brief one-way voice messages, can also be used in conventional paging services.

Because sellers of conventional paging services are not selling telecommunication services, they are not required to collect PST on charges to their customers for air time or the service. An activation fee for a conventional paging service is also not subject to PST, provided that it does not relate to a service provided to the equipment itself and is simply a start-up fee for the paging service.

As the final consumer of all services and tangible personal property used in operating their business, the seller of the conventional paging service is required to pay PST on its purchases.

Services that allow for direct two-way communication between the caller and the holder of the pager are not considered paging services and are subject to PST as outlined in this bulletin.

Voice Mail, Call Answering, and Electronic Messaging Services

Telephone companies offer a variety of packages that take the place of individual answering machines. Where the service consists of receiving and recording messages from callers and a system where the recipient of the service can retrieve the messages, the service is not a telecommunication service.

People purchasing such packages are purchasing a sophisticated answering system that, in essence, is like a conventional paging service. While the service uses telecommunications technology for its delivery, it is not the telecommunication service that is the reason for purchasing the package.

The system's ability to store messages and provide the purchaser with access to messages in a variety of ways is the reason for purchasing the service. As a result, PST does not apply to the charge to the purchaser. The provider of the service is required to pay PST on its cost of telecommunication services used in delivering its service.

Some services may be marketed as messaging services, but they permit the customer to send and receive direct communications through computers, telephones, and modems. This type of service is really an electronic mail service which is a taxable telecommunication service. The purchaser is required to pay PST on the total charge for such electronic mail services.

1-900 Services

Customers who access a 1-900 service are not purchasing a telecommunication service. Rather, they are purchasing a psychic reading service, information service, entertainment service, or other type of service. Therefore, PST does not apply to the charge to the customer to access such services.

The service provider is required to pay PST on its purchases of telecommunication services used to deliver its 1-900 service. Generally, 1-900 service providers pay a network fee for accessing a British Columbia telecommunications network, a one-time set-up charge, and sometimes a charge for accessing an out-of-province telecommunications network.

The telecommunications company is required to collect PST on the one-time set-up charge and the network charge for accessing the British Columbia telecommunications network. If the charge for accessing an out-of-province telecommunications network is separately stated on the sales invoice, that charge is not subject to PST.

1-800 Services

1-800, 1-888, and 1-877 telephone and facsimile services purchased for commercial use are exempt from PST. Such services purchased for non-commercial purposes, e.g., family or domestic use, are taxable.

Cellular Telephone Services

Activation fees, annual and monthly charges to individual customers for access to a cellular telephone system, and charges for local telephone air time are charges for telecommunication services and are subject to PST. This applies even if the cellular phone is used in a residence because cellular telephones do not qualify for residential rates. PST also applies to the sale or lease of cellular phone equipment.

Long distance charges for calls made through a cellular telephone are subject to PST if they meet the criteria for determining whether an individual telecommunication is taxable as outlined in this bulletin.

Inter-provincial and International Roaming

With cellular roaming, a visiting non-resident may bring their cellular telephone into the province for use. In this situation, the cellular telephone is ordinarily situated outside of the province and is only temporarily in British Columbia. PST does not, therefore, apply to long distance charges billed to the non-resident's cellular telephone, even if the calls are placed from and received in British Columbia.

Conversely, a British Columbia resident may take their cellular telephone out of the province for use. As the cellular telephone is ordinarily situated in British Columbia, PST will apply to charges billed to the cellular telephone if the calls are either placed from or received in the province.

Long Distance Telephone Services

Where the telecommunication company (reseller) offers only long distance telecommunication services, PST applies to all charges paid by the customer to acquire the long distance service. This includes any sign-up fees and/or monthly service fees, as well as per-call charges. The exemption for residential telephone services does not apply because all of the charges pertain to the acquisition of long distance telecommunication services.

Where the reseller of long distance telecommunications also provides local telephone services, the sign-up fee and monthly service fees are not considered to be part of the charge for long distance telephone services. For residential accounts, the sign-up fee and monthly service fees

are not subject to PST, but PST does apply to the per-call charges for long distance telecommunications.

For business or commercial accounts, the sign-up fee and monthly service fees are part of the total amount payable for taxable telecommunication services and are subject to PST.

Calling Cards

Long distance calling cards allow a person to place a long distance telephone call from any location, and to bill the charge to their long distance calling card account. Calls billed to calling cards are subject to PST if they meet the criteria for determining whether individual telecommunications are taxable.

If a calling card is tied or connected to a transmitter in British Columbia, calls charged to that card are billed with respect to a transmitter ordinarily situated in British Columbia. The charge is therefore subject to PST if the call either originates or terminates in British Columbia.

If a calling card is tied to an out-of-province transmitter, calls charged to that card are not taxable, because they are not billed with respect to a transmitter ordinarily situated in British Columbia.

Stand-alone calling cards are not connected to a particular transmitter number. PST applies as outlined below under **Credit Card Calls**.

Credit Card Calls

Telecommunications placed from transmitters in British Columbia and charged to a credit card or a stand-alone calling card are considered to be billed with respect to that same transmitter in British Columbia. These transmissions are taxable because they will always meet the criteria for determining whether an individual telecommunication is taxable.

PST must be collected on the full charge for the transmission, including any additional service fee charged by the telecommunications company, because this service fee forms part of the purchase price for the telephone call. The service fee charged by the bank or financial institution is not part of the purchase price for the call and is not subject to PST.

PST does not apply when British Columbia residents place long distance transmissions from out-of-province transmitters and bill the transmissions to their credit card or stand-alone calling card.

Internet

Internet access meets the definition of a telecommunication service because it provides the right to send or receive telecommunications. If the computer by which the Internet is accessed is normally located in British Columbia, the Internet service provider is required to collect PST on the full purchase price paid by their customers for Internet access, including e-mail access. The purchase price includes sign-up or registration charges and all access charges, such as flat monthly fees and time-usage fees.

Internet providers may purchase Internet access for the purpose of reselling the access to others by quoting their registration number to their Internet access supplier. Organizations that provide Internet access to users at no charge are required to pay PST on their purchase of Internet access.

Television Broadcasters

A carrier provides transmission services to television broadcasters to extend the broadcast range. The transmissions may be between studios, to cable companies, or to microwave or satellite dishes. Television broadcasters are required to pay PST on the charges for these transmission services. The broadcaster is considered to be purchasing the transmission services for its own use to transmit its broadcast. Cable companies, however, may purchase transmission services exempt of PST to provide a cable television service because they are purchasing telecommunication services for resale.

Example 1: A television broadcaster's programs are carried on cable television and the broadcaster purchases transmission services to transmit the signals to the cable company. In this case, the broadcaster is required to pay PST on the transmission services because it is purchasing the transmission services for its own use to transmit its broadcast to the cable company.

Example 2: A cable company purchases transmission services to transmit a television signal from Prince George to three locations in northern British Columbia. The television signals are used on the cable company's cable distribution system. In this case, the cable company may purchase the transmission services exempt of PST to provide a cable television service.

Satellite Television Services

A satellite television service that provides **ongoing** programming during the customer's subscription period (e.g., monthly or yearly subscriptions) is a telecommunication service. Such satellite

television services are similar to non-basic cable television services and are subject to PST. Retailers may purchase such satellite television services for resale without paying PST. Broadcasters may also purchase access to a satellite channel for resale to customers without paying PST.

Customers must pay PST on the purchase or lease price for decoder mechanisms required to receive the broadcast. The purchase of codes for the decoder mechanism is not subject to PST. However, if the customer is required to purchase codes as a condition of the purchase or lease of the taxable decoder mechanism, then PST applies to the total amount paid to receive the codes and the decoder.

Pay-per-View Satellite Television

Where a satellite television service provider charges its ongoing subscribers separately for a pay-per-view event, PST applies if the provider only offers the pay-per-view service to subscribers, or offers different pay-per-view events/services to subscribers, and/or charges subscribers a preferential rate for receiving the event. Pay-per-view events delivered to cable television customers are also taxable.

Non-subscribers who only purchase the right to receive the event would not pay PST on the pay-per-view charges.

The company providing the broadcast must pay PST on its purchase of satellite and other telecommunication services used to transmit the broadcast to its customers.

Telecommunication Network Service

A service provider may design, develop, install, and manage telecommunication networks that allow a customer to transmit voice and data communications between various locations on the network, such as among the customer's branch offices. In developing the network, the service provider purchases access to telecommunication lines and networks from telecommunication carriers, through which the customer's communications are transmitted. The service provider also installs various telecommunications equipment such as network nodes, relay switches, routers, etc. along the network to link the various locations to the network.

Generally, individual calls are not monitored. The customer is charged a flat monthly fee based on the number of locations on the network or the geographic range of the network, or the fee may vary according to usage time. In some cases, the customer is invoiced a separate charge for designing, installing, or managing the network. In

other instances, these services are considered to be bundled with the fee paid by the customer to access the network.

A service that provides access to such a network is a telecommunication service, since it provides the customers with the ability to send or receive communications to and from intended locations. PST applies to the charge for accessing the network, whether it is a monthly fee or is based on usage. PST also applies to charges for any tangible personal property purchased or leased by the customer.

With respect to inter-jurisdictional telecommunication network services, the following examples illustrate how the application of PST depends upon whether the telecommunication service is billed with respect to a transmitter in British Columbia.

Network with locations in British Columbia, Alberta, and Ontario:

Example 1: If the service provider bills a fee to each location directly (British Columbia, Alberta, and Ontario), the billing for the British Columbia location would be subject to PST because it is with respect to a transmitter located in British Columbia. The billings to locations in other provinces would not be subject to PST.

Example 2: If the service provider issues a consolidated bill to one location (either Ontario, Alberta, or British Columbia) but the bill lists separate charges for each location (e.g., Ontario \$1,000; Alberta \$1,000; British Columbia \$1,000), the charge for the British Columbia location would be subject to PST because that portion of the billing is with respect to a transmitter located in British Columbia.

Example 3: If the service provider issues a consolidated bill to the British Columbia location and the bill does not list separate charges for each location, PST applies to the total charge because the telecommunication is billed with respect to a transmitter located in British Columbia.

However, if the British Columbia location subsequently charges the out-of-province locations for their portion of the telecommunication charge and the out-of-province locations are required to pay tax to another jurisdiction on that charge, the British Columbia location may apply for a refund of the excess amount of PST paid. The refund application must include documentation verifying the full amount on which PST was paid, the amount subsequently billed to the out-of-province locations, and verification of tax paid to another jurisdiction on that charge.

Example 4: If the service provider issues a consolidated bill to the Alberta or Ontario location and the bill does not list separate charges for each location, PST would not apply because the service is billed with respect to a transmitter located outside British Columbia.

However, if the out-of-province location subsequently charges the British Columbia location for a portion of the charge, the British Columbia location is required to self-remit PST on this charge. In this case, the out-of-province location is charging the British Columbia location for telecommunication services that originates or terminates in British Columbia and that are billed with respect to the British Columbia transmitter.

If there is a separate charge for the initial setup of the network system for the customer, or a separate contract for the design, development, and installation of the network system, the charge or contract fee is considered to be part of the purchase price for the telecommunication service. As such, PST applies to such charges or contract fees in the same manner as outlined above.

The service provider may purchase the telecommunication services used to deliver the service exempt of PST from the carriers on the basis that it is purchasing these telecommunication services for resale. The service provider must pay PST on its cost of equipment located in British Columbia that is owned and used by the company to deliver its service, but is not leased to the customer.

This tax application applies where the customer is **not** receiving a dedicated telecommunication system.

More Info: [Bulletin SST 108](#), *Dedicated Telecommunication Services*

Teleconference Facilities

A teleconferencing facility allows customers to send and receive video/audio communications from one of a number of sites maintained by the company providing the service. Such a facility contains the necessary equipment to allow a group of people at one location to participate in a teleconference with another group at the receiving site. The service provider bills the customer for the use of the sending and receiving sites and for the telephone line charges.

PST applies to the charges for any telecommunication services, such as the telephone line charges. PST does not apply to charges for the use of a site or for coordinating the telephone conference, because these services do not qualify as telecommunication services.

If the charges for the telecommunication services are stated separately on the invoice from the charges for using the site or coordinating the telephone conference, PST applies to the charges for the telecommunication services. If the charges are bundled together in a single price, PST applies to the fair market value of the telecommunication service as set out in the **Telecommunication Services Packaged with Non-Telecommunication Services** section of this bulletin.

In some cases, the receiving site may be owned by another service provider. When a company rents its video conference facility to another service provider, PST does not apply to the charge for the use of the facility, even if the charge is billed to the teleconference customer.

Persons providing such a facility are required to pay PST on materials and equipment acquired to provide the service. This includes the telecommunications equipment provided in conference facilities located in British Columbia.

TELECOMMUNICATIONS EQUIPMENT

Equipment Provided to Customers

Telecommunication equipment, such as telephones, modems, satellite dishes, computer terminals, and facsimile machines, are tangible personal property and subject to PST on the purchase or lease price.

Businesses that sell telecommunication equipment to their customers are required to collect PST on the purchase price at the time of sale.

Businesses that lease such equipment are required to collect PST on the full lease price for each lease period at the time the lease price is paid or becomes payable, whichever is earlier.

Businesses that purchase or lease telecommunication equipment for resale or re-lease may acquire such equipment without payment of PST by quoting their registration number to their suppliers.

Provided as Part of a Non-Taxable Service

Some businesses provide telecommunications equipment to their customers as part of the provision of a non-telecommunication service. The application of PST to the equipment depends on whether the equipment is actually being leased. This will depend on the nature of the agreement with the customer.

If there is a separate contract for the lease of the equipment, or a lease clause in the contract for the service, then the telecommunication equipment is

considered to be leased to the customer and subject to PST. Where the lease charge is separately stated from the other fees, PST applies only to the actual lease price. Where the lease charge is not separately stated, but is bundled with the fees for the service, PST applies to the full charge to the customer for the equipment and service.

Where there is no lease contract or lease clause and the charge for use of the equipment is bundled with the charge for the service, and then the equipment is being used by the company to deliver its service, PST does not apply to the charge to the customer. The company providing the service is required to pay PST on its costs of acquiring the equipment it provides to its customers.

Equipment for Own Business Use

Businesses are required to pay PST on all tangible personal property purchased or leased for their own business use. This includes office equipment, such as desks, chairs, calculators, computers, and cash registers, as well as telecommunications equipment, such as satellite dishes, telephones, switching equipment, and network nodes.

Improvements to Real Property

Some materials and equipment used or provided by telecommunication businesses qualify as improvements to real property on installation. This includes such items as wiring and cable installed in buildings or underground, scatter antennae that are an integral part of a radio transmission tower, commercial satellite dishes permanently affixed to real property, and telephone jacks. Where the business purchases and installs such items itself, PST applies to the purchase of such equipment because the equipment is tangible personal property at the time of purchase. If the business engages a contractor to install such materials, the application of PST depends upon the nature of the contract.

More Info: [Bulletin SST 072](#), *Real Property Contractors*

Other Taxable Services

Businesses are also required to pay PST on charges for some repair and installation charges acquired for their own business equipment. The Act defines a taxable service as any service provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish, or maintain tangible personal property. However, repairs to fixtures and real property are exempt.

More Info: [Bulletin SST 018](#), *Taxable Services*

COLLECTING AND REMITTING THE TAX

Collecting the Tax

PST must be collected on the full purchase price charged for the telecommunication services. The tax is payable at the time the purchase price is paid or payable, whichever is earlier.

PST must also be collected on the purchase price of any equipment sold to the customer. The tax is due at the time of purchase.

If equipment is leased to a customer, PST applies to the total amount payable by the customer to receive the right to use that equipment. The tax is due on each lease payment and is payable at the time the lease payment is paid or becomes payable, whichever is earlier.

The PST must be separately itemized on the bill of sale.

Consolidated Billings

Companies with branch locations in a number of jurisdictions may request that their purchases of telecommunication services be billed on a consolidated basis. A consolidated billing is a single invoice for all services rendered at all of the customer's locations during the billing period. The consolidated billing may be sent to a location in British Columbia or in another jurisdiction.

The criteria for determining whether an individual telecommunication is taxable apply to charges for telecommunications on a consolidated billing, regardless of where the bill is sent. For example, if a telecommunication originates in British Columbia, is received outside of British Columbia and is billed with respect to a transmitter in British Columbia, the charge is subject to PST even if the bill is sent to an Alberta address. The charge is taxable because the telecommunication originates in the province and is billed with respect to a transmitter in the province.

Conversely, the charge for a telecommunication that is billed with respect to an Alberta transmitter is not subject to PST, even if the bill is sent to a British Columbia address.

Remitting the Tax

Persons providing telecommunication services are required to collect PST from their customers, and to remit the tax collected with their regular tax return form. Tax reporting periods are established at the time of registration as a vendor.

The PST payable during each reporting period must be remitted with the tax return for that period, even if the customer has not paid the account by

that time. If that account, or a portion of the account, is uncollectable and later written off as a bad debt, the business is entitled to a proportional refund of the PST that was remitted but uncollected.

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

Self-Consumed Telecommunication Services

When a telecommunication company provides telecommunication services for its own use, such as cellular telephones used by a cellular telephone company exclusively by its employees between its own offices or for public promotions, PST applies to the company's cost of providing the telecommunication services. For example, PST applies to electricity, equipment, and charges to the company from other telecommunications companies such as a long distance facilitator. The PST due must be self-assessed by the company and remitted with the company's regular tax return form.

Equipment Used by the Business

Businesses are required to pay PST on any equipment acquired for business use. This includes equipment that is purchased, leased, or taken out of the resale or lease inventory and used by the business for its own business purposes.

If PST is not paid on the purchase or lease of the equipment, the business must self-assess the PST due and remit the tax with its tax return for the period in which the equipment was acquired for, or converted to, its own use.

Out-of-Province Purchases

Where such equipment is acquired from an out-of-province vendor or lessor who does not collect the PST, the telecommunication business is required to self-assess and remit the tax due. For equipment acquired out of province, the taxable purchase price includes cost and expenses for materials, labour and other manufacturing and processing costs; and service, customs, excise, transportation and other costs and expenses incurred prior to use of the equipment in the province.

More Info: [Bulletin SST 043](#), *Goods Purchased from Out-of-Province Suppliers*

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, or e-mail 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, 53, 55, 56, 57, 58, 59, 60, 78(3), 96(2), 110, 118 and 133, and Regulation 10