

## Notice to the Software and Computer Service Industry

### *Social Service Tax Act*

Effective February 22, 2006, services to software are exempt from the social service tax.

Previously, services such as installing and re-installing software, configuring software, eradicating software viruses, and repairing, restoring or providing corrective action to software were subject to tax. Now, all services provided to software are exempt from tax.

In addition, the definition of software has been clarified by removing references to modifications to software, as services to modify software are now exempt from tax. Note, however, that the purchase of already modified software, unless it qualifies as custom or custom modified software, is considered to be the purchase of prewritten software.

Tax applies to services, including modifications, for which the purchase price became payable or was paid before the exemption came into effect on February 22, 2006. For example, if the purchase price of a software maintenance agreement was paid before February 22, 2006, tax would apply to the entire purchase price even if some services under the agreement are provided after that date. If you provide services to software, you should not collect tax from customers for services, including modifications, billed and paid for on or after February 22, 2006.

Note that tax continues to apply to the purchase of computer hardware and software, including updates to software, unless the software qualifies as custom or custom modified software. Services to computer hardware remain subject to tax.

**Bulletin SST 040**, *Computer Hardware, Software and Related Services*, which provides information on the taxation of computer hardware and software and related services, will be updated to reflect these changes.

### Further Information

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

Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)