



Provincial Sales Tax (PST) Notice

Notice 2012-010

Issued: October 15, 2012
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General Transitional Rules for the Re-implementation of the Provincial Sales Tax

Provincial Sales Tax Act

This Notice provides a general overview of the PST. Further information about the application of the PST in specific circumstances will be provided as soon as possible.

Unless stated otherwise, or the circumstances otherwise require, the definitions and concepts in the *Provincial Sales Tax Act* apply to the transitional rules described in this Notice. The information in this Notice is for convenience and guidance and is not a replacement for the legislation.

The transitional rules described in this Notice are subject to the approval of the Legislative Assembly.

This Notice provides general descriptions of transitional rules for the re-implementation of the PST, other than transitional rules related to housing. The transitional rules describe how and when PST will apply to transactions that straddle April 1, 2013.

The proposed transitional rules are designed to work in conjunction with federal measures to bring about the elimination of the HST in British Columbia.

This Notice does not provide descriptions of any federal measures enacted by the Government of Canada to bring about the elimination of the HST in British Columbia. This Notice should therefore be read in conjunction with the transitional rules for the elimination of the HST in British Columbia released by the Government of Canada. For information on transitional rules related to the elimination of the HST in British Columbia, please contact the Canada Revenue Agency at 1-800-959-5525 (English) and 1-800-959-7775 (French) or see the Canada Revenue Agency website www.cra-arc.gc.ca for more information.

For information on transitional rules related to housing, please contact the Canada Revenue Agency at 1-800-959-5525 (English) and 1-800-959-7775 (French) or see the Canada Revenue Agency website www.cra-arc.gc.ca for more information.

The revision bar (|) identifies changes to the previous version of this notice dated October 15, 2012.

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GENERAL OVERVIEW OF PROVINCIAL SALES TAX

The *Provincial Sales Tax Act* received Royal Assent on May 31, 2012, and will generally come into force on April 1, 2013. This will re-implement British Columbia's PST effective April 1, 2013.

The re-implemented PST, like the previous PST, will be a retail sales tax that applies when a taxable good or service is acquired for personal or business use, unless a specific exemption applies.

The PST will generally apply to the same tangible personal property (goods) and services that were subject to PST prior to the implementation of the HST.

The PST will generally apply to:

- The purchase or lease of new and used goods in British Columbia;
- Goods brought, sent or delivered into British Columbia for use in British Columbia;
- The purchase of:
 - Software;
 - Related services (i.e., services to goods);
 - Accommodation;

- Legal services; and
- Telecommunication services.
- Gifts of vehicles, boats and aircraft.

All exemptions that were not time-limited¹ under the previous PST will be re-implemented with the PST, including but not limited to:

- All food for human consumption (e.g., basic groceries and prepared foods such as restaurant meals);
- Bicycles;
- Dry cleaning and tailoring;
- Newspapers and magazines; and
- Exemptions for business (e.g., purchase of goods for resale, eligible machinery and equipment).

The PST will not apply to most services, including: transportation services, personal services such as haircuts or massages and most professional services such as accounting or engineering services.

Further information about the application of the PST in specific circumstances and about exemptions from the PST will be provided as soon as possible.

The PST tax rates, as of April 1, 2013, will be:

- General rate: 7 per cent of the purchase or lease price;
- Liquor: 10 per cent of the purchase price;
- Accommodation: 8 per cent of the purchase price;
- Vehicles: 7 per cent to 12 per cent of the purchase or lease price (including the surtax for passenger vehicles valued at \$55,000 or more), or 7 per cent or 12 per cent of the fair market value if received as a gift;
- Boats and aircraft: 7 per cent or 12 per cent of the purchase or lease price or fair market value if received as a gift;

¹ Time limited exemptions were those exemptions under the *Social Service Tax Act* that had a specified end date prior to January 1, 2013, included in the exemption; for example: qualifying energy efficient natural gas or propane commercial boilers purchased before April 1, 2011, and auxiliary power units, cabin heaters and engine heaters for certain commercial trucks purchased before April 1, 2012.

- Goods, other than vehicles, boats and aircraft, brought, sent or delivered into British Columbia and received as gifts in certain circumstances: 7 per cent of the fair market value;
- Manufactured mobile homes: 7 per cent of 50 per cent of the purchase price, lease price or fair market value;
- Manufactured modular homes: 7 per cent of 55 per cent of the purchase price, lease price or fair market value; and
- Portable buildings: 7 per cent of 45 per cent of the purchase price, lease price or fair market value.

With the re-implementation of the PST, the following taxes will also be re-implemented:

- Passenger vehicle rental tax of \$1.50 per day to raise revenue for the BC Transportation Financing Authority;
- Multijurisdictional vehicle tax for interjurisdictional commercial carriers licensed under the International Registration Plan; and
- 0.4 per cent tax on the purchase price of energy products to raise revenue for the Innovative Clean Energy Fund.

PURCHASE OF GOODS IN BRITISH COLUMBIA

The purchase of tangible personal property (goods) in British Columbia for personal or business use will be subject to PST, unless a specific exemption applies.

Under the *Provincial Sales Tax Act*, PST on the purchase of goods generally becomes payable at the earlier of the time when consideration for the good becomes due or is paid without having become due.

The *Provincial Sales Tax Act* provides that consideration for a purchase of goods generally becomes due on the earliest of:

- The day the seller first issues an invoice with respect to the sale;
- The date of that invoice;
- The day the seller would have, but for undue delay, issued an invoice with respect to the sale; and
- The day the purchaser is required to pay the consideration pursuant to a written agreement.

In the case of goods or services sold or provided by way of lease, licence or similar arrangement under a written agreement, consideration becomes due on the day the purchaser of the good or service is required to pay the consideration pursuant to that agreement.

General Rule

The general transitional rule for the purchase of goods will operate on the basis of the time at which consideration in respect of the purchase of the goods becomes due.

- Rule: PST will apply to consideration in respect of the purchase of goods that becomes due on or after April 1, 2013 and is not paid before April 1, 2013.

Example 1

A person buys a television on or after April 1, 2013 and the consideration for the television becomes due at the time of the purchase.
PST applies to the purchase price of the television.

Example 2

A business invoices a customer before April 1, 2013 for the sale of a computer. The customer pays the invoice on or after April 1, 2013.
No PST applies because the consideration becomes due before April 1, 2013.

Example 3

In December 2012, a customer buys a refrigerator under a layaway plan. Under the written agreement, the customer must make six equal payments from December 2012 to June 2013, (the payments become due during each of these months). Ownership and possession of the refrigerator would be transferred to the customer after the final payment is made.
PST applies to the payments made on or after April 1, 2013.

Exceptions

Under the *Provincial Sales Tax Act*, PST may, in certain circumstances², become payable before the consideration for the goods becomes due or is paid. For example, this would

² The exception does not apply to the purchase of goods where the goods are delivered or made available on a continuous basis by means of a wire, pipeline or other conduit and the seller invoices the purchaser in respect of that purchase on a regular or periodic basis.

be the case if all or any portion of the consideration has not been paid or become due on or before the last day of the month immediately following the first month in which:

- In relation to a purchase of goods by way of sale, the ownership or possession of the good is transferred to the purchaser; or
- In relation to a purchase of goods by way of sale under which the seller delivers the goods to the purchaser on approval, consignment, sale-and-return basis or similar terms, the purchaser acquires ownership of the goods or makes the goods available to any other person, other than the seller.

In these cases, the PST would become payable on the last day of the month immediately following the first month in which ownership or possession of the good is transferred to the purchaser or the purchaser acquires ownership of the goods or makes the goods available to any other person, other than the seller.

There will be an exception to the general transitional rule for these cases. This exception to the general rule will operate on the basis of whether the last day of the month immediately following the first month in which ownership or possession of the good is transferred to the purchaser or the purchaser acquires ownership of the goods or makes the goods available to any other person, other than the seller, is before April 1, 2013 or is on or after April 1, 2013.

- Rule: PST will not apply where in the circumstances noted above all or any portion of the consideration has not been paid or become due before the last day of the month immediately following the first month in which ownership or possession of the goods is transferred to the purchaser or the purchaser acquires ownership of the goods or makes the goods available to any other person, other than the seller, and the last day of the month immediately following the first month is before April 1, 2013.

Example 4

In March 2013, a customer buys furniture under a sales promotion that allows customers to purchase furniture, and take possession of the furniture in March 2013, without having to make any payments until March 2014.

PST applies because all of the consideration for the furniture became due more than one month after the month in which the customer took ownership or possession of the furniture and the last day of the month following the month in which the customer took ownership or possession is after April 1, 2013.

Example 5

In June 2012, a customer buys furniture under a sales promotion that allows customers to purchase furniture, and take possession of the furniture in June 2012, without having to make any payments until June 2013.

No PST applies because although, all of the consideration for the furniture became due on or after April 1, 2013, it became due more than one month after the month in which the customer took ownership or possession of the furniture and the last day of the month following the month in which the customer took ownership or possession was before April 1, 2013.

LEASES OF GOODS

The lease of tangible personal property (goods) in British Columbia for personal or business use will be subject to PST, unless a specific exemption applies.

A lease of goods in British Columbia is generally one in which one of the following occurs:

- the lessee enters into the lease in British Columbia,
- the goods are located in British Columbia at the time the lessee enters into the lease, or
- the lessee takes possession or takes delivery of the goods in British Columbia.

Under the *Provincial Sales Tax Act*, tax on the lease of goods in British Columbia generally becomes payable at the earlier of the time when consideration for the leased goods becomes due or is paid without having become due, (see **Purchase of Goods in British Columbia** above for when consideration becomes due).

For goods leased in British Columbia, the general transitional rule will operate on the basis of the time at which consideration in respect of the lease becomes due.

- Rule: PST will apply to consideration in respect of the lease of the goods that becomes due on or after April 1, 2013 and is not paid before April 1, 2013.

Example 6

In June 2012, a person leases a passenger vehicle in British Columbia under a 4-year lease agreement and makes monthly payments due on the 15th day of each month. PST applies to lease payments due on or after April 1, 2013.

Leased goods brought or sent into British Columbia for personal or business use will be subject to PST, unless a specific exemption applies, if the leased goods are brought or sent into British Columbia by a:

- BC Resident for their own use or the use of another person at their expense; or
- Person to use in the course of the person's business, whether or not the person's business is carried on in British Columbia.

For leased goods brought or sent into British Columbia, the general transitional rules are:

- Rule: PST will apply to the portion of the consideration for the lease of the goods, in relation to the use of the goods in British Columbia during a rental period that ends on or after April 1, 2013, that becomes due on or after April 1, 2013 and is not paid before April 1, 2013.
- Rule: PST will apply to leased goods brought or sent into British Columbia on or after April 1, 2013.

Example 7

In January 2012, a business leases equipment in Ontario for a 5-year term with the consideration for the lease due monthly. The business brings the leased equipment into British Columbia on March 15, 2013 to use the leased equipment in the province for the remainder of the term of the lease. Lease payments are due monthly on the 15th of each month and relate to the preceding period.

PST applies to the portion of the April 15th lease payment attributable to the rental period that ends April 15, 2013, and that is in relation to the use of the equipment on or after April 1, 2013.

PST will apply to subsequent lease payments made on or after April 1, 2013 for the remainder of the term of the lease.

Example 8

In January 2012, a business leases equipment in Ontario for a 5-year term with the consideration for the lease due monthly. The business brings the leased equipment into British Columbia on April 1, 2013, to use the leased equipment in the province for the remainder of the term of the lease.

PST applies to the lease payments due on or after April 1, 2013.

GOODS BROUGHT INTO BRITISH COLUMBIA

Unless a specific exemption applies, tangible personal property (goods), brought, sent or delivered into British Columbia in the following circumstances will be subject to PST:

- A BC Resident brings, sends or receives into British Columbia goods for their own use or the use of another person at their expense;
- A person brings, sends or receives into British Columbia goods for the use of a BC Resident or another person at the BC Resident's expense;
- A person brings, sends or receives into British Columbia goods for use in the course of the person's business, whether or not the person's business is carried on in British Columbia;
- A person brings, sends or receives into British Columbia a vehicle for their own use or the use of another person at their expense and the vehicle is registered for use in British Columbia; or
- A non-resident, who owns real property in British Columbia, or leases in certain circumstances real property in British Columbia, brings, sends or receives into British Columbia goods to be used primarily in British Columbia during the year following the entry of the goods, for the non-resident's own use or the use of another person at their expense.

For goods delivered into British Columbia by a seller from within Canada and received by one of the persons mentioned above, the general transitional rule will operate on the basis of the time at which the consideration in respect of the purchase becomes due:

- Rule: PST will apply to consideration in respect of the purchase that becomes due on or after April 1, 2013 and is not paid before April 1, 2013, (subject to the exceptions to the general rule noted above).

Example 9

In February 2013, a BC Resident purchases in Ontario parts to be used in the course of their business and the Ontario seller will ship the parts to British Columbia in several shipments both before and after April 1, 2013. The Ontario seller issues invoices each time the parts are shipped.

PST applies to the purchase price of those parts that are shipped on or after April 1, 2013, because the consideration for those parts becomes due on or after April 1, 2013.

For goods brought or sent into British Columbia, or goods delivered into British Columbia by a seller from outside Canada, the general transitional rule will operate on the basis of the date on which the goods enter British Columbia.

- Rule: PST will apply if the goods are brought or sent into British Columbia, or delivered into British Columbia by a seller from outside Canada on or after April 1, 2013.

Example 10

In February 2013, a BC Resident purchases furniture in Alberta (and takes ownership and possession of the furniture in Alberta) and on or after April 1, 2013, the BC Resident brings the furniture into British Columbia for use in the province. PST applies to the purchase price of the furniture.

GOODS BROUGHT INTO BRITISH COLUMBIA FROM OUTSIDE CANADA

Non-commercial tangible personal property (goods) brought, sent or delivered into British Columbia from outside Canada by a resident taxpayer will be subject to PST, unless a specific exemption applies.

For goods brought, sent or delivered under an arrangement entered into by the resident taxpayer into British Columbia from outside Canada, the general transitional rule will operate on the basis of the date on which the goods enter British Columbia.

- Rule: PST will apply if the goods are brought, sent or delivered into British Columbia, and accounted for or released under the relevant provision of the *Customs Act* (Canada), or received through a postal agent on or after April 1, 2013.

Example 11

A resident taxpayer purchases electronics in the United States and crosses the border with the electronics on or after April 1, 2013. PST applies to the value of the electronics.

Example 12

A resident taxpayer purchases electronics in the United States that are mailed by the seller into British Columbia and the resident taxpayer receives the electronics through Canada Post on or after April 1, 2013. PST applies to the value of the electronics.

GOODS USED IN IMPROVEMENTS TO REAL PROPERTY

Tangible personal property (goods) purchased in British Columbia or brought, sent or received into British Columbia by a person for the purpose of improving their own real property will be subject to PST, unless a specific exemption applies. The transitional rules for these transactions will be the same as for any other goods purchased in British Columbia or goods brought, sent or received into British Columbia, (see: **Purchase of Goods in British Columbia, Goods Brought into British Columbia** and **Goods Brought into British Columbia from outside Canada** above).

Goods purchased in British Columbia or brought, sent or received into British Columbia by a **contractor** for the purpose of fulfilling a contract under which the contractor is required to supply and affix, or install, affixed machinery or improvements to real property, and under the terms of the contract the goods will be used such that the goods cease to be personal property at common law, will be subject to PST, unless a specific exemption applies³.

The general transitional rules for goods acquired by contractors to supply and affix, or install, affixed machinery or improvements to real property will operate as follows:

- If the goods are purchased in British Columbia or delivered into British Columbia by the seller from within Canada, on the basis of the time at which consideration in respect of the purchase becomes due;
 - Rule: PST will apply to consideration in respect of the purchase that becomes due on or after April 1, 2013 and is not paid before April 1, 2013, subject to the exceptions to the general rule, (see **Purchase of Goods in British Columbia** above).
- If the goods are brought or sent into British Columbia, or the goods are delivered into British Columbia by the seller from outside Canada, on the basis of the date on which the goods enter British Columbia;
 - Rule: PST will apply if the goods are brought or sent into British Columbia, delivered into British Columbia by the seller from outside Canada, and accounted for or released under the relevant provision of

³ In certain circumstances, the person with whom the contractor has entered into the contract, under which the contractor is required to supply and affix, or install, affixed machinery or improvements to real property, will be obligated to pay the PST on the goods.

the *Customs Act* (Canada), or received through a postal agent on or after April 1, 2013, (see **Goods Brought into British Columbia** and **Goods Brought into British Columbia from Outside Canada** above).

- If goods were purchased or brought, sent, or received into British Columbia prior to April 1, 2013, and the goods are used in British Columbia on or after April 1, 2013, PST is payable on the basis of the date on which the goods are used⁴;
 - Rule: PST will apply if the goods are used such that the goods cease to be personal property at common law on or after April 1, 2013, by a contractor for the purpose of fulfilling a contract under which the contractor is required to supply and affix, or install, affixed machinery or improvements to real property.

Example 13

A roofing contractor has a contract to install a new roof on a building. The roofing contractor purchases replacement shingles on March 25, 2013 and installs them on the building on or after April 1, 2013.

PST applies to the purchase price of the replacement shingles because they were used to improve real property on or after April 1, 2013.

Goods purchased in British Columbia or brought, sent or received into British Columbia by a person to be incorporated on or after April 1, 2013, into property subject to tax under the *New Housing Transition Tax and Rebate Act* or property that would be subject to tax under the *New Housing Transition Tax and Rebate Act* if ownership or possession of the property transferred before **April 1, 2015**, will be subject to PST where tax under the *Social Service Tax Act* or the British Columbia portion of the HST has not been paid or has been paid and is either eligible for an input tax credit under the *Excise Tax Act* (Canada) or refunded in any way, unless a specific exemption applies.

The general transitional rules for goods incorporated on or after April 1, 2013, into property subject to tax under the *New Housing Transition Tax and Rebate Act* or property that would be subject to tax under the *New Housing Transition Tax and Rebate Act* if ownership or possession of the property transferred before **April 1, 2015**, will operate as follows:

⁴ The PST payable is reduced by certain taxes paid on the goods.

- If the goods are purchased in British Columbia or delivered by the seller into British Columbia from within Canada, on the basis of the time at which consideration in respect of the purchase becomes due;
 - Rule: PST will apply to consideration in respect of the purchase that becomes due on or after April 1, 2013 and is not paid before April 1, 2013, subject to the exceptions to the general rule, (see **Purchase of Goods in British Columbia** above).
- If the goods are brought or sent into British Columbia, or the goods are delivered into British Columbia by the seller from outside Canada, on the basis of the date on which the goods enter British Columbia;
 - Rule: PST will apply if the goods are brought or sent into British Columbia, delivered into British Columbia by the seller from outside Canada, and accounted for or released under the relevant provision of the *Customs Act* (Canada) on or after April 1, 2013, (see **Goods Brought into British Columbia and Goods Brought into British Columbia from outside Canada** above).
- If the goods are incorporated into property subject to tax under the *New Housing Transition Tax and Rebate Act*, or property that would be subject to tax under the *New Housing Transition Tax and Rebate Act* if ownership or possession of the property transferred before **April 1, 2015**⁵, on the basis of the date on which the goods are incorporated⁶;
 - Rule: PST will apply if the goods are incorporated on or after April 1, 2013.

Example 14

A builder acquires construction materials to construct a single-unit house which will be sold under a written agreement for the sale of the house together with land. The home is 40 per cent completed as of April 1, 2013, and both ownership and possession of the home will transfer to the purchaser on June 15, 2013.

⁵ The PST on goods incorporated into property subject to tax under the *New Housing Transition Tax and Rebate Act*, or property that would be subject to tax under the *New Housing Transition Tax and Rebate Act* if ownership or possession of the property transferred before April 1, 2015, applies even where the incorporation of the goods into the property occurs after the date that tax under the *New Housing Transition Tax and Rebate Act* is payable.

⁶ The PST payable is reduced by certain taxes paid on the goods.

PST applies to the purchase price of the construction materials incorporated into the house on or after April 1, 2013, and to the purchase price of construction materials acquired on or after April 1, 2013.

Mobile homes as defined by Part IX of the *Excise Tax Act* (Canada) that are acquired before April 1, 2013, and that are affixed to land situated in British Columbia for the purpose of use and enjoyment of the mobile home as a place of residence for an individual on or after April 1, 2013 will be subject to PST.

The general transitional rule for mobile homes as defined by Part IX of the *Excise Tax Act* (Canada) will operate on the basis of the date the mobile home is affixed to land in British Columbia.

- Rule: PST will apply if the mobile home is affixed to land as described above on or after April 1, 2013.

For additional information for real property contractors, please see [Notice 2013-003, Real Property Contractors](#).

SOFTWARE

Software for the purpose of the PST means a software program that is delivered or accessed by any means, or the right, whether exercised or not, to use a software program that is delivered or accessed by any means.

The purchase of software for use on, or with, an electronic device ordinarily situated in British Columbia for personal or business use will be subject to PST, unless a specific exemption applies.

The general transitional rule for the purchase of software in British Columbia will operate on the basis of the time at which consideration in respect of the purchase of the software becomes due.

- Rule: PST will apply to consideration in respect of the purchase of software that becomes due on or after April 1, 2013 and is not paid before April 1, 2013, (see **Purchase of Goods in British Columbia** above).

Example 15

On April 15, 2013, a person in British Columbia purchases anti-virus software for use on a computer ordinarily situated in British Columbia and pays all the consideration for the purchase of that software at the time of purchase.

PST applies to the purchase price of the software.

The use of software on, or with, an electronic device ordinarily situated in British Columbia on or after April 1, 2013, will be subject to PST if the software was purchased by a British Columbia resident, or a non-resident who owns real property in British Columbia, or leases in certain circumstances real property in British Columbia, unless a specific exemption applies.

The general transitional rule for software described above will operate on the basis of the time at which consideration in respect of the purchase of the software becomes due.

- Rule: PST will apply to consideration in respect of the software that becomes due on or after April 1, 2013 and is not paid before April 1.

Example 16

On March 3, 2013, a British Columbia resident purchases, under a monthly payment plan, gaming software for use on a computer ordinarily situated in British Columbia. The purchaser continues using the software in British Columbia after April 1, 2013 and payments for the software are due on or after April 1, 2013.

PST will apply to consideration in respect of the purchase that becomes due on or after April 1, 2013 and is not paid before April 1, 2013.

If a business:

- purchases software in British Columbia for use on, or with, electronic devices, some of which are ordinarily situated inside British Columbia and some of which are ordinarily situated outside British Columbia, or
- uses software in the course of business on, or with, electronic devices, some of which are ordinarily situated inside British Columbia and some of which are ordinarily situated outside British Columbia,

the software will be subject to PST based on the portion of use of the software in British Columbia, unless a specific exemption applies.

The general transitional rule for software described above will operate on the basis of the time at which consideration in respect of the purchase of the software becomes due.

- Rule: PST will apply to consideration in respect of the purchase of software that becomes due on or after April 1, 2013 and is not paid before April 1, 2013 (see **Purchase of Goods in British Columbia** above).

Example 17

On April 15, 2013, a business purchases accounting software for use on computers ordinarily situated in British Columbia as well as on computers ordinarily situated outside of British Columbia.

PST applies to the purchase price of the software based on the portion of use of the software in British Columbia.

Example 18

On February 1, 2013, a business purchases accounting software with all of the consideration due on February 1, 2013, for use on computers ordinarily situated in British Columbia as well as on computers ordinarily situated outside of British Columbia.

No PST applies to the use of the software in British Columbia because the consideration for the software became due before April 1, 2013.

Example 19

On February 1, 2013, a business purchases accounting software for use on computers ordinarily situated in British Columbia as well as on computers ordinarily situated outside of British Columbia. 50% of the consideration for the purchase of the software is due on February 1, 2013 and the remaining 50% of the consideration for the purchase of the software is due on May 1, 2013.

PST applies to the portion of the purchase price that becomes due on May 1, 2013 based on the use of the software in British Columbia on or after April 1, 2013.

RELATED SERVICES

Related services for the purpose of the PST are generally services provided to tangible personal property (goods) or services provided to install goods.

The purchase of a related service provided or to be provided in British Columbia will be subject to PST, unless a specific exemption applies.

The general transitional rule for the purchase of a related service provided, or to be provided, in British Columbia will operate on the basis of the time at which consideration in respect of the purchase of the related service becomes due.

- Rule: PST will apply to consideration in respect of the purchase of related services that becomes due on or after April 1, 2013 and is not paid before April 1, 2013, (see **Purchase of Goods in British Columbia** above).

Example 20

A person takes their car to a repair shop in British Columbia for repairs on March 25, 2013. The service provider issues an invoice for the repairs on April 3, 2013.

PST applies to the purchase price of the repairs.

Unless a specific exemption applies, the purchase of a related service outside of British Columbia by a person who resides, ordinarily resides or carries on business in British Columbia will be subject to PST where:

- The goods are taken or sent out of British Columbia primarily for the purpose of having a related service provided in respect of the goods; and
- The goods are subsequently brought, sent or received into British Columbia after the related service has been provided.

For related services provided outside of British Columbia in respect of goods that were sent out of British Columbia primarily for that purpose, the general transitional rule will operate on the basis of the date on which the goods re-enter British Columbia after the related service is provided.

- Rule: PST will apply if the goods re-enter British Columbia on or after April 1, 2013.

Example 21

On March 11, 2013, a company carrying on business in British Columbia takes drilling equipment from British Columbia to Alberta primarily for the purpose of having the drilling equipment repaired. The repaired drilling equipment is shipped back to British Columbia on April 10, 2013.

PST applies to the purchase price of the repairs.

ACCOMMODATION

Accommodation for the purpose of the PST is generally lodging in a hotel, motel, resort or bed and breakfast establishment with 4 rooms or more, or in similar businesses establishments.

The purchase of accommodation in British Columbia will be subject to PST, unless a specific exemption applies. With the implementation of the *Provincial Sales Tax Act*, the *Hotel Room Tax Act*, which previously taxed the purchase of accommodation, will be repealed.

The general transitional rule for the purchase of accommodation in British Columbia will operate on the basis of the time at which consideration in respect of the purchase price of accommodation becomes due.

- Rule: PST will apply to consideration in respect of the purchase of accommodation that becomes due on or after April 1, 2013, and is not paid before April 1, 2013, (see **Purchase of Goods in British Columbia** above).

Example 22

On March 27, 2013, a person checks into a hotel to stay for 6 nights. The consideration for the accommodation is due at the time of check out on April 2, 2013. PST applies to the purchase price of the 6 nights of accommodation.

Example 23

On March 27, 2013, a person checks into a hotel to stay for 6 nights. The consideration for the accommodation is due at the time the person checks in. No PST applies.

The application of the up to 2 per cent Municipal and Regional District Tax on the purchase price of accommodation levied on behalf of municipalities, regional districts and eligible entities such as non-profit tourism associations to raise revenue for local tourism marketing, programs and projects will be unaffected by the re-implementation of the PST and repeal of the *Hotel Room Tax Act*.

LEGAL SERVICES

The purchase of legal services provided in British Columbia by a person who resides, ordinarily resides or carries on business in British Columbia will be subject to PST, unless a specific exemption applies.

Legal services provided in British Columbia to a non-resident of British Columbia that relate to British Columbia will be subject to PST, unless a specific exemption applies.

Legal services provided outside of British Columbia to a person who resides, ordinarily resides or carries on business in British Columbia that relate to British Columbia will be subject to PST, unless a specific exemption applies.

The general transitional rule for the purchase of legal services will operate on the basis of the time at which consideration in respect of the purchase of legal services becomes due.

- Rule: PST will apply to consideration in respect of the purchase of legal services that becomes due on or after April 1, 2013, and is not paid before April 1, 2013, (see **Purchase of Goods in British Columbia** above).
- Rule: PST will not apply to legal services on which tax is required to be paid under the *Social Service Tax Act* (legal services substantially provided before July 1, 2010)

Example 24

A lawyer in British Columbia provides legal services related to real property situated in British Columbia to a person who is a resident of Alberta and issues an invoice for the legal services on or after April 1, 2013.

PST applies to the purchase price of the legal services.

Example 25

A lawyer in British Columbia is paid a retainer⁷ in February 2013. The legal services are provided in March 2013, and the lawyer issues an invoice for the legal services on or after April 1, 2013.

PST applies to the purchase price of the legal services.

Example 26

A lawyer in Ontario provides legal services related to the incorporation of a business in British Columbia under the British Columbia *Business Corporations Act* to a person who carries on business in British Columbia and issues an invoice for the legal services on or after April 1, 2013.

PST applies to the purchase price of the legal services.

TELECOMMUNICATION SERVICES

Telecommunication services for the purpose of the PST are generally:

- The right, whether exercised or not, to utilize a telecommunication system to send or receive a telecommunication by means of an electronic device ordinarily situated in British Columbia;

⁷ Retainers under the PST will be subject to the same tax treatment as any other deposit. Deposits will not be consideration for the purchase or lease of goods, purchase of software or purchase of taxable services until the seller or lessor applies the deposit as consideration for that purchase or lease.

- The utilization of a telecommunication system to send or receive a telecommunication by means of an electronic device ordinarily situated in British Columbia; and
- The right, whether exercised or not, to download, view or access, via a telecommunication system by means of an electronic device ordinarily situated in British Columbia, the following telecommunications:
 - audio books, audio programs (i.e. radio programming or podcasts), music and ring tones, and
 - television programming, motion pictures and other videos.

The purchase of a telecommunication service will be subject to PST, unless a specific exemption applies.

The general transitional rule for the purchase of a telecommunication service will operate on the basis of the time at which consideration in respect of the purchase of the telecommunication service becomes due.

- Rule: PST will apply to consideration in respect of the purchase of telecommunication services that becomes due on or after April 1, 2013, and is not paid before April 1, 2013, (see **Purchase of Goods in British Columbia** above).

Example 27

On April 23, 2013, an invoice is issued for long distance telephone calls that were made in British Columbia in March 2013.

PST applies to the purchase price of the long distance telephone calls.

Example 28

On April 2, 2013, a person downloads a movie to a computer ordinarily situated in British Columbia and the consideration is due at the time the movie is downloaded.

PST applies to the purchase price of the movie.

OTHER TAXES IN RELATION TO GOODS

Passenger Vehicle Rental Tax

The \$1.50 per day passenger vehicle rental tax will apply to a passenger vehicle that is leased in British Columbia for more than 8 consecutive hours and 28 consecutive days or less. The general transitional rule for the passenger vehicle rental tax will operate on

the basis of the time at which PST in respect of the lease becomes payable in relation to days on or after April 1, 2013, (see **Lease of Goods** above).

Example 29

Consideration for the lease of a passenger vehicle that is leased from March 27 to April 6, 2013, becomes due on or after April 1, 2013, and is not paid before April 1, 2013.

The \$1.50 per day passenger vehicle rental tax applies to the lease of the passenger vehicle on April 1 to April 6, 2013.

Multijurisdictional Vehicle Tax

Generally, the multijurisdictional vehicle tax for interjurisdictional commercial carriers licensed under the International Registration Plan will apply in relation to a multijurisdictional vehicle that is licensed on or after April 1, 2013.

Tax on Energy Products to Raise Revenue for Innovative Clean Energy Fund

The *Provincial Sales Tax Act* will impose a 0.4 per cent tax on energy products to raise revenue for the Innovative Clean Energy Fund. Electricity will not be subject to this tax.

The general transitional rules for energy products will operate as follows:

- If the energy products are purchased in British Columbia or delivered into British Columbia by the seller from within Canada, on the basis of the time at which consideration in respect of the purchase becomes due.
 - Rule: PST will apply to consideration in respect of the purchase of energy products that becomes due on or after April 1, 2013, and is not paid before April 1, 2013, subject to the exception to the general rule, (see **Purchase of Goods in British Columbia** above).
- If the energy products are brought or sent into British Columbia, or the energy products are delivered into British Columbia by the seller from outside Canada, on the basis of the date on which the energy products enter British Columbia.
 - Rule: PST will apply if the energy product is brought or sent into British Columbia, delivered into British Columbia by the seller from outside Canada and accounted for or released under the relevant provisions of the *Customs Act* (Canada) on or after April 1, 2013, (see **Goods Brought into British Columbia** and **Goods Brought into British Columbia from Outside Canada** above).

FURTHER INFORMATION

Additional information on the re-implementation of the PST including the application of the tax, exemptions and transitional rules for certain transactions is available. Please see the Ministry of Finance website www.gov.bc.ca/pst

If you have questions regarding:

- Eligibility requirements for the enhanced new housing rebates or new rental housing rebates or about the application of the New Housing Transition Tax or the New Housing Transition Rebate; or
- Elimination of the HST in British Columbia

Please call the Canada Revenue Agency at 1-800-959-5525 (English) and 1-800-959-7775 (French) or see www.cra-arc.gc.ca for more information.

For other questions regarding the PST, please call the Ministry of Finance toll free at 1-877-388-4440, or email your questions to CTBTaxQuestions@gov.bc.ca