



The
BUSINESS
Toolkit

PST / GST Compared

If you own and operate a business in British Columbia, these are the important differences between GST and PST that you should know. The PST is effective April 1, 2013.

PST

GST

Registration Requirements

- Registration is required if you make any sales of taxable goods and services

- Optional for businesses with annual taxable sales of goods and services that are less than \$30,000

Remittances

- PST is collected on the sale of taxable goods and services
- There is no recovery of the PST paid out. It is an expense
- All the PST collected is remitted minus a small commission

- GST is collected on eligible goods and services
- GST paid out is recovered by claiming input tax credits (ITCs)
- The difference is remitted

Self-assessments

- PST must be self-assessed and remitted on all capital outlays and taxable goods where PST has not been paid
- This includes situations where the PST has not been charged in error, or where capital outlays and taxable goods have been brought, sent or delivered into BC for use in BC

- Not applicable

Purchases of goods for resale (Inventory)

- PST is not paid on the purchase of goods for resale
- If PST is charged in error, you must apply for a PST refund and supporting documentation must be submitted

- GST is paid on purchases of goods for resale
- GST paid is recovered by claiming ITCs

When to Charge Tax

- If you do any of the following, charge PST
- Sell taxable goods: most merchandise, alcohol, building materials, vehicles and parts,
 - Provide related services: repair vehicles, TVs, watches, office equipment, computers, furniture, etc, or apply protective treatments to taxable goods, set up, install or dismantle taxable goods
 - Provide software
 - Provide (short-term) accommodation of four or more units
 - Provide other services: legal, telecommunications, and liquidators
 - Lease taxable goods: tools, equipment, office furniture, artwork, vehicles, etc

- Taxable, Zero-rated and Exempt supplies
- Taxable goods: taxed at 5%, GST paid on expenses can be recovered
 - Most consumable goods and services including fast foods, clothing, footwear, gasoline, and auto sales, leases and repairs
 - Zero-rated goods; taxed at 0%, GST paid on expenses can be recovered
 - Basic groceries, exports, most medical devices, prescription drugs and dispensing fees
 - Exempt goods, GST paid on expenses cannot be recovered
 - Most medical and dental services, most financial institution services, insurance, many educational services, long-term residential accommodations

This information is current to March 2023. It is of a general nature and is not intended to address the specific circumstances of a particular individual. You should not act on this information without appropriate professional advice after thorough examination of a particular situation. E&OE