



PST, HST, GST—SOS!

The morning of April 1, 2013, we all experienced a return to the past: The Province of BC re-implemented the Provincial Sales Tax and the HST (Harmonized Sales Tax) became the GST (Goods and Services Tax).

On our breakfast and newspaper, we now pay only 5% GST instead of 12% HST, but when we buy a top-of-the-line new computer system, we pay 5% GST and 7% PST on the selling price—the same 12% as we would have paid with the HST.

The legislation replaces the *Social Services Tax Act* and is included in the new *Provincial Sales Tax Act*.

The PST is a retail sales tax that applies when taxable goods or services are acquired for personal or business use, unless a specific exemption applies.



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PST applies

- The purchase or lease of new and used goods in British Columbia
- Goods that are delivered, sent, or brought into British Columbia for use in our province
- Software
- Services provided to tangible personal property or services to install goods
- Accommodations
- Legal services
- Telecommunication services
- Gifts of vehicles, boats, and aircraft

PST does not apply

- All food for human consumption
- Bicycles
- Dry cleaning and tailoring
- Children's clothing and footwear
- Newspaper and magazines
- Most services, including transportation services, personal services, and professional services
- The purchase of goods for resale
- Eligible machinery and equipment
- Sale of real property such as residential housing and commercial real estate
- Admission and memberships

Tax Overview

General tax rate: 7%
 On accommodations: 8%
 On liquor: 10%
 On passenger vehicles: 7% to 10%, depending on the purchase price of the vehicle
 On vehicles, boats, and aircraft acquired from private individuals or non-GST registrants: 12% of the purchase
 If the items are gifts, the tax will be applied on the market value of the gift.

- PST registration can be done online at the new e-taxbc registration service.
- All businesses in BC that sell or lease taxable goods, software, or services are required to register. Businesses located in Canada but outside BC will be required to register when they sell taxable goods in BC.
- Businesses that collect PST will have to remit the tax on the last day of the month following the month the tax was collected. Each business will receive a commission of up to \$198 per reporting period.

When PST and GST Become Payable

Under the *Provincial Sales Tax Act*, PST on the purchase or lease of goods and services generally becomes payable the earlier of

- the time when consideration becomes due, and
- the time it is paid without having become due.

The consideration generally becomes due when the invoice is issued with respect to the sale.

The general rule for the HST/GST is the same as PST.

Transitional Rules

Both the BC Government and the Federal Government have announced transitional rules on the return to the PST and the elimination of the Harmonized Sales tax. The transitional rules provide guidance on determining the application of tax to transactions in BC that straddle the April 1 effective date.

Generally, the invoices are subject to HST (12%) if paid or payable prior to April 1, 2013, and subject to GST (5%) and PST (7%) if paid or payable on or after April 1, 2013, with certain exceptions.

Transitional measures have been released by way of bulletins that include a variety of examples to help the taxpayer determine the application of the appropriate sales tax.

<http://www.fin.gov.bc.ca/pst-return.htm>

Transitional Rules for Real Property

- The general transitional rule indicates that GST at 5% rather than HST at 12% would apply if both the ownership and possession of the real property transfer on or after April 1.
- HST at 12% would apply if either the ownership or possession transfers before April 1.
- The tax becomes payable on the earlier of the day that ownership of the property is transferred to the purchaser and the day that possession of the property is transferred to the purchaser.

Sale of New Housing

- The transitional rule provides guidance on whether to apply the GST or HST rate, based on when the tax becomes payable. The transitional rule that applies to sales of real property also applies to sales of new housing. Therefore GST would apply where tax becomes payable after March 31. If the tax becomes due before April 1, then HST would apply.

Transitional measures have been released by way of bulletins that include a variety of examples...

- In addition to the GST, a BC transition tax may apply to the sale where the construction of a house is 10% or more completed on April 1.
- The BC transition tax will apply on a temporary basis where the HST does not apply on the sale of new housing and GST is due on or after April 1, 2013 and before April 1, 2015. The BC transition tax is applied at a rate of 2% of the selling price.
- The BC transition tax will not apply if the sale of the house was previously subject to the BC transition tax.
- Builders of a house will be eligible for a BC transition rebate for properties subject to the BC transition tax and where the construction of the housing is 10% or more but not more than 90% completed on April 1.
- Builders who build for their own personal use will not be eligible for the rebate.

HST/GST Installments

Businesses that are required to remit HST/GST by installments should consider calculating the installments due in 2013 to reflect the lower rate of 5%.

This article is not intended to be a complete guide to the recent PST/GST/HST tax changes in British Columbia. Check with your financial professional. Here is the link to the Ministry of Finance, <http://www.fin.gov.bc.ca/pst-return.htm> and to CRA, <http://www.cra-arc.gc.ca/gncy/hrmnztn/menu-eng.html#bc> ▲

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Services a BC Notary Can Provide

Notarization/Documents

- Affidavits for All Documents required at a Public Registry within BC
- Certified True Copies of Documents
- Execution/Authentications of International Documents
- Notarizations/Attestations of Signatures
- Personal Property Security Agreements
- Statutory Declarations

Personal Planning

- Estate Planning
- Health Care Declarations
- Powers of Attorney
- Representation Agreements
- Wills Preparation
- Wills Searches

Travel

- Authorization of Minor Child Travel
- Letters of Invitation for Foreign Travel
- Passport Application Documentation
- Proof of Identity for Travel Purposes

Business

- Business Purchase/Sale
- Commercial Leases and Assignment of Leases
- Contracts and Agreements

Property Matters

- Easements and Rights of Way
- Insurance Loss Declarations
- Manufactured Home Transfers
- Mortgage Refinancing Documentation
- Purchaser's Side of Foreclosures
- Residential and Commercial Real Estate Transfers
- Restrictive Covenants and Builder's Liens
- Subdivisions and Statutory Building Schemes
- Zoning Applications



Marine

- Marine Bills of Sale and Mortgages
- Marine Protestations

Some BC Notaries provide these services.

- Marriage Licences
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Lois May Sheffield Lambert

June 13, 1910,
to September 10, 2011



Lois passed away peacefully at 101. She attended school in Cardston and moved to Nelson, BC, for business college, where she married Buck. At that time, it was against the law for a woman to go out to work if her husband was gainfully employed, so Lois quit her job. In 1940 son Bill was born. In 1963 Lois became the first female Notary Public in the Nelson District. In 1970 she became the only woman on the BC Notaries' Board of Directors.

See Lois's story online in the Winter 2009 *Scrivener*: **WHERE ARE THEY NOW?** [www.notaries.bc.ca/scrivener:Archives by Year](http://www.notaries.bc.ca/scrivener:Archives%20by%20Year)

Sally Jane Patricia O'Sullivan-Lee

January 26, 1951,
to December 22, 2012



Sally O'Sullivan was the first female President (1996 to 1998) of The Society of Notaries Public of BC. She served on the Board for a number of years and was Chair of the Notary Foundation in 1999 and 2000. She was commissioned as a BC Notary from 1985 to 2003. For Sally, the most satisfying aspect of being a BC Notary was the people. Her Abbotsford practice focused on seniors' needs. She and her husband Brian Lee loved to travel. Most important to her were her faith and her family. "My children have always been my best accomplishment. To say I am a besotted grandmother would be an understatement!"



On top of a Master's degree in Applied Legal Studies from SFU and the additional in-depth education training it takes to become a BC Notary, plus work and family life, **Beverly Carter** recently found time to marry a guy named **Bruce!**



Maia was born November 29 in Tacoma. This gorgeous Brittany Spaniel is the daughter of two champions and a real hunting dog. Maia accompanies BC Notary **Andrea Agnoloni** to his office from time to time. She is excellent with client relationships!

Where in the World Has *The Scrivener* Been?



Trevor Todd (right) in Villa de Leyva, Colombia



The Scrivener and **Kari Boyle**, Executive Director of the Mediate BC Society, outside the new Superior Court of Justice building in Merida, a large and lovely city in the northwest Yucatan, Mexico. The locals were very upset that it didn't fit at all with Merida's historic Spanish colonial architecture. We thought it was amazing . . . it would suit Vancouver perfectly!

Be in the Magazine!

Send your news and a photo to *The Scrivener*. scrivener@society.notaries.bc.ca