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Personal Services

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated September 2014. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how PST applies to personal services.

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Services

In this bulletin, **personal services** are services involving the human body.

Non-Taxable Services

You do not charge PST on your sales of personal services. The following are examples of non-taxable personal services. It is not a complete list.

- Acupuncture
- Chiropractic
- Dental
- Hair removal (e.g. waxing)
- Hair styling
- Makeup artistry
- Massage
- Medical
- Nail care
- Personal care (e.g. home care)
- Piercing
- Physiotherapy

- Spa treatments
- Tanning
- Tattooing

Related Services

As a provider of personal services, you may also provide services to goods. Services to goods and services provided to install goods are called **related services** and are subject to PST, unless a specific exemption applies.

There are two exemptions specific to personal services.

1. Services to attach or apply goods to, or remove goods from, an individual (e.g. attaching an earring to a client).
2. Services to goods that are typically attached or applied to an individual, and that remain attached or applied to the individual after the service is provided (e.g. repairing a bonded hairpiece if the hairpiece remains attached to the client after the repair is completed).

For more information, see [Bulletin PST 301](#), *Related Services*.

Sales

Sales of Goods

Unless a specific exemption applies, you must charge PST on any goods you sell to your customer. You charge PST whether you sell the goods in the course of providing your service or separately.

Generally, you are selling goods if you provide goods to your customer either as part of your contract for services or separately from the services, and your customer is allowed to keep the goods after the service has been provided. Examples include earrings provided as part of a piercing service or hair extensions provided with the service to attach them (for more examples, see Appendix 1 - Examples of Taxable and Exempt Purchases and Sales by Type of Business). However, you are not selling goods if the goods are incidental to the service you are providing (see Incidental Goods below).

PST also applies to leases (rentals) of goods. If you lease goods to your customers, see [Bulletin PST 315](#), *Rentals and Leases of Goods*.

Registration

If you sell or lease taxable goods in the ordinary course of business, you must register to collect PST. For more information, see [Bulletin PST 001](#), *Registering to Collect PST*.

Note: Registration is optional if you qualify as a small seller. For information, see [Bulletin PST 003](#), *Small Sellers*.

Bundled Sales

If you sell taxable and non-taxable goods or services together for a single price, you are making a bundled sale. The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion, unless a specific exemption applies. The fair market value is the retail price a good or service would normally sell for in the open market.

For example, you offer hair extensions and a cut and style for a single price. The service to attach the hair extensions is an exempt related service (see Related Services above) and the cut and style are non-taxable personal services. The physical hair extensions are taxable goods sold to your client.

You must charge 7% PST on the fair market value of the hair extensions.

For more information, including exceptions to the general rule, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

Incidental Goods

If you provide goods without a separate charge to your customer when you provide a non-taxable service, you do not charge PST on the goods if:

- the main purpose of the contract is your service and not the goods,
- there is no separate charge for the goods, and
- the total price for the service, including the goods, is the same as or only marginally different from the price you would charge if the goods were not provided.

For example, you provide manicures for an all-inclusive price, you provide your customer with a file that they may keep after the manicure and the price would be the same or only marginally different if the customer did not want the file. In this case, the file is incidental to the provision of your non-taxable manicure service.

You do not charge PST because the goods are not being sold and are only incidental to the service you are providing. However, you must pay PST when you acquire the goods.

Gift Cards and Gift Certificates

You do not charge PST on a purchase of gift cards or gift certificates because it is a purchase of store credit a customer may redeem later. When a customer redeems the credit, PST applies to the purchase as if the credit was cash. PST will apply if the item purchased is subject to PST.

Purchases

Taxable Goods

You must pay PST on the purchase or lease of new or used goods you use in your business, such as:

- advertising materials, such as flyers and brochures
- cleaning supplies
- computer hardware
- energy for heat and light
- equipment used to perform your services, unless a specific exemption applies (see Appendix 1 - Examples of Taxable and Exempt Purchases and Sales by Type of Business)
- items you purchase to give away as free promotions (see below)
- items you use or consume in treatments or services, such as shampoo or lotion, unless a specific exemption applies (see Appendix 1 - Examples of Taxable and Exempt Purchases and Sales by Type of Business)

- stationery, furniture and office equipment
- uniforms

You must also pay PST on the following.

- Software, unless a specific exemption applies (e.g. custom software). For more information, see [Bulletin PST 105](#), *Software*.
- Related services you purchase for your own equipment, such as repairs to your office equipment. For more information, see [Bulletin PST 301](#), *Related Services*.

If your supplier does not charge you PST on the above items, you must self-assess (pay directly to us) the PST due on your next PST return.

If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you purchased or leased the taxable items. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

Goods from Out-of-Province Suppliers

If you purchase or lease taxable goods from an out-of-province supplier, you must pay PST on the total amount you pay to bring the goods into BC, including charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

If the supplier does not charge you PST at the time of the sale or lease, you must self-assess the PST due. If you have a PST number, you must self-assess the PST due on your next PST return.

If you do not have a PST number, you must self-assess the PST due using the *Casual Remittance Form* ([FIN 405](#)) on or before the last day of the month following the month you brought, sent or received goods into BC.

Promotional Materials

Promotional materials are goods you use, give away or sell below cost to help advertise or promote your business. Examples of promotional material include samples, gifts, premiums and prizes, and goods given away as part of a loyalty or rewards points program.

You must pay PST on all taxable goods you purchase or make as promotional material. For example, you must pay PST if you buy calendars or balloons you will give away to promote your business.

Promotional material on which you must pay PST also includes taxable goods you obtain to sell at a price below cost. For example, you purchase shampoo at a cost of \$15 per bottle. In an effort to promote greater sales, you offer the shampoo to preferred customers at a below cost price of \$10 per bottle. In this case, your customer pays PST on the \$10 purchase price of the shampoo. In addition, on your next PST return, you need to self-assess PST based on the following formula:

$$(\text{Cost} - \text{Customer's purchase price}) \times \text{PST rate} = \text{PST to self-assess}$$

$$(\$15 - \$10) \times 7\% = \$0.35 \text{ PST to self-assess}$$

Note: You do not need to self-assess PST on goods sold below cost if you are not selling the goods below cost for promotional purposes. For example, you purchased shampoo at \$15 per bottle and attempted to sell it for \$30 per bottle. After some time, you decide to mark down the remaining shampoo to \$10 per bottle to make room for new stock. In this case, your customer pays PST on the \$10 purchase price of the shampoo but you do not need to self-assess any additional PST.

For more information, see [Bulletin PST 311](#), *Promotional Materials and Special Offers*.

Exempt Purchases

Goods for Resale

You are exempt from PST on goods you obtain solely for resale or lease to your customers. To purchase these goods exempt from PST, give the supplier your PST number or, if you do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), *Goods for Resale*.

Change in Use

If you take taxable items from your resale inventory for business or personal use, you must self-assess the PST due on your cost of the goods.

If you have a PST number, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you used the goods for a taxable purpose. For example, if you use a taxable item in your business in July, you must file the return and pay the PST no later than August 31.

Bonus Items

You may provide goods as bonus items with the purchase of other goods. For example, you may give your customer a bonus item when they purchase at least \$50 worth of cosmetics. For the purposes of the PST, these transactions are sales of both items.

If all of the items (e.g. purchased and provided as a bonus) are taxable goods (e.g. a makeup bag provided with the purchase of cosmetics), you must charge PST on the purchase price paid. You can purchase the bonus items exempt from PST as goods for resale.

If the transaction is for both taxable and non-taxable goods or services for a single price (e.g. a bottle of nail polish with the purchase of a manicure), you are making a bundled sale (see *Bundled Sales* above).

Containers and Packaging Materials

You are exempt from PST on containers and packaging materials (except reusable containers) you obtain solely for packaging goods for retail sale or lease, or if you provide them to your customers with their retail purchases of goods. However, you must pay PST on containers and packaging materials if you use them for other purposes, such as storing, handling or shipping goods, or you use them to provide a service.

Generally, you are not required to charge PST on the containers and packaging materials you provide with goods and services, unless you separately charge your customers for

them. However, in limited circumstances, you may be required to charge PST on the fair market value of the containers and packaging materials.

For more information, see [Bulletin PST 305](#), *Containers and Packaging Materials*.

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

March 2016

- Clarified that, effective April 1, 2013 (subject to Bill 14, *Finance Statutes Amendment Act, 2016* receiving royal assent), you are exempt from PST on containers and packaging materials (except reusable containers) you obtain **solely** for packaging goods for sale or lease, or if you provide them to your customers with their purchases of goods.
 - Minor revisions
-

References: *Provincial Sales Tax Act*, sections 1 “lessor”, “promotional distribution”, “promotional distributor”, “promotional material”, “purchase price”, “related service”, “small seller”, “vendor”, 10, 16, 26, 29, 34, 37, 39, 81, 89-91, 141, 142, 169, 192 and 193; *Provincial Sales Tax Exemption and Refund Regulation*, sections 3, 4, 8, 33, 73 and 77; *Provincial Sales Tax Regulation* sections 31.1, 47 and 80.

Appendix 1 – Examples of Taxable and Exempt Purchases and Sales by Type of Business

The table below provides examples of goods that are typically:

- taxable to businesses (see the **You Pay PST** column)
- taxable to patients/customers (see the **You Charge PST** column)
- exempt from PST (see the **PST Exempt for You and Your Customers** column)

This table contains examples to help you determine how PST applies to your purchases and sales. It does not contain a complete list.

For more information on goods that are exempt from PST, see [Bulletin PST 200](#), *PST Exemptions and Documentation Requirements*.

For general information on goods that are taxable to all businesses, see Purchases above.

Type of Business	Examples of Goods Used or Consumed by Your Business (You Pay PST)	Examples of Goods Sold to Patients/Customers (You Charge PST)	PST Exempt for You and Your Customers
Health Care			
Acupuncture, chiropractic, massage, physiotherapy	Acupuncture needles, massage / treatment tables, oils for use in treating patients	Aromatherapy products, candles, exercise devices, oils (for home use), pillows, TENS (transcutaneous electric nerve stimulation) units	Certain goods as detailed in Bulletin PST 207 , <i>Medical Supplies and Equipment</i>
Dental	Dental instruments, promotional goods given to patients (e.g. floss, toothbrushes), tooth filling, polishing and cleaning materials, whitening products for use in treating patients (e.g. peroxides), x-ray film	Home whiteners, mouthwash, toothbrushes, toothpaste Note: You charge PST if you sell these goods to your customers. You do not charge PST if you give them to your customers at no cost. In this case, you pay PST on these goods.	Dental appliances sold on prescription, pain relief medications, certain other goods as detailed in Bulletin PST 207 , <i>Medical Supplies and Equipment</i>

Appendix 1 – Examples of Taxable and Exempt Purchases and Sales by Type of Business

Type of Business	Examples of Goods Used or Consumed by Your Business (You Pay PST)	Examples of Goods Sold to Patients/Customers (You Charge PST)	PST Exempt for You and Your Customers
Health Care cont'd			
Medical	Instruments, dermal fillers for use in treating patients, laser equipment	Beauty products and cosmetics (including medicated products)	Botulinum toxin (Botox), goods designed to be implanted in an individual's body, certain other goods as detailed in Bulletin PST 207, Medical Supplies and Equipment
Personal care (e.g. home care)	Equipment, instruments and tools (unless specifically exempt)		Certain goods as detailed in Bulletin PST 207, Medical Supplies and Equipment
Cosmetology			
Hair removal	Applicators, oils and lotions for use in treatments, sugaring paste, wax, wax warmers, waxing strips/rolls	Non-medicated soaps and creams	
Hair styling	Capes/aprons, clippers, razors, salon/barber chairs, scissors, products for use on clients including dyes, conditioners, gels, mousses, pastes, perm solutions, shampoos, straightening solutions	Hair extensions, hair products including brushes, combs, conditioners, gels, mousses, pastes, shampoos	
Makeup artistry	Applicators/brushes, products for use on clients	Cosmetics, false eyelashes	

Appendix 1 – Examples of Taxable and Exempt Purchases and Sales by Type of Business

Type of Business	Examples of Goods Used or Consumed by Your Business (You Pay PST)	Examples of Goods Sold to Patients/Customers (You Charge PST)	PST Exempt for You and Your Customers
Cosmetology cont'd			
Nail care	Brushes, clippers, cuticle pushers, dryers, files, lamps, manicure/pedicure chairs, nail machines/drills, toe separators, products for use on clients including acrylics, cuticle oil, dehydrators, gels, nail forms, nail tips, polishes, removers, top coats	Cosmetics, lotions, polishes	
Other			
Piercing, tattooing	Ink, needles, pliers, stencil paper and fluid, tattoo machines and components	Clothing, non-medicated aftercare products	Items that qualify as first aid materials as detailed in Bulletin PST 207 , <i>Medical Supplies and Equipment</i> , protective gloves, petroleum jelly
Spa treatments	Facial/body masks, files, linens, muds/clays, robes, skin care equipment, spa/massage tables, steamers, wraps, products for use on clients	Cosmetics, lotions	
Tanning	Body stickers, bulbs, lotions, pre-tan prep products (e.g. wipes), protectors (eye, hair etc.), spray tan equipment and supplies, tanning booths, towels	Home tanning products, lotions	