



# Provincial Sales Tax (PST) Bulletin

Bulletin PST 134

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## Aircraft

### Provincial Sales Tax Act

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Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated April 2021. For a summary of the changes, see Latest Revision at the end of this document.

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This bulletin explains how PST applies to aircraft and aircraft parts. This bulletin does not apply to drones, remote-control hobby aircraft or other remotely piloted aircraft (they are subject to PST as goods).

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## Overview

Aircraft powered by a **turbine** engine (and parts for those aircraft) are specifically exempt from PST. Effective February 19, 2020, aircraft powered solely by electricity (and parts for those aircraft) are also exempt from PST.

The following aircraft are subject to PST unless a specific exemption applies (see Exemptions below):

- Non-turbine, non-electric aircraft you purchase, lease or receive as a gift in B.C.
- Non-turbine, non-electric aircraft you purchase, lease or receive as a gift outside B.C. and bring into B.C.

You must pay PST regardless of whether the non-turbine, non-electric aircraft is for personal or business use, even if you are registered for PST. The rate of PST you must pay is 7% or 12%, depending on how the aircraft is obtained.

You must also pay PST at 7% on parts and attachments for non-turbine, non-electric aircraft, and on services provided to those aircraft, unless a specific exemption applies.

To ensure PST has been paid on all private sales of taxable aircraft, we routinely review the records of Transport Canada and match any change in ownership with payments of PST. Therefore, when you purchase taxable aircraft, we may contact you to confirm you paid PST.

## Definitions

In this bulletin:

- An **applicable tax** means any of the following:
  - PST,
  - Social service tax (SST) - the former B.C. provincial sales tax that was in effect before July 1, 2010
  - Tax on designated property (TDP) - the former 12% B.C. tax on private sales of vehicles, boats or aircraft that was in effect from July 1, 2010 to March 31, 2013
  - The provincial portion of the harmonized sales tax (HST) for any HST-participating province (Ontario, PEI, Nova Scotia, New Brunswick, Newfoundland and Labrador, and B.C. from July 1, 2010 to March 31, 2013)

- A **B.C. resident** is a person who resides, ordinarily resides or carries on business in B.C., or a person who enters B.C. with the intention of residing or carrying on business in B.C.
- **Obtain** means:
  - purchase or lease in B.C.,
  - bring or send into B.C.,
  - receive in B.C., or
  - receive as a gift.
- A **private sale** is a sale in Canada where the seller is not a goods and services tax (GST) registrant, or the seller is a GST registrant but the sale is not a taxable supply under the Excise Tax Act (Canada).

## **Turbine and Electric Aircraft**

### **Turbine and Electric Aircraft**

Aircraft powered by a turbine engine (including turbo-prop and heli-jets) are exempt from PST. Effective February 19, 2020, aircraft powered solely by electricity are also exempt from PST.

#### **Parts**

Parts essential to the basic safe functioning of an aircraft that are attached to, and become part of, a turbine or electric aircraft are exempt from PST, such as:

- Primary communications equipment (including GPS)
- Major components (e.g. motors and airframes)
- Minor repair parts (e.g. tires, batteries and filters)

**Note:** The parts do not have to be specifically designed for turbine or electric aircraft.

PST applies to materials (e.g. sheet metal, bulk wire), even when used to make parts, and to gases and liquids (except fuel) for all aircraft.

### **Attachments**

An aircraft includes items installed on or attached to the aircraft at the time of sale or lease. This means attachments installed on or attached to a turbine or electric aircraft at the time of sale or lease are exempt from PST.

For example, if a turbine helicopter is sold with an attached utility basket to transport firefighting gear, both the helicopter and the utility basket are exempt from PST.

Attachments installed on or attached to a turbine or electric aircraft **after** the sale or lease of the aircraft are subject to PST if they do not qualify as parts (see above).

## **Non-Turbine, Non-Electric Aircraft**

Non-turbine, non-electric aircraft (and parts and attachments for those aircraft), are subject to PST, unless a specific exemption applies (see Exemptions below).

This includes:

- Gliders
- Kits to build non-turbine, non-electric aircraft
- Piston powered aircraft
- Materials (e.g. sheet metal and bulk wire) used to make parts for any aircraft
- Non-turbine, non-electric aircraft purchased with the intention of converting the aircraft to a turbine or electric aircraft (however, a refund may be available – see Refund of PST Paid on Non-Electric Aircraft Converted to Electric below)
- Parts and attachments for non-turbine, non-electric aircraft (e.g. air filters, communication equipment and flight instruments)

## **Non-Turbine, Non-Electric Aircraft Purchased or Leased in B.C.**

### **Non-Turbine, Non-Electric Aircraft Purchased at a Private Sale**

If you purchase a non-turbine, non-electric aircraft at a private sale in B.C., you must pay PST at 12% on the purchase price of the aircraft, unless a specific exemption applies. If you purchase parts for your non-turbine, non-electric aircraft, you pay PST at 7%, unless a specific exemption applies.

For information on how to pay PST, see Paying PST below.

### **Non-Turbine, Non-Electric Aircraft Purchased From GST Registrants**

If you purchase non-turbine, non-electric aircraft or parts for such an aircraft from a GST registrant (e.g. an aircraft dealer), you must pay PST at 7% on the purchase price of the aircraft or parts, unless a specific exemption applies. The purchase price does not include the GST or the federal luxury tax.

## **Non-Turbine, Non-Electric Aircraft Leased in B.C.**

If you lease a non-turbine, non-electric aircraft in B.C., you must pay PST at 7% on the lease price of the aircraft, unless a specific exemption applies. The lease price does not include the GST or the federal luxury tax.

**Note:** PST applies differently to non-turbine, non-electric aircraft you supply with an operator. See Chartering and Aircraft Inventory below.

## **Interjurisdictional Non-Turbine, Non-Electric Aircraft**

You may be eligible to pay PST on a proportional basis if you purchase or lease a non-turbine, non-electric aircraft or purchase parts in B.C. and, from the date of purchase or lease, the aircraft or parts are used:

- for a commercial purpose and for flights interprovincially or internationally, and
- for flights that begin, end or connect two or more points in B.C.

For more details, please contact us.

## **Non-Turbine, Non-Electric Aircraft Acquired Outside B.C. and Brought Into B.C.**

### **B.C. Residents**

If you are a B.C. resident and you purchase a non-turbine, non-electric aircraft or parts outside B.C. and bring, send or receive delivery of the aircraft or parts in B.C., you must pay PST, unless a specific exemption applies.

If you receive a non-turbine, non-electric aircraft as a gift, see Non-Turbine, Non-Electric Aircraft Received as a Gift below.

### **Non-Residents**

You must pay PST on a non-turbine, non-electric aircraft or parts you bring or send into B.C., or receive delivery of in B.C., if you are a non-resident individual who:

- owns real property in B.C., or
- leases (as lessee) real property in B.C. if the term of the lease, including the cumulative total of all options and rights to extend or renew that lease, is at least five years.

## **PST Rates – Non-Turbine, Non-Electric Aircraft Acquired Outside B.C. but Within Canada and Brought Into B.C.**

If the non-turbine, non-electric aircraft was purchased at a private sale outside B.C. but within Canada, you must pay PST at 12% on the depreciated purchase price of the aircraft.

If the aircraft was purchased outside B.C. but within Canada from a GST registrant (e.g. an aircraft dealer), you must pay PST at 7% on the depreciated purchase price of the aircraft. The depreciated purchase price does not include the GST or the federal luxury tax.

For parts for your non-turbine, non-electric aircraft, you pay PST at 7% on the depreciated purchase price.

For information on calculating the depreciated purchase price, see Depreciated Purchase Price below.

## **PST Rates – Non-Turbine, Non-Electric Aircraft Acquired Outside Canada and Brought Into B.C.**

If you purchase a non-turbine, non-electric aircraft or parts outside Canada and bring, send or receive delivery of the aircraft or parts in B.C., you pay PST at 7% on the taxable value of the aircraft or parts. The taxable value is the value of the non-turbine, non-electric aircraft or parts as determined under the Excise Tax Act (Canada). The Canada Border Services Agency or Canada Post may collect the PST due when you bring the aircraft or parts into Canada. Otherwise, you must self-assess (pay directly to us) the PST due.

For information on how to pay PST, see Paying PST below.

## **Non-Turbine, Non-Electric Aircraft Brought into B.C. for Temporary Use**

If you bring, send or receive delivery of a non-turbine, non-electric aircraft in B.C. for temporary use, see [Bulletin PST 307](#), Goods Brought Into B.C. for Temporary Use.

## **Depreciated Purchase Price**

The **depreciated purchase price** of a non-turbine, non-electric aircraft or parts for such an aircraft is the greater of:

- the depreciated value (as calculated below), and
- 50% of the purchase price.

The purchase price is the total amount paid to purchase the aircraft or parts, and also includes charges for service, customs, excise and transportation (e.g. shipping) incurred prior to the use of the aircraft or parts in B.C.

The **depreciated value** is determined as follows:

$$\text{Depreciated value} = \text{Purchase price} - [\text{purchase price} \times \text{depreciation rate}]$$

The depreciation rates for aircraft and parts are as follows:

- Aircraft – 25% per year, plus 2.0833% per 30-day period for partial years
- Parts – 20% per year, plus 1.667% per 30-day period for partial years

### **Calculating the Depreciation Rate**

To calculate the depreciation rate, follow these steps.

1. Calculate the number of whole years between the date you acquired the aircraft or parts and the date you brought the aircraft or parts into B.C.
2. After calculating #1 above, calculate the number of days remaining in the partial year (if any) between the date you acquired the aircraft or parts and the date you brought the aircraft or parts into B.C. Both the first and last days should be counted.
3. Divide the number of days calculated under #2 by 30 and round to the nearest whole number (0.5 and above is rounded up to 1). This is the number of 30-day periods.
4. Calculate the depreciation rate by multiplying the applicable depreciation rates above by the number of years and 30-day periods.

For example, if you purchased a non-turbine, non-electric aircraft at a private sale in Alberta on May 12, 2020, and brought it into B.C. for business use on June 30, 2021, the depreciation rate would be 29.1666%, calculated as follows:

1. May 12, 2020 to May 11, 2021 is one whole year
2. May 12, 2021 to June 30, 2021 is 50 days
3. The number of 30-day periods is  $50 \div 30 = 1.667$  rounded up to 2
4. The depreciation rate is  $[(1 \times 25\%) + (2 \times 2.0833\%)] = \mathbf{29.1666\%}$

## **Non-Turbine, Non-Electric Aircraft Received as a Gift**

If you receive a non-turbine, non-electric aircraft as a gift in B.C., or you are a B.C. resident and you receive a non-turbine, non-electric aircraft as a gift outside B.C. but within Canada and bring or send the aircraft into B.C., you must pay PST at 12% on the value of the aircraft as outlined below, unless a specific exemption applies (see Exemptions below).

- If the aircraft is received as a gift in B.C., PST applies to the fair market value of the aircraft on the date the aircraft is received as a gift.
- If the aircraft is received as a gift outside B.C. but within Canada, PST applies to the fair market value of the aircraft on the date the aircraft is brought or sent into B.C.

However, you are only required to pay PST at 7% if any of the following apply:

- The gift is received from a GST registrant (e.g. an aircraft dealer) as a taxable supply
- The gift is received as an exempt supply from a GST registrant who is a charity
- The gift is received outside of Canada and brought or sent into B.C.

## **Trade-Ins**

If you purchase a non-turbine, non-electric aircraft or parts in B.C. and the seller accepts goods as a trade-in as part of the consideration, for the purposes of calculating the PST, the value of the trade-in may reduce the purchase price of the aircraft or parts. The reduction applies as long as you paid (or were exempt from paying) PST, TDP, SST or the B.C. portion of the HST.

For the purposes of calculating the PST, there is no purchase price reduction for aircraft or parts purchased outside B.C., or lease price reductions for trade-ins on leased aircraft.

## **Paying PST**

If you purchase or lease a non-turbine, non-electric aircraft or parts from a person who is registered to collect PST, that person must charge you any PST payable.

In all other cases, or if the seller or lessor does not charge you PST as required, you must self-assess the PST due.

If you have a PST number, you must self-assess the PST 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 in which you obtained the taxable aircraft or parts.

## **Sellers and Lessors**

This section applies to you if you are a PST collector and a GST registrant, and you sell or lease non-turbine, non-electric aircraft or parts.

### **Sales and Leases in B.C.**

You must charge 7% PST on the purchase price or lease price of new or used non-turbine, non-electric aircraft and parts, unless a specific exemption applies. This includes non-turbine, non-electric aircraft and parts you sell on consignment, and non-turbine, non-electric aircraft and parts you sell or lease to persons who will use the aircraft to provide charter services to other persons.

### **Trade-Ins on Non-Turbine, Non-Electric Aircraft Purchases**

If you sell aircraft or parts in B.C. and accept goods as a trade-in as part of the consideration, for the purposes of calculating the PST, the value of the trade-in may reduce the purchase price of the aircraft or part being purchased. The reduction applies as long as your customer paid (or was exempt from paying) PST, TDP, SST or the B.C. portion of the HST.

Your customer must provide documentation to prove eligibility for this PST reduction (e.g. original bill of sale, invoice, self-assessment voucher from us).

For the purpose of calculating PST, there are no lease price reductions for trade-ins on leased aircraft. This means a trade-in accepted as a down payment on a lease or as a partial payment against future lease payments does not reduce the amount of PST payable by the lessee. PST is payable on the down payment and on the unreduced lease price.

### **Exempt Sales and Leases**

Some of your customers may be eligible for an exemption (e.g. persons obtaining goods solely for resale or lease). For information on exempt sales and leases, including the supporting information or documentation you must collect in order to provide an exemption, see Exemptions below.

If your customer has paid PST and would not have been required to pay PST if they had provided the required information or documentation to support an exemption at the time of the sale or lease, you may refund or credit your customer the PST paid if they provide the required information or document within 180 days from

the date the PST was charged. Alternatively, your customer may apply to us for a refund at any time within four years from the date the PST was paid (see Refunds below).

## **Reporting and Documenting Sales**

You must record all aircraft sales, including sales of exempt aircraft and sales of aircraft you deliver outside of B.C., on either a Provincial Sales Tax (PST) Schedule – Boats and Aircraft or alternative document (see below) and include it when you file your PST Return.

You can file the schedule and pay your tax returns:

- Online using [eTaxBC](#)
- By mail, courier or in person using the Provincial Sales Tax (PST) Schedule - Boats and Aircraft ([FIN 407](#)) available on our website

If you choose to develop your own document (e.g. a spreadsheet) as an alternative to the **FIN 407**, please ensure the information requested in each field on the form is included in your document.

## **Exemptions**

This section may apply to you if you purchase or lease non-turbine, non-electric aircraft.

If you claim an exemption on the purchase or lease of non-turbine, non-electric aircraft, you may be required to provide information or documentation to support your claim. You need to keep the information and documentation that supports your claim for an exemption because we regularly contact owners and lessors of non-turbine, non-electric aircraft to ensure they have either paid PST as required or claimed a valid exemption.

If you do not provide the required information or documentation at the time of sale or lease, the seller or lessor may refund or credit you the PST paid if you provide the required information or documentation within 180 days from the date the PST was charged. Alternatively, you may apply to us for a refund of the PST at any time within four years from the date the PST was paid (see Refunds below).

## **Aircraft for Resale or Lease**

You are exempt from PST on aircraft and other goods you obtain solely for resale or leasing to other persons. To support the exemption, you must provide the seller your PST number or, if you do not have a PST number, a Certificate of Exemption – General ([FIN 490](#)).

## **Aircraft Purchased for Use Outside B.C.**

If you purchase an aircraft in B.C., you are exempt from PST provided all the following criteria are met:

- the aircraft is purchased for use primarily outside B.C.,
- the aircraft will not be used in B.C. for a business purpose, and
- if you are purchasing the aircraft as an individual, you are not a resident of B.C.

To claim this exemption, you must provide the seller a completed and signed Certificate of Exemption – Purchase of Vehicle or Aircraft for Use Outside B.C. ([FIN 440](#)).

## **Aircraft Shipped Outside B.C.**

You are exempt from PST if you purchase an aircraft or parts in B.C. if:

- the aircraft or parts are shipped by the seller for delivery to an address outside of B.C., **and**
- no use is to be made of the aircraft or parts by you while the aircraft or parts are in B.C. except storage of the aircraft or parts with the seller.

If you later bring, send or receive delivery of the aircraft or parts in B.C., you must self-assess PST, unless a specific exemption applies (see Non-Turbine, Non-Electric Aircraft Acquired Outside B.C. and Brought Into B.C. above).

To support the exemption, the seller must keep documentation that shows they delivered the aircraft or parts outside the province, such as a bill of lading, third-party delivery documents or shipping invoices. Sellers may also use the Out-of-Province Delivery Exemption form ([FIN 462](#)) to record the aircraft or parts they delivered to a location outside B.C. The FIN 462 is an optional form that may be used in addition to the required documentation described above.

## **New Residents**

If you are a new resident to B.C. and you bring, send or receive delivery of a non-turbine, non-electric aircraft or parts into B.C. solely for non-business use, the aircraft and parts are exempt from PST if:

- the aircraft or parts arrive in B.C. within one year from the date you become a B.C. resident,
- you own the aircraft or parts, **and**
- you own the aircraft or parts for a continuous period of at least 30 days before you become a B.C. resident.

## **Documentation**

We may ask you to provide proof you owned the aircraft or parts for a continuous period of at least 30 days before you became a resident of B.C. (e.g. a bill of sale) and documentation proving the date you became a resident of B.C. (e.g. medical services plan enrolment). We may also ask you for additional documentation that supports your claim.

For more information, see [Bulletin PST 306](#), Goods Brought Into B.C. by New Residents.

## **Gifts to Related Individuals**

If you receive an aircraft as a gift, you are exempt from paying PST on the aircraft if the person who gave you the aircraft (the donor) is a related individual to you, and the donor:

- paid an applicable tax or another province's sales tax on the purchase of the aircraft and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the aircraft as a gift in B.C. before April 1, 2013.

**Note:** Only one gift of a specific aircraft between related individuals is eligible for this exemption in a 12-month period. PST will apply to any future gift of that aircraft within 12 months unless the future gift is from the recipient back to the donor.

A related individual is:

- a person's spouse (legally married or living for a continuous period of at least two years with another person in a marriage-like relationship), child, grandchild, great-grandchild, parent, grandparent, great-grandparent or sibling,
- the spouse of a person's child, grandchild or great-grandchild, or
- the child, parent, grandparent or great-grandparent of a person's spouse.

## **Documentation**

We may ask you to provide a copy of a gift letter from the donor that includes the donor's full name, address, telephone number, their relationship to you and information about the tax that was paid on the aircraft. You may be asked to provide proof the donor paid, or was exempt from paying, tax or received the aircraft as a gift before April 1, 2013.

## **Gifts to Registered Charities**

If you are a registered charity and you receive an aircraft as a gift, you are exempt from paying PST on the aircraft if the person who gave you the aircraft (the donor):

- paid an applicable tax or another province's sales tax on the aircraft and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the aircraft as a gift in B.C. before April 1, 2013.

A registered charity has the same meaning as under the Income Tax Act (Canada).

## **Documentation**

We may ask you to provide a copy of the gift letter from the donor that includes the donor's full name, address, telephone number and information about the tax that was paid on the aircraft. You may also be asked to provide proof the donor paid, or was exempt from paying, tax or received the aircraft as a gift before April 1, 2013.

**Note:** You must have signing authority to sign any forms on behalf of a charity.

## **Prizes, Draws, and Awards**

You are exempt from paying PST on an aircraft you win in a lawful lottery (such as a B.C. Lottery Corporation lottery), contest, draw, game of chance or skill, or if you receive the aircraft as an award for an achievement in a field of endeavour, including an athletic or sporting event, and the person who provided the aircraft:

- paid an applicable tax or another province's sales tax on the aircraft and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the aircraft as a gift in B.C. before April 1, 2013.

**Note:** The only consideration that can be provided by the winner to be entered into the draw is an entrance or admission fee, ticket fee, or similar charge. The exemption does not apply if the person received the aircraft as a result of a private arrangement, including a wager, between two or more persons.

## **Documentation**

We may ask you to provide a copy of a letter from the sponsor of the draw, lottery or award indicating you are the winner and the prize won, and proof the provider of the aircraft paid, or was exempt from paying, tax or received the aircraft as a gift before April 1, 2013.

## **Inheritance**

You are exempt from paying PST on an aircraft you receive as part of the distribution of a deceased's estate. We may ask you to provide a copy of the death certificate and will.

## **Transfers Due to Dissolution of Marriage or Relationship**

You are exempt from paying PST on the transfer of an aircraft from your spouse or former spouse if the transfer is done under:

- an agreement dividing property under Part 5 or 6 of the Family Law Act,
- a written separation agreement or marriage agreement, or
- a court order on the dissolution of a marriage or marriage-like relationship.

We may ask you to provide a copy of the relevant agreement or court order.

Generally, if the exemption does not apply, PST is due on 50% (or the share in the aircraft you receive) of the fair market value of the aircraft.

## **Related Party Asset Transfers**

If a corporation obtains an aircraft on or before the day the corporation starts to carry on business from a person (the transferor) that wholly owns and controls the corporation, the corporation may qualify for an exemption from PST if certain conditions are met.

Alternatively, if a corporation transfers an aircraft to a related corporation, the corporation may qualify for an exemption from PST if certain conditions are met.

For more information, see [Bulletin PST 210](#), Related Party Asset Transfers.

## **Other Exemptions**

Other exemptions may also apply to aircraft obtained by specific persons in specific situations, including those obtained by:

- Members of the diplomatic or consular corps (see [Bulletin CTB 007](#), Exemption for Members of the Diplomatic and Consular Corps)
- First Nations individuals or bands (see [Bulletin PST 314](#), Exemptions for First Nations)
- The federal government (see [Bulletin CTB 002](#), Sales and Leases to Governments)

## **Chartering and Aircraft Inventory**

### **Non-Turbine, Non-Electric Aircraft Obtained for a Taxable Purpose**

You must pay PST on non-turbine, non-electric aircraft you obtain for a taxable purpose. This includes non-turbine, non-electric aircraft obtained for use in chartering and flying lessons.

You must also pay PST on services and replacement parts for these aircraft.

### **Non-Turbine, Non-Electric Aircraft Obtained Solely for Resale**

You are exempt from PST on aircraft and parts you obtain solely for resale to other persons. You are also exempt from PST on services and parts for any aircraft in your resale inventory.

To claim these exemptions, give the supplier or service provider your PST number or, if you do not have a PST number, a Certificate of Exemption – General ([FIN 490](#)).

### **Non-Turbine, Non-Electric Aircraft Obtained Solely for Leasing to Other Persons**

You are exempt from PST on aircraft you obtain solely for leasing to other persons.

You are also exempt from PST when you purchase an aircraft in B.C. or bring an aircraft into B.C. solely for the purposes of:

- leasing the aircraft to other persons (bare leases), and

- occasionally supplying that aircraft with an operator under an agreement (see Non-Turbine, Non-Electric Aircraft Occasionally Supplied With an Operator below), provided you capitalize that aircraft as lease inventory in your business accounting records.

You are also exempt from PST on services and parts for any aircraft in your lease inventory.

To claim these exemptions, give the supplier or service provider your PST number or, if you do not have a PST number, a Certificate of Exemption – General ([FIN 490](#)).

### **Non-Turbine, Non-Electric Aircraft Occasionally Supplied With an Operator**

You may be eligible for an exemption on non-turbine, non-electric aircraft you obtain for your lease inventory if you occasionally supply those aircraft with an operator. If you qualify for this exemption, you do not charge your customer PST but you must self-assess the PST due based on the normal lease price of the aircraft each time you supply those aircraft with an operator. The normal lease price is the price you usually charge your customers for the lease of the aircraft without an operator.

#### **Example:**

You normally lease a non-turbine, non-electric aircraft from your lease inventory for \$2,000 a day (i.e. a bare lease). You also occasionally provide the aircraft with an operator for \$3,000 a day (i.e. chartering). The aircraft remains part of your lease inventory in your accounting records.

When you lease the aircraft, you charge your customer PST on the \$2,000 per day lease price. When you provide the non-turbine, non-electric aircraft with an operator, you do not charge your customer PST. However, you must self-assess PST based on the normal \$2,000 per day lease price (the \$3,000 per day chartering price is not used for PST purposes).

## **Change in Use**

If you qualified for a PST exemption when you obtained a non-turbine, non-electric aircraft and you later use the aircraft for a taxable purpose, you must self-assess PST.

### **Change in Use for Purchased Non-Turbine, Non-Electric Aircraft**

If you purchased the non-turbine, non-electric aircraft, you self-assess PST as follows.

- If you took the aircraft from your resale inventory for business or personal use, you self-assess PST on your cost of the aircraft.
- In all other situations, you calculate the PST due on the depreciated value of the aircraft or 50% of the purchase price, whichever is greater (see Depreciated Purchase Price above).

You must also self-assess PST if you were not subject to the 12% TDP between July 1, 2010 and March 31, 2013 for a specific reason (e.g. the aircraft was acquired for resale) and, on or after April 1, 2013, you use the aircraft for a taxable purpose.

### **Change in Use for Leased Non-Turbine, Non-Electric Aircraft**

If you leased a non-turbine, non-electric aircraft for a specific exempt purpose or solely for leasing to other persons, and later use the aircraft for a taxable purpose, you must self-assess PST.

You self-assess PST on:

- a prorated portion of the lease payment for the rental period in which the change in use occurs, and
- the full amount of all remaining lease payments.

To calculate PST on the prorated portion of the lease payment for the rental period in which the change in use occurs, use the following formula:

$$\text{PST} = \text{Lease payment} \times (\text{Taxable days} \div \text{Total days}) \times 7\%$$

**Lease payment** is the amount of the monthly lease payment.

**Taxable days** is the number of days remaining in the rental period (e.g. the month), including the day of the change in use.

**Total days** is the total number of days in the rental period (e.g. the month) during which the change in use occurs.

Example:

You pay \$1,000 a month to lease a non-turbine, non-electric aircraft for an exempt purpose. On April 28, during the rental period of April 1 to April 30, you use the aircraft for a taxable purpose. You pay PST as follows:

For the April rental period:  $PST = \$1,000 \times (3 \div 30) \times 7\% = \$7.00$

For all remaining rental periods:  $PST = \$1,000 \times 7\% = \$70.00$

For more information, see [Bulletin PST 315](#), Rentals and Leases of Goods.

### **Change in Use – Exception**

You do not need to self-assess PST on a non-turbine, non-electric aircraft if:

- you obtain the aircraft solely for the purposes of leasing the aircraft to other persons and occasionally, under an agreement, supplying the aircraft with an operator, and
- you capitalize the aircraft as lease inventory in your business accounting records.

Whenever you supply the aircraft with an operator, you do not self-assess change-in-use PST. Instead, you self-assess the PST due on the normal lease price of the aircraft (see Non-Turbine, Non-Electric Aircraft Occasionally Supplied With an Operator above).

### **Self-Assessing PST After a Change in Use**

If you have a PST number, you must self-assess the PST due on your next PST return. For leased non-turbine, non-electric aircraft, you must continue to self-assess the PST due on each lease payment.

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 in which the change in use occurred. For leased non-turbine, non-electric aircraft, you must continue to file this type of return on or before the last day of the month following the end of each rental period.

## Related Services

Related services are services provided to tangible personal property (goods), or services provided to install goods. PST applies to related services provided to non-turbine, non-electric aircraft, unless a specific exemption applies.

PST does not apply to related services provided to exempt aircraft, including turbine and electric aircraft.

Also, PST does not apply to any aircraft or parts brought or sent into B.C. solely for the purpose of receiving related services (e.g. repairs) if immediately after the related services are provided the aircraft or parts are transported outside B.C. for use outside B.C.

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

## Refunds

If you paid PST on any of the following, you may qualify for a refund of that PST:

- Turbine or electric aircraft or parts for that aircraft
- Non-turbine, non-electric aircraft or parts returned to collectors (e.g. aircraft dealers)
- Non-turbine, non-electric aircraft returned within 30 days to sellers that are not registered to collect PST
- Non-turbine, non-electric aircraft or parts if you did not provide the required information to obtain an exemption at the time of sale or lease (the seller or lessor can refund or credit you the PST paid if you provide the required information within 180 days from the date the PST was charged; alternatively, you can apply to us for a refund)

## **Refund of PST Paid on Non-Electric Aircraft Converted to Electric**

If you obtained an aircraft, other than by lease, for the purpose of converting the aircraft to be powered solely by electricity, you are eligible for a refund of PST you paid **on or after February 19, 2020**, on the following:

- The aircraft
- Goods that were later used to convert the aircraft to be powered solely by electricity, if the goods became part of the aircraft

- Related services provided to the aircraft to convert the aircraft to be powered solely by electricity

**Note:** If you obtained the aircraft for a purpose other than to convert it to be powered solely by electricity (e.g. you purchased and used it for passenger service), PST you paid on the aircraft does not qualify for this refund. However, PST you paid on the goods and related services to convert the aircraft can still qualify.

## **Apply for a Refund**

To apply for a refund, complete an Application for Refund – General ([FIN 355](#)).

You must also provide the supporting documentation listed in the instructions to the form. We must receive your refund claim within four years from the date you paid the PST. For example, if you paid PST on March 2, 2020, we must receive your refund claim by March 2, 2024.

For more information, see [Bulletin PST 400](#), PST Refunds.

## Need more info?

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free: 1-877-388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

[Subscribe](#) to receive email notifications when B.C. tax information is updated.

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

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### Latest Revision

November 2022

- Subject to Royal Assent of retroactive legislation the Government intends to table in Budget 2023, clarified that PST does not apply to the federal luxury tax, if applicable
  - Minor revisions
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References: Provincial Sales Tax Act, sections 1 “B.C. resident”, “band”, “fair market value”, “First Nation individual”, “lease”, “non-resident”, “registered charity”, “related individual”, “related service”, 5, 9, 10, 12, 13, 24, 25, 28, 31, 34-37, 39, 41, 49, 51, 52, 54, 55, 59-67, 81, 82, 82.01, 82.3, 83, 100, 102, 119, 120, 142, 145, 147, 152, 153 and 192; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “obtain”, 18-23, 25, 26, 55, 57, 73, 124.2, 125, 126, and 149-152; Provincial Sales Tax Regulation, sections 10, 33, 47, 48, 51, 52, 63, 72, 79 and 91; Consular Tax Exemption Regulation.