

# Ministry of Finance

## Tax Notice



ISSUED: April 1, 2020 REVISED: April 22, 2020

Notice 2020-002

[gov.bc.ca/salestaxes](http://gov.bc.ca/salestaxes)

## COVID-19 – Sales Tax Changes

*Carbon Tax Act, Motor Fuel Tax Act, Provincial Sales Tax Act and Tobacco Tax Act*

Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this notice dated April 1, 2020. For a summary of the changes, see Latest Revision at the end of this document.*

This notice explains how the tax changes announced as part of BC's [COVID-19 Action Plan](#) apply to each of the four sales taxes.

Subscribe to our [What's New in B.C. Sales Taxes](#) page to ensure you receive updates about BC sales taxes.

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### Deferred Sales Tax or Security Payments

Effective March 23, 2020, the filing and payment due dates for the following sales taxes are extended to September 30, 2020:

- Carbon tax
- Motor fuel tax, including the International Fuel Tax Agreement
- Provincial sales tax (PST), including the municipal and regional district tax on accommodation
- Tobacco tax

Tax returns and payments with due dates after March 23, 2020 and before September 30, 2020 will now be due on September 30, 2020. This deferral is automatic and no action, such as an application, is required on your part.

In September, you may make a lump-sum payment, however you must submit separate returns for each of your reporting periods.

If you prefer, you may:

- continue to file your returns according to your usual reporting periods and defer your payments until September 30, 2020, or
- continue to file your returns and make payments according to your usual reporting periods.

After September 30, 2020, returns for all sales taxes will be due on their usual due dates.

Due dates vary between carbon tax, motor fuel tax, PST and tobacco tax. The following two examples are for PST filers.

#### Example 1

You are a monthly filer. Your return and payment for the February reporting period are normally due on March 31. However, the new due date for this period is September 30, 2020. The returns and payments for the March through August reporting periods are also due on September 30, 2020. Your return and payment for the September reporting period are unchanged and due on October 31, 2020.

#### Example 2

You are a quarterly filer. Your January 1 – March 31, 2020 return and payment are normally due on April 30, 2020. However, the new due date for this period is September 30, 2020. Your July 1 – September 30, 2020 return and payment are unchanged and due on October 31, 2020.

**Note:** You must continue to include sales taxes on your invoices and collect the taxes from your customers. The deferral applies only to filing and paying the taxes to us.

#### **Commission**

If you decide to defer your payments until September 30, 2020, to be eligible to claim commission on your returns for the reporting periods that are now due on September 30, 2020, you must:

- continue to file your returns according to your usual reporting periods, or
- file separate returns for each of your reporting periods by September 30, 2020, and
- make the lump-sum payment (less the commission amount for each reporting period) by September 30, 2020.

## **Pre-payments of Tax or Security**

If you made a pre-payment of tax or security to take effect after March 23, 2020, you may be able to cancel it.

If you have pre-payments set up in eTaxBC, you can cancel payments that have not already been processed. Processed payments cannot be returned or refunded.

If you ask your financial institution to stop a payment, a dishonoured payment fee will apply.

If you have a credit on your account that is not a pre-payment for tax or security owing or tax collected, you may be eligible for a refund as usual.

## **Provincial Sales Tax**

### **PST Registrants**

You have the option to temporarily close your PST account if you are stopping business operations. To close your PST account, submit a closure request [online using eTaxBC](#), or submit a *Request to Close Provincial Sales Tax Account (FIN 357)*.

### **Self-Assessing the PST**

If you are required to self-assess PST, you may also defer your returns and payments until September 30, 2020.

### **Budget 2020 PST Changes Delayed**

The following tax changes announced in [Budget 2020](#) will be postponed until further notice:

- Eliminating the PST exemption for carbonated beverages that contain sugar, natural sweeteners or artificial sweeteners
- Expanded registration requirements for Canadian sellers of goods, along with Canadian and foreign sellers of software and telecommunication services

### **Exempt Sales to First Nations**

If you make tax-exempt sales to eligible First Nations individuals and bands on First Nations land, you must continue to verify customer eligibility for an exemption and follow the established documentation procedures to the best of your ability. Until further notice, you may modify your existing process of obtaining customer information to record the transaction to ensure physical distancing. You do not need to obtain customers' signatures at this time.

For important exemption information, including the definitions of a First Nations individual and band, First Nations land and documentation procedures, see [Bulletin PST 314](#), *Exemptions for First Nations*.

**Note:** You must continue to follow the requirements for online sales.

### **Municipal and Regional District Tax**

The disbursement of the municipal and regional district tax (MRDT) on accommodation collected on behalf of municipalities and regional districts for tourism promotion will continue. However, as short-term accommodation providers defer their MRDT remittances or close their businesses, disbursements to municipalities and regional districts for the purposes of tourism marketing may be reduced. MRDT administration fees paid by the municipalities and regional districts will be waived during the deferral period.

### **Motor Fuel Tax, Carbon Tax and Tobacco Tax**

#### **Delayed Carbon Tax Increase**

Carbon tax rates will remain at their current levels until further notice. The alignment of carbon tax rates with the federal carbon pricing backstop methodology as announced in [Budget 2020](#) is also postponed until further notice. When referring to the [Tax Schedule](#), refer to the tax rates by fuel type for **April 1, 2019 and not April 1, 2020** until further notice.

Until further notice, continue to use the carbon tax returns and refund applications with the reporting period of April 1, 2019 – March 31, 2020 for reporting periods beyond March 31, 2020.

**Do not file** the *Carbon Tax Return – Inventory (FIN 103)* as previously instructed in the *Notice to Deputy Collectors and Retail Dealers – Fuel Inventory* issued in March 2020. These returns will not be processed at this time.

#### **International Fuel Taxation Agreement (IFTA) Commercial Carriers**

Until further notice, IFTA carriers entitled to a refund on or after April 1, 2020 will receive refunds at the rates in effect on April 1, 2019.

#### **Exempt Sale Retail Dealers (Tobacco) and Exempt Fuel Retailers**

If you are an Exempt Sale Retail Dealer or an Exempt Fuel Retailer operating on First Nations land, you must continue to record all the required information for every tax-exempt sale on the signature sheets. However, until further notice, you do not need to obtain customers' signatures.

If you are not an Exempt Fuel Retailer and you sell fuel exempt from tax to eligible First Nations individuals or bands, you do not need to obtain customers' signatures until further notice, but you must continue to verify and record the customer information needed to demonstrate eligibility for the exemption. When applying for a refund of security you paid because you sold fuel to an eligible First Nations individual or band, you must continue to provide the established documentation except customers' signatures.

For more information on Exempt Sale Retail Dealers, see [Retailing Tax-Exempt Tobacco](#) and for Exempt Fuel Retailers, see [Bulletin MFT-CT 002, Sales to First Nations and the Fuel Tax Exemption Program](#).

### **Penalties**

If your business has been impacted by COVID-19 causing a tax assessment, late payment or underpayment of tax or security, contact us:

#### **PST**

Toll free: 1-866-566-3066 (within Canada)

1-250-387-6727 (outside Canada)

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

#### **Motor Fuel and Carbon Tax**

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

#### **Tobacco Tax**

Toll free: 1-877-388-4440

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

### **Further Information**

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

Toll free: 1-877-388-4440

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

Subscribe to our [What's New in B.C. Sales Taxes](#) page and to the [COVID-19 Updates: Provincial Tax & Revenue Changes](#) page to receive email updates when information changes.

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

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**Latest Revision****April 22, 2020**

- Added information on:
    - eligible commission amounts
    - cancelling prepaid tax or security amounts
    - verifying exempt sales to First Nations customers
  - Clarified the option to continue to make payments according to regular reporting periods
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