



Provincial Sales Tax (PST) Bulletin

Bulletin PST 141

Issued: October 2018

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Subscribe

Cannabis

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated October 2018. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how PST applies to cannabis.

For up to date information on registering a business in BC, applying for a cannabis retail store licence and registering to collect and remit the PST, go to our cannabis [webpage](#).

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Registration

PST applies to medical and non-medical cannabis products and cannabis accessories. Therefore, you must register to collect and remit PST if you sell or intend to sell medical or non-medical cannabis or cannabis accessories.

Medical Cannabis

If you sell or intend to sell medical cannabis at retail in BC, you must register to collect and remit PST. Before you can register for PST, you must be federally authorized to make retail sales of medical cannabis. You must provide proof of your [Health Canada Producer Licence](#) and your business lease agreement at the time of registration.

Federal license holders located outside BC but within Canada may also need to register if they meet certain criteria. For more information, see [Businesses in Canada but Outside BC in Bulletin PST 001](#), *Register to Collect PST*.

Non-medical Cannabis

If you sell or intend to sell non-medical cannabis, you must register to collect and remit PST. Before you can register for PST, you must have a registered business in BC and a cannabis retail store licence. You must provide proof of your cannabis retail store licence and your

business lease agreement at the time of registration. For information on applying for a cannabis retail store licence, see [Non-Medical Cannabis Retail Licence](#).

Note: All businesses that must be registered to collect and remit PST are considered to be PST collectors whether or not they are actually registered. All PST collectors have specific obligations to collect and remit PST.

How to Register

You can apply to register to collect and remit PST using any of the following options:

- **Online:** register online using **eTaxBC** (see our webpage [Register to Collect PST](#) for more information)
- **In person:** at your local [Service BC Centre](#)
- **By fax or mail:** complete an *Application for Registration for Provincial Sales Tax (PST)* ([FIN 418](#)) and send it to us

If we approve your application, you will be provided with a letter advising you of your PST number and your ongoing reporting periods for your PST returns.

Businesses Currently Registered to Collect PST

If you are already registered to collect PST and you become licensed to sell medical or non-medical cannabis products in BC, you must [provide us](#) with proof of your [federal Health Canada Producer licence](#) or [cannabis retail store licence](#) as soon as possible.

Cannabis Wholesalers

If you only sell cannabis products at wholesale, you are not required to register for PST. You may still wish to register so you can use your PST number to claim an exemption in certain circumstances, e.g. inventory purchases for resale. For more information, see Voluntary Registration in [Bulletin PST 004](#), *Wholesalers*.

Sales

Taxable Sales

Cannabis Products

You charge 7% PST on retail sales of cannabis products, such as:

- Fresh or dried cannabis flowers, capsules, concentrates (including oils or tinctures) or topical products (except drugs listed in Schedule I or IA of the [Drug Schedules Regulation](#). See Non-Taxable Sales below)
- Cannabis seedlings
- Cannabis products for household pets
- Soap or bath products containing cannabis
- Edible cannabis products (except edible hemp products, see Non-Taxable Sales below).

Other Goods

You charge 7% PST on retail sales of all other taxable goods, such as:

- Cannabis accessories and their parts
 - Rolling papers or wraps

- Grinders and screens
- Holders
- Pipes or bubblers
- Bongs or water pipes
- Vaporizers
- Vape pens
- Dab or oil rigs
- Batteries
- Cleaning tools and solutions for accessories
- Lighters

Non-taxable Sales

You do not charge PST on the following products:

- Cannabis seeds
- Drugs listed in Schedule I or IA of the [Drug Schedules Regulation](#) (exempt for all purchasers, including hospitals, practitioners and health authorities)
- Food products derived from hemp plants and parts, such as hemp seeds, hemp hearts, hemp protein powder and hemp seed oil

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.

Sales to Certain Individuals

You do not charge PST on goods purchased by:

- First Nations individuals in certain situations (see [Bulletin PST 314](#), *Exemptions for First Nations*)
- Persons who qualify as members of the diplomatic or consular corps (see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*)

Purchases and Leases for Your Business

Taxable Goods

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

- Advertising materials, such as flyers and brochures
- Cleaning supplies, such as rags, soaps and cleaning solutions
- Computer hardware, including point-of-sale systems and other electronic devices
- Energy for heat and light
- Freestanding freezer and refrigeration units
- Paper towels and toilet paper

- Shelving and display equipment
- Stationery, furniture and office equipment
- Supplies, such as cash register tapes, letterhead, toner, cleaning supplies
- 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 Brought Into BC

You must pay PST if you purchase or lease taxable goods outside BC and bring, send or receive the goods in BC. You 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 your supplier does not charge you PST at the time of the sale or lease, 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 Return (FIN 405)* on or before the last day of the month following the month you brought, sent or received goods in BC.

For more information, see [Bulletin PST 310](#), *Goods Brought 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 materials 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 materials. For example, you must pay PST if you buy hats or pens 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 a box of pipes at a cost of \$20 per pipe. In an effort to promote greater sales, you offer to sell the pipes to preferred customers at a below cost price of \$10 per pipe. In this case, your customer pays PST on the \$10 purchase price of the pipe. In addition, on your next PST return, you need to self-assess PST based on the following formula:

$$\begin{aligned} &(\text{Cost} - \text{Customer's purchase price}) \times \text{PST rate} = \text{PST to self-assess} \\ &(\$20 - \$10) \times 7\% = \$0.70 \text{ PST to self-assess} \end{aligned}$$

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 bottles of cannabis capsules at \$15 per item and attempted to sell them for \$25 per bottle. After some time, you decide to mark down the remaining items to \$10 per bottle before the expiry date or because their value has decreased. In this case, your customer pays PST on the \$10 purchase price of the bottles of cannabis capsules, 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 (e.g. cannabis or cannabis accessories) you obtain solely for resale to your customers.

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

Change in Use

If you take taxable goods 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 the *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.

Goods Incorporated into Other Goods for Resale

You are exempt from PST on goods you obtain solely for processing, fabricating, manufacturing, attaching, or incorporating into other goods for resale, such as rolling papers that you obtain to make cannabis cigarettes. To purchase these items exempt from PST, give the supplier your PST number. If you do not have a PST number and you qualify, give the supplier a completed *Certificate of Exemption – General* ([FIN 490](#)).

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

Containers and Packaging Materials

You are exempt from PST on containers and packaging materials (except reusable containers) you obtain solely for packaging goods for sale, or if you provide them to your customers with their 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.

If you make your own containers and packaging materials solely for use in packaging the cannabis products you sell, you may purchase the materials exempt from PST.

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*.

Labels

You are exempt from PST on labels you obtain solely for attaching to the goods you sell, provided they remain with the goods after the sale. If you remove the labels from the goods at or before the time of sale, you must pay PST on the labels.

To claim this exemption, you provide your PST number to your supplier or, if you are not registered, a completed *Certificate of Exemption – General* ([FIN 490](#)).

Safety Equipment and Protective Clothing

The following safety equipment and protective clothing is exempt from PST:

- Work-related safety equipment and protective clothing designed to be worn by, or attached to, a worker if required under specified provincial work safety legislation when purchased or leased by an employer, self-employed person or educational institution
- Specifically listed work-related safety equipment and protective clothing designed to be worn by a worker, including respirators
- Specifically listed general safety equipment and protective clothing, including first aid kits and portable fire extinguishers

For more information, see [Bulletin PST 100](#), *Safety Equipment and Protective Clothing*.

Improvements to Real Property and Affixed Machinery

Real property is land and anything that is attached to the land, so it becomes part of real property after installation (i.e. is no longer personal property at common law). This would normally include buildings, structures, and things such as machinery or equipment, that are attached to the land (or to buildings or structures) by some means other than their own weight.

If you enter into a contract under which a contractor will supply and affix, or install, goods so they become part of real property, your contractor must pay PST on the goods they use to fulfil the contract, unless a specific exemption applies. In this case, as the customer of the contractor, you do not pay PST on the contract.

For more information, see [Bulletin PST 501](#), *Real Property Contractors*.



Need more info?

Online: gov.bc.ca/pst

Toll free: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

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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

January 2019

- Revised to correct an error about how PST applies to cannabis seeds
 - Revised to clarify that all cannabis products purchased for resale are exempt from PST
 - Revised to clarify that PST applicants must provide proof of their retail licences
 - Revised to explain that cannabis products listed in Schedule I or IA of the [Drug Schedules Regulation](#) are exempt from PST
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References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “collector”, “fair market value”, “promotional distribution”, “promotional material”, “retail sale”, “reusable container”, “sale”, “use”, 16, 28, 34, 37, 49, 81, 101, 141, 168-169, 172 and 174; *Provincial Sales Tax Exemption and Refund Regulation*, sections 4.1, 32-33, 35, 45 and 52; *Provincial Sales Tax Regulation*, sections 1 “cannabis”, 47 and 86.