



Online Marketplace Facilitators and Sellers, and Online Marketplace Services

Provincial Sales Tax Act

Latest Revision: This bulletin has been rewritten and replaces the previous version dated August 2022.

This bulletin explains how PST applies effective July 1, 2023, to online marketplace facilitators, online marketplace sellers and online marketplace services.

For more detailed information on sales of accommodation in B.C., including sales through online marketplaces, see our [Accommodation](#) page.

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Definitions

For the purposes of this bulletin:

- **Associated corporation** means a corporation that is associated with another corporation within the meaning of section 256 of the Income Tax Act (Canada)
- **Sale of goods** includes the sale, provision or lease of goods
- **Sale of software** includes the sale or provision of software
- **Sale of taxable services** includes the sale or provision of taxable services
- **Taxable service** includes related services, accommodation, telecommunication services and online marketplace services but does not include legal services

Overview

An **online marketplace** operated by an **online marketplace facilitator** is an online platform (e.g. a website or mobile app) that allows third parties (**online marketplace sellers**) to sell goods and services to online purchasers.

Generally, these online marketplace sellers are not required to collect PST, Municipal and Regional District Tax (MRDT) or Major Events MRDT on their sales made through the online marketplace. Instead, the online marketplace facilitator who operates the platform must collect and remit the tax (see Online Marketplace Facilitators below).

The online marketplace facilitator must also charge and collect PST on any online marketplace services they provide to an online marketplace seller (see Online Marketplace Services below).

Note: While online marketplace sellers are not required to collect PST or MRDT on their sales made through an online marketplace operated by an online marketplace facilitator, the seller may be required to collect and remit the tax on any taxable sales they make outside the online marketplace (e.g. through their own website or physical business location). See Online Marketplace Sellers below.

Online Marketplace Facilitators

An **online marketplace facilitator** is a business that does all the following:

- contracts with online marketplace sellers,
- operates an online marketplace platform (e.g. a website or mobile app) to facilitate the purchase and retail sale, provision or lease of goods, software or services (including accommodation) between online marketplace sellers and online purchasers, and
- collects payments for these sales, provisions or leases, from the purchasers.

Note: If you contract with a third party to collect payment from the online marketplace seller's customers, you are still considered to be collecting payment.

An online marketplace facilitator is not acquiring an online marketplace seller's goods, software or services for resale and is not required to provide their PST number or other proof of registration to an online marketplace seller, for that purpose.

Example 1:

You operate an online marketplace through which you sell your own goods. In addition, online marketplace sellers can sell their goods at retail through your online marketplace. You facilitate these sales through your online marketplace and collect customer payments on behalf of the online marketplace sellers.

You are an online marketplace facilitator because you facilitate the sale of, and collect payment for, online marketplace sellers' goods.

If you only sold your own goods and did not facilitate other online marketplace sellers' sales, then you are not an online marketplace facilitator.

Example 2:

You own and operate a social media network and provide an online marketplace for persons using the network to buy and sell goods. You function solely as an advertising marketplace bringing buyers and sellers together. Once the buyer and seller have contacted each other over the network, they must negotiate the sale and make payment arrangements themselves.

While the platform you provide is an online marketplace, you are not an online marketplace facilitator because you do not collect payment from customers on behalf of the sellers.

Example 3:

You operate a specialized online marketplace that sells various brands of fashion wear to customers. You purchase fashion wear for resale from various suppliers and you offer it for sale through your online marketplace. Your marketplace does not indicate to customers that the sales are made on behalf of any identified third-party sellers.

You are not an online marketplace facilitator because you are an online retailer making your own sales of fashion wear, not facilitating third-party sales.

Who Must Register to Collect and Remit PST on Facilitated Sales

Online marketplace facilitators must register to collect and remit PST if they facilitate an online marketplace seller's retail sale of:

- goods that at the time of sale are located within Canada and are sold to a person in B.C.,
- software for use on or with an electronic device ordinarily situated in B.C.,
- accommodation located in B.C., or
- taxable services, other than accommodation, to a person in B.C.

However, online marketplace facilitators are **not** required to register if:

- the gross value of retail sales of goods, software and taxable services that the online marketplace facilitator made or facilitated in the preceding 12 months was \$10,000 or less, **or**
- the reasonable estimate of the gross value of retail sales of goods, software and taxable services that the online marketplace facilitator will make or facilitate in the next 12 months is \$10,000 or less, **or**
- there are two or more online marketplace facilitators who jointly operate, own or control an online marketplace and at least one of the other online marketplace facilitators is registered to collect and remit PST and will collect all PST payable for those taxable sales made through the online marketplace, **or**
- they facilitate only non-taxable or exempt sales.

Note: Online marketplace facilitators are also required to register to collect and remit PST on online marketplace services they provide to online marketplace sellers (see Online Marketplace Services below).

For more information on registration, see [Bulletin PST 001](#), Registering to Collect PST.

Example 1:

You are an online marketplace facilitator who jointly owns and operates an online marketplace with another company. You are already registered to collect and remit PST and will collect and remit PST on all sales you facilitate through the online marketplace.

The other company is not required to register.

Example 2:

You are an online marketplace facilitator who owns and operates an online marketplace for lodging, primarily homestays for vacation rentals and tourism activities. Property owners use your online marketplace to list their spaces to travellers looking for a place to stay. Your online marketplace is accessible via website and mobile app. You facilitate sales of accommodation (including accommodation located in B.C.) for the online marketplace sellers.

You must register to collect and remit PST and MRDT, where applicable.

For more information on sales of accommodation in B.C., including the additional Major Events MRDT for Vancouver, see our [Accommodation](#) page and use our [MRDT location map](#) to find participating areas and their tax rates.

Collecting PST on Goods From Outside Canada

Effective July 1, 2023, online marketplace facilitators are **not** required to collect PST on goods located outside Canada at the time of sale regardless of whether the good is intended for personal or commercial use.

Example:

You are an online marketplace facilitator who is registered to collect and remit PST. You operate an online marketplace accessible around the world. One of your online marketplace sellers is located in Manitoba. However, the online marketplace seller stores its goods in Mexico at your fulfilment warehouse. You facilitate a sale of the online marketplace seller's goods to a customer in B.C. At the time of sale, the goods are located in Mexico.

You are not required to collect and remit PST on goods sent from outside Canada into B.C.

Online Marketplace Services

PST applies to online marketplace services at the rate of 7%.

An **online marketplace service** is any of the following services provided by an online marketplace facilitator, or by an agent, partner, joint venturer or associated corporation of the online marketplace facilitator, to an online marketplace seller:

- Listing sales, provisions or leases of goods, software or services (including accommodation provided in B.C., but not legal services)
- Advertising or promotions

- Customer service
- Storage
- Fulfilling orders or bookings
- Collecting or facilitating payments, either directly or indirectly, and transferring payments to the online marketplace seller
- Accepting or assisting with cancellations, changes, returns or exchanges of goods, software or services other than legal services
- Other services to facilitate an online marketplace seller's sale, provision or lease of goods, software or services, other than legal services, through the online marketplace

Effective July 1, 2023, online marketplace services are restricted to services in respect of sales, provisions or leases made on the online marketplace facilitator's online marketplace. For example, advertising purchased by an online marketplace seller for a line of business unrelated to goods sold on the online marketplace is not considered an online marketplace service.

Example 1:

You operate an online marketplace and are an online marketplace facilitator. You provide picking, packing and storage services to online marketplace sellers who sell goods through your online marketplace.

The picking, packing and storage are online marketplace services.

Example 2:

You are a customer service provider. You partner with an online marketplace facilitator to provide customer service (including assistance with booking) in relation to short-term accommodation rentals in B.C. facilitated by the online marketplace facilitator. You charge the accommodation sellers for the service you provide.

The customer service (including assistance with booking) is an online marketplace service.

Example 3:

You operate a payment processing company. You contract with an online marketplace facilitator to provide a payment processing service. The legal relationship between you and the online marketplace facilitator is solely a service contract. You charge online marketplace sellers a fee each time you process a payment related to their sales through the online marketplace.

Because you are not an online marketplace facilitator and you are not an agent, partner, joint venturer or associated corporation of the online marketplace facilitator, your payment processing service is not an online marketplace service.

Example 4:

You operate a corporate group. Company A owns an online marketplace that facilitates sales for online marketplace sellers. Company B is a payment processing company. Company B charges online marketplace sellers a fee each time it processes a payment related to their sales through the online marketplace. Company A is a corporation that is associated with Company B within the meaning of section 256 of the Income Tax Act (Canada).

Because Company B is an associated corporation of an online marketplace facilitator (Company A), the payment processing service is an online marketplace service.

How PST Applies to Online Marketplace Services

Effective July 1, 2023, online marketplace sellers must pay PST to online marketplace facilitators on online marketplace services in the following situations.

- The online marketplace service is provided to goods and the goods are in B.C. at the time the service is provided to the goods.
- The online marketplace service is storing goods and the goods are in B.C. when stored.
- The online marketplace service is in respect of accommodation located in B.C.
- If the online marketplace service is not a service to goods, storage of goods or in respect of accommodation, then the service is taxable if the online marketplace seller is located in B.C., except where the service is used wholly outside B.C.

An online marketplace seller is considered to be **located in B.C.** if any of the following conditions are met:

- Has a physical presence in B.C., including:
 - a storefront, factory, mill, branch, office or other physical place of business (except use of temporary space such as trade show booths)
 - a place of extraction such as a mine, oil and gas well, or logging site
 - real property, such as a warehouse or yard, that is leased or owned (does not include a contract with another person to store inventory, such as a contract with a fulfilment house)
- Has agents or employees physically located in B.C.
- Business management and control is in B.C.

Effective July 1, 2023, PST generally applies to online marketplace services provided to an online marketplace seller, whether the seller is selling **taxable, exempt or non-taxable** goods, software or services through the online marketplace. Before July 1, 2023, PST did not apply to an online marketplace service that facilitated the sale of non-taxable services (e.g. massage services).

Note: If you, as an online marketplace seller, are not charged PST on an online marketplace service, you must self-assess (pay directly to us) the PST due on the service you purchased. 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 you purchased the service.

Example 1:

You are an online marketplace seller with offices in Seattle, Washington, and sell your goods through an online marketplace. The online marketplace facilitator provides you with storage services to store your goods. Your goods are stored at the online marketplace facilitator’s warehouse in Vancouver, B.C.

You must pay PST on the storage services because the goods are stored in B.C.

Example 2:

You are a restaurant located in B.C. and you sell your food to customers located in B.C. through an online marketplace. You do not sell your food outside B.C. The online marketplace facilitator charges you a fee to advertise your food on their website.

You must pay PST on the fee.

Example 3:

You have an office in B.C. and sell your goods through an online marketplace. You sell your goods around the world. The online marketplace facilitator provides you with storage services to store your goods. Your goods are stored at the online marketplace facilitator's warehouse in Minnesota.

You do not pay PST on the storage service because the location of the goods is outside B.C.

Example 4:

You are an online marketplace seller who sells shoes through an online marketplace and sells socks exclusively on your own website (no online marketplace facilitator involved). You purchase advertising services for the socks from an associated corporation of the online marketplace facilitator.

The advertising service you purchased is not an online marketplace service because the advertising service is not provided to goods sold through the online marketplace. You are selling through your own website, and you are not required to pay any PST on the purchase of the advertising service.

However, if the advertising service you purchased is for both the shoes and the socks, then the advertising service is considered an online marketplace service and PST applies.

Example 5:

You are an online marketplace facilitator located in San Jose, California. You facilitate sales of software for an online marketplace seller located in Seattle, Washington. The online marketplace seller has customers inside and outside B.C. and sells software for use on an electronic device ordinarily situated in B.C. You provide online marketplace services to the online marketplace seller.

You are not required to collect PST on the online marketplace services you provide to the online marketplace seller because the online marketplace seller is not located in B.C.

However, you must still charge and collect PST for facilitated sales of software for use on an electronic device ordinarily situated in B.C.

Example 6:

You are an online marketplace facilitator located in California and online marketplace sellers from around the world sell through your online marketplace. You have an online marketplace seller located in B.C. that makes sales to German customers. You provided the B.C. online marketplace seller with storage services (i.e. you store their goods). The storage facility is in Germany.

You are not required to collect PST because (although the online marketplace seller is located in B.C.) storage services are only taxable online marketplace services if the goods are in B.C. when stored.

Who Must Register to Collect and Remit PST on Online Marketplace Services

Online marketplace facilitators (or their agents, partners, joint venturers or associated corporations) **located in B.C.** who, in the ordinary course of their business in B.C., sell or provide online marketplace services to an online marketplace seller at a retail sale in B.C., must register to collect and remit PST on these services.

Online marketplace facilitators **located outside B.C.** must register to collect and remit PST on online marketplace services provided to online marketplace sellers in the following situations.

- The online marketplace service is provided to goods and the goods are in B.C. at the time the service is provided to the goods.
- The online marketplace service is storing goods and the goods are in B.C. when stored.
- The online marketplace service is in respect of accommodation located in B.C.
- If the online marketplace service is not a service to goods, storage of goods or in respect of accommodation, the online marketplace facilitator must register if the online marketplace seller is located in B.C., except where the service is used wholly outside B.C.

Online marketplace facilitators **located outside B.C.** are not required to register if their gross revenue from all retail sales of goods, software and taxable services (including online marketplace services):

- in the preceding 12 months was \$10,000 or less, or
- for the next 12 months is reasonably estimated to be \$10,000 or less.

For more information on registration, see [Bulletin PST 001](#), Registering to Collect PST.

Example 1:

You are a payment processing business and an associated corporation of an online marketplace facilitator. Your sole activity with respect to online marketplace sales is to process financial transactions between two parties on the associated corporation's online marketplace. You provide the online marketplace service to an online marketplace seller located in B.C.

You must register to collect and remit PST.

Example 2:

You are an online marketplace facilitator located in Germany. Your online marketplace is accessible anywhere in the world and has online marketplace sellers located around the world including B.C. You provide online marketplace services to an online marketplace seller located in B.C., although the online marketplace seller does not have customers in B.C. The services you provide the B.C. online marketplace seller are listing the sale of goods and advertising to purchasers located in Germany. You charge a flat monthly fee for the services you provide to all your customers worldwide.

You are not required to register to collect and remit PST as the online marketplace service is provided to the B.C. online marketplace seller who wholly uses the online marketplace services outside B.C.

Example 3:

You are an associated corporation of an online marketplace facilitator. You are located in Montreal, Quebec. You provide pay-per-click advertising to an online marketplace seller located in B.C. The advertising can appear on websites anywhere in the world including B.C. You charge a flat monthly fee for the advertising services.

You are required to register to collect and remit PST if you provide pay-per-click advertising services to an online marketplace seller in B.C. who uses the online marketplace services in B.C.

Exempt Online Marketplace Services

Effective July 1, 2023, online marketplace facilitators are exempt from PST on their purchase of online marketplace services from a related corporation.

If a related corporation of an online marketplace facilitator only sells exempt online marketplace services, the related corporation is not required to register to collect and remit PST.

Records of Online Marketplace Facilitators

Online marketplace facilitators who are required to be registered to collect and remit PST must keep the following records of each online marketplace seller for whom they facilitated a sale of goods, software or taxable services:

- Name or business name, address and contact information
- Business number if the online marketplace seller is in Canada, and has a business number
- Federal employer identification number if the online marketplace seller is in the United States of America
- Total amount of payment the online marketplace facilitator collected and transmitted to the online marketplace seller for all B.C. sales of goods, software and taxable services (including accommodation) facilitated by the online marketplace facilitator through the online marketplace
- Total amount of provincial tax collected by the online marketplace facilitator from the purchaser on behalf of the online marketplace seller for facilitated sales
- Total amount of provincial tax remitted by the online marketplace facilitator on behalf of the online marketplace seller for facilitated sales

Information Returns

Online marketplace facilitators who are required to be registered to collect and remit PST must file an annual information return through [eTaxBC](#). The information return must be filed on or before August 31 of each year for the period beginning July 1 of the previous year and ending June 30 of the current year.

If you are registered as an online marketplace facilitator, the information return is available in your eTaxBC PST account.

Information returns must contain the following information about each online marketplace seller for whom B.C. sales of goods, software or taxable services (including accommodation located in B.C.) were facilitated:

- Name or business name, address and contact information
- Business number if the online marketplace seller is in Canada, and has a business number
- Federal employer identification number if the online marketplace seller is in the United States of America
- Total amount of payment the online marketplace facilitator collected and transmitted to the online marketplace seller for all B.C. sales of goods, software and taxable services (including accommodation located in B.C.) facilitated by the online marketplace facilitator through the online marketplace
- Total amount of provincial tax collected by the online marketplace facilitator from the purchaser on behalf of the online marketplace seller for facilitated sales
- Total amount of provincial tax remitted by the online marketplace facilitator on behalf of the online marketplace seller for facilitated sales

Information returns must also contain:

- Total amount of payment (excluding taxes) accepted by the online marketplace facilitator from all taxable or exempt B.C. sales of goods, software and services (including accommodation located in B.C.) facilitated by the online marketplace facilitator through the online marketplace
- Total amount of payment (excluding taxes) accepted by the online marketplace facilitator from online marketplace sellers for online marketplace services provided by the online marketplace facilitator to goods or to store goods in B.C., in respect of accommodation in B.C., or other services if the online marketplace seller is located in B.C.

Online Marketplace Sellers

An **online marketplace seller** is a person who, through an online marketplace operated by an **online marketplace facilitator**, sells goods, software or services (including accommodation).

An online marketplace facilitator is required to register and collect PST or MRDT on taxable transactions that are facilitated through the online marketplace; therefore, the online marketplace seller is **not** required to register and collect PST or MRDT on these transactions. However, the online marketplace seller remains jointly and

severally liable for any PST or MRDT not collected and remitted by the online marketplace facilitator in relation to the online marketplace seller's sales.

Note: If you sell goods, software or services (including accommodation) through an online marketplace facilitator, the online marketplace facilitator is not acquiring your products for resale and is not required to provide you their PST number or other proof of registration, for that purpose.

Online marketplace sellers may be required to register to collect and remit PST or MRDT on any taxable sales of goods, software or taxable services they make outside of an online marketplace operated by an online marketplace facilitator (e.g. through their own website or physical business location). For more information, see [Bulletin PST 001](#), Registering to Collect PST.

PST on Online Marketplace Services

Online marketplace sellers must pay PST on online marketplace services they purchase (see Online Marketplace Services above).

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.

References: Provincial Sales Tax Act, sections 1 "facilitate", "online marketplace facilitator", "online marketplace seller", "online marketplace service", "original purchase price", "purchaser", "small seller", "taxable service", "use", 21.1, 54, 55, 134.3, 134.4, 168, 172.3, 172.4, 174, 199.2, 202, 203, 240; Provincial Sales Tax Exemption and Refund Regulation, section 88.3; Provincial Sales Tax Regulation, sections 88.3, 88.4, 93.1.