Provincial Sales Tax (PST) Bulletin

Bulletin PST 306

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Goods Brought Into BC by New Residents

Provincial Sales Tax Act

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

This bulletin provides information to help new residents understand how the PST applies to goods they bring into BC.

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Overview

What is PST

PST is BC's provincial retail sales tax. PST applies to goods that are:

- purchased at a retail sale in the province,
- leased (rented) in the province, or
- brought in from outside BC for use in the province.

Exemption for New Residents

PST applies to goods brought, sent or delivered into BC for use, unless a specific exemption applies.

As a new resident individual, you may be eligible for an exemption from PST on goods you bring into the province if you meet the criteria outlined below.

Who is a New Resident

For the purposes of this exemption, you are a new resident if:

- you were previously a resident of another jurisdiction and have never resided in BC, or
- you previously resided in BC, but gave up your residency here and lived somewhere else as your principal residence.

You become a new resident on the date you actually move to BC to take up residence. This means that a real estate closing date does not determine when you become a resident of BC. If you are an out-of-province resident and buy a home in BC because you will be moving here, but you are still a resident of another jurisdiction on the date the real estate sale closes, you are not yet a resident of BC.

If you reside in BC, or have temporarily lived outside BC but did not give up residency in BC, you are not eligible for the exemption. You are required to pay PST on goods purchased elsewhere and brought into BC for use.

Corporations are not eligible for this exemption.

Goods Eligible for the Exemption

As a new resident, you may bring goods (e.g. equipment, motor vehicles, boats) into BC without paying PST if **all three** of the following criteria are met:

1. The goods are brought, sent or received in BC solely for a non-business purpose
2. The goods enter BC within one year of you becoming a resident of BC (e.g. if you became a resident on January 1, the goods must enter BC by December 31)
3. You own the goods and have owned the goods for a continuous period of at least 30 days before you became a resident of BC

Please Note: Different rules apply if the goods were brought into BC before February 19, 2014. For more information, please contact us.

Business Use

Goods Brought Into BC for Business Use

PST must be paid on the value of goods you bring, send or receive in BC for business use. For information on how to self-assess PST, see Paying the PST below.

Unless you can provide evidence to the contrary, motor vehicles and other goods registered in the name of a business (i.e. with a DBA name) are considered to have been brought into BC for business use. You must pay PST on such items.

A personal vehicle registered and licensed in your name, which you also use to do business for your employer, may qualify for exemption, even if you receive compensation from your employer for business use of the vehicle. To find out if you are eligible for the exemption in such a situation, you should request a ruling from the ministry by emailing us the details of your situation.

Personal Goods Brought Into BC and Later Used for Business Use

If you bring, send or receive personal goods into BC and later use those goods for business use, unless the exception below applies, you must self-assess the PST due as of the date you use the goods for business use.

You calculate and self-assess PST based on the following formula:

PST due = (PST rate x depreciated purchase price) – BC tax previously paid

You must calculate the depreciated purchase price of the goods as of the date you use the goods for business use.

Depreciated Purchase Price

The depreciated purchase price of taxable goods is the greater of:

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

The **depreciated value** is determined on a straight-line basis as follows:

Depreciated value = Purchase price – [purchase price x depreciation rate]

You may only calculate the depreciated value on the following types of equipment using the depreciation rates listed below. Goods not listed below **cannot** be depreciated.

Type of Equipment	Depreciation Rate
Vehicles, including all trailers and self-propelled equipment	30% per year, plus 2.5% per 30-day period for partial years
Aircraft	25% per year, plus 2.0833% per 30-day period for partial years
Vessels	15% per year, plus 1.25% per 30-day period for partial years
Railway rolling stock	10% per year, plus 0.8333% per 30-day period for partial years
Other equipment, furnishings and affixed machinery	20% per year, plus 1.667% per 30-day period for partial years

Calculating the Depreciation Rate

To calculate the deprecation rate, follow these steps:

1. Calculate the number of whole years between the date you acquired the goods and the date you brought the goods into BC.
2. After calculating #1 above, calculate the number of days remaining in the partial year (if any) between the date you acquired the goods and the date you brought the goods into BC. 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 rates in the table above by the number of years and 30-day periods.

Self-Assessing 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 a *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month you use the goods for business use.

Exception

Under certain conditions, if you initially qualified for the exemption above because you brought, sent or received goods in BC solely for a non-business use, you may later use the goods for a business use without self-assessing PST.

This exception applies only if the conversion to a business use does not begin within the first six months after the entry date of the goods, and the following conditions are met:

- the goods are not a vehicle, boat or aircraft,
- you have owned the goods for more than three years before you became a resident of BC, and
- you previously paid one of the following taxes on the goods and you are not eligible for a refund, rebate or credit of that tax, including input tax credits:
  - PST,
  - a provincial portion of the harmonized sales tax (HST), or
  - sales tax of another province.

Leased Goods

Leased Goods Brought Into BC

Leased goods do not qualify for this exemption because you do not own them. You must pay PST on each lease payment for all lease periods during which the leased items are in BC. For more information, see **Bulletin 315**, *Rentals and Leases of Goods*.

If you later exercise an option to purchase contained in the lease agreement, PST applies to any consideration you pay to obtain title to the item.

Paying PST on Leased Motor Vehicles

PST is collected by the Insurance Corporation of British Columbia (ICBC) when you register a motor vehicle. If you bring a leased motor vehicle into BC and register it in your name, or in your name and the name of the person or company leasing the motor vehicle to you, PST applies as follows.

If the person or company leasing the motor vehicle to you is located in BC, you may register the motor vehicle without paying PST, because that person or company will collect the PST due on the lease payments. Your ICBC Autoplan broker will ask to see written confirmation that the person or company is located in BC.

If that person or company is not located in BC, you will be required to pay PST on the fair market value of the motor vehicle at the time of registration.

If the lease is later terminated or expires, or the motor vehicle is removed from BC for registration outside BC, you may apply for a refund equal to the difference (if applicable) between the PST paid on the fair market value when you registered the motor vehicle, and the PST that would otherwise have been payable on the lease payments while the vehicle was used in BC.

To apply for this refund, complete an *Application for Refund of Provincial Sales Tax (PST) Paid on a Motor Vehicle* (**FIN 355/MV**) and provide the supporting documentation listed in the instructions to the application.

Paying the PST

If you bring, send or receive goods in BC and do not qualify for an exemption, you must pay the PST due.

You are required to self-assess and pay the PST due as follows:

- if you have a PST number, on your next PST return,
- if you do not have a PST number, on or before the last day of the month following the month you brought, sent or received the goods in BC by using a *Casual Remittance Return* (**FIN 405**), or
- if the good is a motor vehicle and you have not already paid the PST due as discussed in the above two bullets, at the time you register the vehicle with ICBC (in which case ICBC will collect the PST at the time of registration).

Need more info?

Online: **gov.bc.ca/pst**
Toll free in Canada: 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
October 2015

- Clarified how to calculate the depreciated purchase price and the PST due.

References: *Provincial Sales Tax Act*, sections 1 "entry date", "fair market value", "use", 2, 30, 39-41, 46, 49, 50, 55 and 82; Provincial Sales Tax Exemption and Refund Regulation, subsection 1(2) and section 22.