



Canadian indirect tax news

Temporary BC PST Rebate for Corporations

October 5, 2020

The Government of BC announced a temporary PST Rebate on select machinery and equipment to help corporations during the COVID-19 pandemic.

On September 18, 2020, the Government of British Columbia (BC) announced a new temporary BC Provincial Sales Tax (PST) Rebate equal to 100% of the tax paid by incorporated businesses on select machinery and equipment on purchases made between September 17, 2020 and September 30, 2021.

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1. What property is eligible for the rebate?

BC PST paid on purchases of certain types of machinery and equipment, including zero-emission vehicles, computers, and furniture may be eligible for the rebate. The purchased assets must be capital in nature and be used more than 90% of the time for the purpose of gaining or producing income. As BC already provides a PST exemption for qualifying machinery and equipment used in manufacturing, the new rebate will therefore generally apply to non-manufacturing machinery and equipment.

Some exclusions apply, such as goods purchased that are to be installed into real property, vehicles (other than zero-emission vehicles), goods purchased for resale and exclusive products purchased by independent sales contractors. For eligible goods that are leased, the rebate is available for the PST paid in a "rental period" that includes a right to use the goods on or after September 17, 2020 or includes a right to use the goods prior to December 1, 2021. A rental period is a portion of a lease for which a periodic price is payable.

Transitional rules may be introduced restricting certain transactions where PST is paid from September 17, 2020 to September 30, 2021.

2. How much BC PST can be claimed back in the rebate?

100% of the BC PST paid from September 17, 2020 to September 30, 2021 can be claimed in the rebate on the applicable machinery and equipment.

3. Who is eligible to claim the rebate?

Only incorporated businesses may apply for the rebate. Unincorporated businesses are not eligible. If a business incorporates within the claim period, BC PST paid on applicable machinery and equipment can be claimed if acquired after the incorporation date.

Certain incorporated entities are excluded from eligibility for this rebate, such as federal and provincial crown corporations, local government corporations, charities and non-profits, schools, school boards and universities, hospitals, regional health boards and community health councils, and agents of the government.

4. How and when do you claim the rebate?

The eligible corporations will be able to submit two rebate applications online starting on April 1, 2021.

The first application can be made starting April 1, 2021 and the second application can be made starting October 1, 2021. March 31, 2022 is the last day on which applications will be accepted.

Please note that the proposed rebate is not law at this time. In addition, the BC government announced that there will be a general provincial election on

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October 24, 2020. It is anticipated that the BC government will provide additional information concerning the rebate application process prior to April 1, 2021.

In the meantime, the corporations that intend to apply for this rebate should keep all receipts and invoices in order to prove that BC PST was paid on qualifying machinery and equipment.

How can Deloitte help you?

Deloitte's Indirect Tax professionals can help you identify whether the above-mentioned rebate is applicable to your business and planned purchases for the period of September 2020 to September 2021. We can help with identifying eligible purchases, identifying ways to track such purchases and preparing the rebate applications.

If you have any questions on any of the above, please reach out to your Deloitte representative or any of the individuals noted on this newsletter.

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