



Canadian indirect tax news

British Columbia Budget 2020 – PST, carbon tax, and other indirect taxes

February 27, 2020

Finance Minister Carole James tabled the government's fiscal plan for British Columbia on Tuesday, February 18, 2020. Her government delivered a balanced budget at the provincial legislature in Victoria. In respect of B.C.'s provincial sales tax (PST), carbon tax and other indirect taxes, the budget includes the following changes.

PST highlights

- No increase in the PST rate.
- Certain beverages will be subject to PST of 7% effective July 1, 2020. These beverages include carbonated beverages that contain sugar,

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natural sweeteners or artificial sweeteners. All beverages that are dispensed through a soda fountain, gun or similar equipment, or a vending machine are also subject to PST.

- Budget introduced new expanded registration requirements for PST, effective July 1, 2020. These new requirements mean that Canadian sellers of goods, and Canadian and foreign sellers of software and telecommunication services will be required to register if their specified BC revenues exceed \$10,000. This change is very similar to the rules in Saskatchewan for sales of goods and services by out-of-province vendors.
- Real property contractors who perform value-added work to goods and then install those goods into real property outside BC can apply for refunds of the PST on those goods, effective February 19, 2020.
- Effective February 19, 2020, PST exemptions for pollution control and waste management equipment purchased by qualifying manufacturers or resource industry businesses apply regardless of the location of such equipment. Previously, the exemption was limited to equipment located on the qualifying manufacturing site.

Carbon tax and clean energy highlights

- Carbon tax rate proposed to increase from \$40/tonne per CO₂ equivalent in 2019/2020 to \$50/tonne per CO₂ equivalent in 2021/2022 to be in line with the federal carbon pricing backstop methodology.
- New category, to align with the federal program, introduced for combustible waste. This includes tires in any form, asphalt shingles, and any prescribed material, substance, or thing.
- No change in the motor fuel tax rate.
- An additional investment of over \$400 million to support CleanBC, a program that supports industry moving into clean energy and low-carbon business practices.

Tobacco tax highlights

- Heated tobacco products are now subject to a tax of 29.5 cents per product, effective April 1, 2020. Heated tobacco products are a product that contains tobacco and is designed to be heated to produce a vapour.

How can Deloitte help you?

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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