



Liquor Sold at Auctions

Provincial Sales Tax Act

This bulletin explains how PST applies to liquor sold at auctions.

This bulletin does not apply to liquor sold under a liquor licence or special occasion licence. For information on these types of sales, see [Bulletin PST 119](#), *Restaurants and Liquor Sellers* and [Bulletin PST 300](#), *Special Occasion Liquor Licences*.

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Overview

The Liquor Control and Licensing Branch (LCLB) authorizes registered charities and non-profit organizations to auction liquor to raise funds for a charitable purpose. The LCLB may require a liquor auction permit depending on the volume of liquor that will be auctioned. For information on when an organization can auction liquor, when a liquor auction permit is required, and how to apply for a permit, see the LCLB's [Liquor Auction Fact Sheet](#).

Charging and Collecting the PST

If you sell liquor at an auction, you must charge and collect 10% PST on the total purchase price the successful bidder pays for the liquor. You must charge and collect the PST regardless of whether you auction the liquor under a permit issued by the LCLB or you are exempt from the permit requirement due to the low volume of liquor you auction.

Liquor Only

If you are auctioning liquor only, you collect 10% PST on the full amount paid by the winning bidder. For example, a charitable organization holds a silent auction where one of the items being auctioned is a single bottle of wine. The winning bid for the bottle of wine is \$25. The organization must collect \$2.50 in PST (i.e. 10% of \$25).

Liquor Bundled with Other Goods

If you are auctioning liquor bundled with other goods (e.g. a bottle of wine in a basket with other goods), the application of PST depends on whether you are a small seller, or have a PST registration number or are required to be registered for PST.

You are a Small Seller

If you qualify as a small seller for the purposes of the PST and do not have a PST registration number (to determine whether you qualify as a small seller, see [Bulletin PST 003, Small Sellers](#)), you charge PST on the fair market value of the liquor only. The fair market value of the liquor is generally the retail price that the liquor would normally sell for in the open market. As a small seller, you do not charge PST on other goods you sell at your auction. However, if you purchase other goods to auction off, you must pay PST on those goods.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is a gift basket containing two bottles of wine, two wine glasses and a selection of cheese and crackers. The winning bid is \$120 and the fair market value of the two bottles of wine is \$60.

The organization must collect \$6 in PST (i.e. 10% of \$60). As a small seller, you pay PST on any taxable goods, such as the wine glasses and basket, and you do not collect PST. The cheese and crackers are exempt from PST.

Exception

There is an exception to the above rule. If the fair market value of the liquor is greater than 90% of the winning bid and the winning bid is less than \$500, you collect PST on the full amount of the winning bid.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is a gift basket containing six bottles of wine with a selection of cheese and crackers. The winning bid is \$300 and the fair market value of the six bottles of wine is \$280.

Because the fair market value of the liquor is greater than 90% of the winning bid (i.e. $\$280 \div \$300 = 93\%$) and the total value of the winning bid is less than \$500, the organization must collect \$30 in PST (i.e. 10% of \$300).

You Have a PST Registration Number

If you are not a small seller and have a PST registration number, or are required to be registered for PST, the application of PST will depend on the goods you bundle with the liquor.

If **the bundle includes liquor and non-taxable goods only**, you must charge PST on the fair market value of the liquor. The fair market value of the liquor is generally the retail price that the liquor would normally sell for in the open market.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is two bottles of wine with a selection of cheese and crackers. The winning bid is \$100 and the fair market value of the two bottles of wine is \$70.

The organization must collect \$7 in PST (i.e. 10% of \$70).

Exception

There is an exception to the above rule. If the fair market value of the liquor is greater than 90% of the winning bid and the winning bid is less than \$500, you collect PST on the full amount of the winning bid.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is six bottles of wine with a selection of cheese and crackers. The winning bid is \$300 and the fair market value of the six bottles of wine is \$280.

Because the fair market value of the liquor is greater than 90% of the winning bid (i.e. $\$280 \div \$300 = 93\%$) and the total value of the winning bid is less than \$500, the organization must collect \$30 in PST (i.e. 10% of \$300).

If the bundle includes liquor and other taxable goods only, you must charge PST at the rate of 10% on the liquor and charge PST at the rate of 7% on the other taxable goods. Based on the fair market values, you must determine the amount of the winning bid attributed to the liquor and the amount attributed to the other taxable goods.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is a gift basket containing a bottle of wine and two wine glasses. The winning bid is \$50.

The organization must determine the amount of the \$50 winning bid that should be attributed to the bottle of wine (e.g. \$30) and the amount that should be attributed to the wine glasses and basket (e.g. \$20). In this case, the organization must collect \$4.40 in PST (i.e. 10% of \$30 = \$3 and 7% of \$20 = \$1.40).

If the bundle includes liquor, other taxable goods and non-taxable goods, you must charge PST at the rate of 10% on the fair market value of the liquor and PST at the rate of 7% on the fair market value of the other taxable goods. The fair market value is generally the retail price that the liquor or goods would normally sell for in the open market.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is a gift basket containing two bottles of wine, two wine glasses and a selection of cheese and crackers. The winning bid is \$120, the fair market value of the two bottles of wine is \$60 and the fair market value of the wine glasses and the basket is \$40.

In this case, the organization must collect \$8.80 in PST (i.e. 10% of \$60 = \$6 and 7% of \$40 = \$2.80). Note that the total fair market value of all the taxable items does not need to equal the value of the winning bid.

Exception

There is an exception to the above rule. If the fair market value of the taxable components of the item is greater than 90% of the winning bid and the winning bid is less than \$500, you collect PST on the full amount of the winning bid.

Example:

A charitable organization holds a silent auction where one of the items being auctioned is a gift basket containing six bottles of wine, two wine glasses and a selection of cheese and crackers. The winning bid is \$300, the fair market value of the six bottles of wine is \$260 and the fair market value of the two wine glasses and basket is \$20.

Because the fair market value of the taxable components (i.e. the liquor, wine glasses and basket) is greater than 90% of the winning bid (i.e. $\$280 \div \$300 = 93\%$) and the total value of the winning bid is less than \$500, the organization must collect PST on the entire winning bid (i.e. \$300).

In this case, the organization must make a reasonable attribution of the entire winning bid (i.e. \$300) to the liquor (e.g. \$279) and the other taxable goods (e.g. \$21). It must charge PST at the rate of 10% to the liquor attribution (i.e. 10% of \$279 = \$27.90) and 7% to the non-liquor attribution (i.e. 7% of \$21 = \$1.47). In this case, the organization would collect \$29.37 PST (i.e. \$27.90 + \$1.47) on the winning bid.

Remitting the PST

If you have a PST number, you must remit the PST due on your next PST return. However, if you do not have a PST number, you must remit the PST due using a *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month in which the liquor is sold at auction. For example, if you collect PST in June, you must file the return and pay the PST no later than July 31.

Issuing Receipts

If you sell liquor at auction and a purchaser makes the request, you must provide them with a receipt, bill or invoice that shows the amount of PST charged as a separate item.

Liquor Purchases or Donations

You are exempt from PST on liquor you purchase solely for resale. If you pay PST on liquor you purchase to sell at an auction, you are eligible for a refund from the ministry for the PST you paid. Your refund claim must be received by the ministry within four years of the date you paid the PST. For example, if you paid PST on August 12, 2013, the ministry must receive your refund claim by August 11, 2017. The ministry cannot issue a refund of less than \$10. For more information, see **Bulletin PST 400**, *PST Refunds*.

If a manufacturer, business or member of the public donates liquor for your auction, you are not required to pay PST on the liquor. However, you are still required to collect PST on the purchase price of the liquor once you auction it off to a successful bidder.

For more information on how PST generally applies to charitable organizations, see **Bulletin PST 304**, *Thrift Stores, Service Clubs, Charitable Organizations and Societies*.



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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 "eligible charity", "liquor" "registered charity", 28, 34, 37, 98, 145, 182.2, 186 and 203; *Provincial Sales Tax Regulation*, sections 72, 73.1, 77, 84, 85, and 88.2.