

# Ministry of Finance

## Tax Notice



ISSUED: April 1, 2020 REVISED: September 2, 2020

Notice 2020-002

[gov.bc.ca/salestaxes](http://gov.bc.ca/salestaxes)

## COVID-19 – Sales Tax Changes

**Carbon Tax Act, Motor Fuel Tax Act, Provincial Sales Tax Act and Tobacco Tax Act**

Latest Revision: The revision bar ( | ) identifies changes to the previous version of this notice dated April 22, 2020. For a summary of the changes, see Latest Revision at the end of this document.

This notice explains how the tax changes announced as part of BC's [COVID-19 Action Plan](#) apply to each of the four sales taxes.

Subscribe to our [What's New in B.C. Sales Taxes](#) page to ensure you receive updates about BC sales taxes.

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### Deferred Sales Tax or Security Payments

Effective March 24, 2020, the due dates for certain filings and payments made to us under the following sales taxes are extended to September 30, 2020:

- Carbon tax
- Motor fuel tax
- Provincial sales tax (PST), including the municipal and regional district tax on accommodation
- Tobacco tax

The extended due date applies to most tax returns and payments normally due during the period beginning March 24, 2020 and ending September 29, 2020. This deferral is automatic and no action, such as an application, is required on your part.

**Note:** For all four sales taxes, the due date extension does not apply if you have tax payable to us because of:

- a bulk transaction (normally associated with the purchase and sale of business assets as part of a sale of a business), or
- proceeds distributed from the realization of property.

In September, you may make a lump-sum payment, but you must submit separate returns for each of your reporting periods.

If you prefer, you may:

- continue to file your returns according to your usual reporting periods and defer your payments until September 30, 2020, or
- continue to file your returns and make payments according to your usual reporting periods.

After September 30, 2020, returns for all sales taxes will be due on their usual due dates.

Due dates vary between carbon tax, motor fuel tax, PST and tobacco tax. The following two examples are for PST filers.

#### Example 1

You are a monthly filer. Your return and payment for the February reporting period are normally due on March 31. However, the new due date for this period is September 30, 2020. The returns and payments for the March through August reporting periods are also due on September 30, 2020. Your return and payment for the September reporting period are unchanged and due on October 31, 2020.

#### Example 2

You are a quarterly filer. Your January 1 – March 31, 2020 return and payment are normally due on April 30, 2020. However, the new due date for this period is September 30, 2020. Your July 1 – September 30, 2020 return and payment are unchanged and due on October 31, 2020.

**Note:** You must continue to include sales taxes on your invoices and collect the taxes from your customers. The deferral applies only to filing and paying the taxes to us.

#### **Commission**

If you decide to defer your payments until September 30, 2020, to be eligible to claim commission on your returns for the reporting periods that are now due on September 30, 2020, you must:

- continue to file your returns according to your usual reporting periods, or

- file separate returns for each of your reporting periods by September 30, 2020, and
- make the full lump-sum payment (less the commission amount for each reporting period) by September 30, 2020.

### **Pre-payments of Tax or Security**

If you made a pre-payment of tax or security to take effect after March 23, 2020, you may be able to cancel it.

If you have pre-payments set up in eTaxBC, you can cancel payments that have not already been processed. Processed payments cannot be returned or refunded.

If you ask your financial institution to stop a payment, a dishonoured payment fee will apply.

If you have a credit on your account that is not a pre-payment for tax or security owing or tax collected, you may be eligible for a refund as usual.

### **Extended Time Limit for Claiming a Refund**

Generally, your refund claim must be received by us within four years from the date you paid or remitted the tax or security.

If your four-year deadline to submit a refund claim expires during the **provincial state of emergency** (originally declared on March 18, 2020), you have an additional 90 days to submit your claim after the end of the state of emergency. For information about the provincial state of emergency timelines and possible extensions, see the **Provincial State of Emergency: COVID-19 Information & Resources** webpage.

For example, if you paid tax in error on March 18, 2016 and we did not receive your refund claim by March 18, 2020, you can still submit your claim to us within 90 days from the end of the provincial state of emergency. This 90-day extension applies to refund claims for all four sales taxes.

You are responsible for ensuring you comply with the applicable time periods. We recommend you still apply for your refund as soon as you are able.

An extension may be available for other time limits (not related to refunds) that may impact you or your business. If you have any questions, please contact us at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca).

Extensions will not be granted for claims or requests where the deadline expired before March 18, 2020.

## **Penalties**

If your business has been impacted by COVID-19 causing a tax assessment, late payment or underpayment of tax or security, contact us:

### **PST**

Toll free: 1-866-566-3066 (within Canada)

1-250-387-6727 (outside Canada)

Email: [RMBTaxpayerInquiries@gov.bc.ca](mailto:RMBTaxpayerInquiries@gov.bc.ca)

### **Motor Fuel and Carbon Tax**

Email: [fueltax@gov.bc.ca](mailto:fueltax@gov.bc.ca)

### **Tobacco Tax**

Toll free: 1-877-388-4440

Email: [tobaccotax@gov.bc.ca](mailto:tobaccotax@gov.bc.ca)

## **Interest**

If you have an outstanding balance on your sales tax account, interest will not be charged from March 24 to September 30, 2020. You are still responsible for paying the outstanding balance.

Interest will be charged again effective October 1, 2020.

If you benefit from this interest relief, you will be notified directly through your Statement of Account.

## **Provincial Sales Tax**

### **PST Registrants**

You have the option to temporarily close your PST account if you are stopping business operations. To close your PST account, submit a closure request [online using eTaxBC](#), or submit a Request to Close Provincial Sales Tax Account ([FIN 357](#)).

### **Self-Assessing the PST (Registrants and Non-Registrants)**

If you are required to self-assess PST during the period beginning March 24, 2020 and ending September 29, 2020, you may defer your returns and payments until September 30, 2020 only in the following circumstances:

- The seller did not charge you PST
- You previously received a PST refund from us for an amount written off as a bad debt and you have now recovered some or all of that debt

## **Budget 2020 PST Changes Delayed**

The following tax changes announced in [Budget 2020](#) are postponed, and will not take effect until April 1, 2021:

- Eliminating the PST exemption for carbonated beverages that contain sugar, natural sweeteners or artificial sweeteners
- Expanded registration requirements for Canadian sellers of goods, along with Canadian and foreign sellers of software and telecommunication services

## **Exempt Sales to First Nations**

If you make tax-exempt sales to eligible First Nations individuals and bands on First Nations land, you must continue to verify customer eligibility for an exemption and follow the established documentation procedures to the best of your ability. Until further notice, you may modify your existing process of obtaining customer information to record the transaction to ensure physical distancing. You do not need to obtain customers' signatures at this time.

For important exemption information, including the definitions of a First Nations individual and band, First Nations land and documentation procedures, see [Bulletin PST 314](#), Exemptions for First Nations.

**Note:** You must continue to follow the requirements for online sales.

## **Municipal and Regional District Tax**

The disbursement of the municipal and regional district tax (MRDT) on accommodation collected on behalf of municipalities and regional districts for tourism promotion will continue. However, as short-term accommodation providers defer their MRDT remittances or close their businesses, disbursements to municipalities and regional districts for the purposes of tourism marketing may be reduced. MRDT administration fees paid by the municipalities and regional districts will be waived during the deferral period.

## **Motor Fuel Tax, Carbon Tax and Tobacco Tax**

### **Delayed Carbon Tax Increase**

The carbon tax rate changes originally scheduled for April 1, 2020 and April 1, 2021 are now delayed by a full year until April 1, 2021 and April 1, 2022. Carbon tax rates will remain at their current levels until March 31, 2021. When referring to the [Tax Schedule](#) for tax rates up to and including March 31, 2021, refer to the tax rates by fuel type listed under April 1, 2019.

Continue to use the carbon tax returns and refund applications with the reporting period of April 1, 2019 – March 31, 2020 for reporting periods of April 1, 2020 – March 31, 2021.

**Do not file** the Carbon Tax Return – Inventory (FIN 103) as previously instructed in the **Notice to Deputy Collectors and Retail Dealers – Fuel Inventory** issued in March 2020. These returns will not be processed at this time.

### **International Fuel Taxation Agreement (IFTA) Commercial Carriers**

Until further notice, IFTA carriers entitled to a refund on or after April 1, 2020 will receive refunds at the rates in effect on April 1, 2019.

### **Exempt Sale Retail Dealers (Tobacco) and Exempt Fuel Retailers**

If you are an Exempt Sale Retail Dealer or an Exempt Fuel Retailer operating on First Nations land, you must continue to record all the required information for every tax-exempt sale on the signature sheets. However, until further notice, you do not need to obtain customers' signatures.

If you are not an Exempt Fuel Retailer and you sell fuel exempt from tax to eligible First Nations individuals or bands, you do not need to obtain customers' signatures until further notice, but you must continue to verify and record the customer information needed to demonstrate eligibility for the exemption. When applying for a refund of security you paid because you sold fuel to an eligible First Nations individual or band, you must continue to provide the established documentation except customers' signatures.

For more information on Exempt Sale Retail Dealers, see [Retailing Tax-Exempt Tobacco](#) and for Exempt Fuel Retailers, see [Bulletin MFT-CT 002](#), Sales to First Nations and the Fuel Tax Exemption Program.

### **Further Information**

Online: [gov.bc.ca/salestaxes](http://gov.bc.ca/salestaxes)

Toll free: 1-877-388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Subscribe to our [What's New in B.C. Sales Taxes](#) page and to the [COVID-19 Updates: Provincial Tax & Revenue Changes](#) page to receive email updates when information changes.

The information in this notice is for your convenience and guidance and is not a replacement for the legislation.

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**Latest Revision****September 2020**

- Clarified the deferred filing and payment due dates
  - Added information about the extended time limit for claiming a refund
  - Added information about interest relief
  - Updated information on the delayed Budget 2020 PST changes and carbon tax increase
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