
NEWS RELEASE

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Ministry of Finance

Action plan in place to return B.C. to 12% PST/GST

VICTORIA – The Province will reinstate the combined 12 per cent PST and GST tax system following the referendum decision by British Columbians to extinguish the HST in B.C., Finance Minister Kevin Falcon announced today.

An action plan has been established to guide the transition process and help ensure an effective and orderly transition from the HST to the PST plus GST system in B.C.

The PST will be reinstated at seven per cent with all permanent PST exemptions. The Province may make some common sense administrative improvements to streamline the PST.

The transition period is expected to take a minimum of 18 months, consistent with the report of the independent panel on the HST. During this period, the provincial portion of the HST will remain in place at seven per cent. Eligible lower-income British Columbians will continue to receive the B.C. HST Credit until the PST is re-implemented. The B.C. HST credit will then be replaced by the re-implemented PST credit.

During the transition period, the Province will provide quarterly updates on the progress of returning to the PST.

Quote:

Minister of Finance Kevin Falcon—

“British Columbians have made their choice and we will honour that decision. Now more than ever, government must provide British Columbians economic stability and focus our attention toward growing our economy to create jobs and balancing our budget in a time of global economic uncertainty.

“We will work as quickly as we responsibly can to return to the PST. We have always been clear that, as the independent panel found, dismantling the B.C. HST and returning to the PST will take time to do properly.

“I can assure British Columbians PST will not be applied to such items as restaurant meals, haircuts, bikes and gym memberships – just as it was before the HST was introduced in B.C.”

Learn More:

For more information about the return to the PST, visit: www.gov.bc.ca/fin

BACKGROUND

Action Plan to Re-implement PST

An action plan has been established to ensure an effective and orderly transition to the PST. Key phases in the transition process are described here.

Federal Transitional Rules and Systems:

- A letter from the provincial finance minister to the federal finance minister is conveying the referendum results and advising the federal government that B.C. will re-implement the PST.
- The Province will work with the federal government to develop HST transition rules and to make any necessary changes to systems and processes.
- The provincial government will begin discussions with the federal government about exiting the Comprehensive Integrated Tax Coordination Agreement (CITCA) including the return of the funding received for adopting the HST.

Provincial Legislation and Transitional Rules:

- The provincial government will develop legislation and regulations necessary to re-implement the PST in B.C. and may make some administrative changes to streamline and improve the PST.
- Provincial PST transition rules to mirror federal HST transition rules will be developed.
- The provincial government will develop other legislation and administrative programs necessary to support the full reimplementation of the PST (e.g. hotel room tax, etc).

Provincial Systems Development:

- The Province will develop and establish appropriate reporting, data gathering, billing, remittance/collection, audit, assessment and appeal processes, and supporting computer systems to properly administer the PST and other related taxes (e.g. hotel room tax, etc.) in B.C.

Provincial Administration:

- The Province will re-establish its capacity to administer the tax in the areas of registration and close of business, field and desk audit, appeals, rulings, provincial tax information phone lines, billings and remittances, collections and refunds. This will include staffing, facilities and equipment, and staff training to administer the PST and related taxes. This also includes developing appropriate administrative reporting forms and other information and communications material required to support the transition.

Provincial Business Registration and Outreach:

- The provincial government will register approximately 100,000 businesses as tax collectors before the PST is re-implemented and provide information and training on the tax application, collection, compliance and reporting rules related to the PST. By the time the PST is re-implemented, there will be an estimated 30,000 new businesses in B.C. with no PST experience. These businesses will need to be registered and provided with detailed information and training to enable them to comply with the tax law.

Business Transition:

- Businesses will need to change their own electronic and manual systems and processes to assess, collect, report and remit the PST and other related taxes to the provincial government.

Other Key Stakeholders:

- The provincial government will consult with key administration stakeholders once provincial transition rules are completed. The Province relies on partner agencies to help ensure efficient tax collection, reporting and compliance. These agencies will need to make a number of systems and process changes, as well as receive information and training to help complete the PST transition.

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