



January 28th, 2013

Notice to PCA Members re: Transition from HST to GST/PST on April 1, 2013

On July 1, 2010, BC eliminated the 7% Provincial Sales Tax (PST) and the 5% Goods and Services Tax (GST) became the 12% Harmonised Sales Tax (HST). As you are likely aware, BC is reintroducing the 7% PST on April 1, 2013, at which time the HST reverts to 5% GST.

The purpose of this notice is to explain the impact of this tax change on (1) eco-fees paid by members to Product Care Association (PCA) for BC programs, and (2) the recovery of eco-fees when the product is sold at retail.

Currently, all eco-fees paid by members to PCA for programs in British Columbia are subject to 12% federal sales tax (HST), including the BC LightRecycle, Alarm Recycle and Paint Plus programs. The PCA online fee reporting system automatically adds HST to the eco-fee reports.

Beginning April 1, 2013 in British Columbia:

(1) GST at 5% applies to eco-fees paid by members to PCA for BC programs:

On April 1, 2013 the 12 % HST will be replaced by the 5% federal Goods and Services Tax (GST) and the 7% BC Provincial Sales Tax (PST). However, PST will not apply to the payment of eco-fees by members to PCA, effective April 1, 2013. The PCA online eco-fee reporting system will be changed to apply only the GST rate of 5% to sales reports beginning April 2013 for all members. The GST on eco-fees paid by members to PCA will continue to serve as an input tax credit for members when filing their GST returns.

(2) GST at 5% and PST at 7% applies to the recovery of eco-fees when the product is sold at retail:

Eco-fees are considered to be a part of the price of regulated products, whether or not the fee is shown visibly on product receipts or invoices. As such, eco-fees charged to retail customers are subject to PST and GST if the product price itself is subject to PST and GST. Sales at the wholesale level will normally be subject to GST only.

This information not intended as legal or tax advice and it is recommended that all members consult with their tax advisors in this regard.

If you have any questions on this matter, please do not hesitate to contact Truong Le via email at truong@productcare.org or via phone at 604-592-2972 ext. 207.

For further information on the return to PST in BC, please visit www.pstinbc.ca