

Clubs, Thrift Stores, Societies and Charities

Social Service Tax Act

Do you operate a service club, charitable organization or thrift store?

Do you sponsor events for fundraisers or charities?

This bulletin provides specific tax information to help service clubs and thrift stores understand how the social service tax, also called the provincial sales tax (PST), applies to their operations.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

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Registration

When to Register

Thrift Stores

If you operate a for-profit or non-profit thrift store and sell taxable items, you must register as a vendor.

The revision bar (|) identifies changes to the previous version of this bulletin dated March 2008.

Clubs, Organizations and Societies

If your club, organization or society regularly sponsors events that include the sale of taxable items, you must register as a vendor.

Some common examples of clubs, organizations and societies are: schools, universities, churches, church groups, community clubs, hospitals, amateur sports clubs, and boys and girls clubs.

To register, complete an *Application for Registration as a Vendor* form (**FIN 418**). This form is available online at: www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/forms.htm or from the ministry or any **Service BC Centre**. You can also register through the OneStop Business Registry online at www.bcbusinessregistry.ca or at one of the kiosks located throughout the province.

If the ministry approves your application, you will then be registered and be provided with:

- a *Certificate of Registration*, which includes your PST registration number,
- information on how to collect and send in the PST you collect (including **Bulletin SST 032**, *Completing the Social Service Tax Return*), and
- tax return forms on a regular basis.

When Not to Register

You do not need to register as a vendor if you only sell non-taxable items, such as food for human consumption and books. If your club, organization or society does not regularly sponsor events that include the sale of taxable items, you do not have to register as a vendor. For more information, please see **Bulletin SST 044**, *Registering to Collect Provincial Sales Tax (PST)*.

If you do not need to register with the ministry and you make sales of taxable goods you will still need to collect and send in the PST. You send in the PST due by completing a *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Seller Not Registered Under the Social Service Tax Act* form (**FIN 428S**).

Optional Registration and Collection

You may qualify for optional registration and collection, and choose not to register and collect PST if:

- your gross annual sales of qualifying goods and services are \$10,000 or less,
- you do not regularly sell goods or services, or regularly make leases from an established commercial premises, and
- you do not maintain an established business premise.

Sales

Thrift Stores

You charge PST if you sell new, used or donated items, even if the funds are used for charitable purposes. However, some items sold by thrift stores are tax exempt, such as:

- individual items of used clothing and footwear sold for under \$100,
- children's clothing or footwear,
- magazines, as well as books that contain no advertising, and
- bicycles and adult-sized tricycles (qualifying non-motorized and electric power-assisted). For more information on qualifying PST exempt cycles, please see [Bulletin SST 001, *Bicycles and Tricycles*](#).

For detailed lists of taxable and non-taxable items commonly sold by thrift stores, please see our website at www.sbr.gov.bc.ca/industry_specific/charities/charities.htm

Alcohol Sales by Clubs, Organizations or Societies

If you sell liquor anywhere or serve liquor at a location that is not a residence or a licensed premise, you need a Special Occasion Licence. You can purchase a Special Occasion Licence at any BC Liquor Store.

You charge 10% PST on the sale of liquor or alcoholic beverages, such as beer (draft, canned or bottled), wine, spirits and liqueurs, coolers and ciders, mixed drinks, and any other beverage with an alcohol content of more than 1%.

You can include the 10% PST in the sale price of the liquor or charge it separately. For more information, please see [Bulletin SST 097, *Special Occasion Liquor Licences*](#).

Auctions, Flea Markets, Bazaars and Other Sales

You charge PST on the sale or rental of items, unless the items are tax exempt, such as meals, candies and soft drinks. A list of tax exempt items is available on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/exemptions.htm

Raffles and Contest Prizes

If you sell raffle tickets for prizes, such as a car, television or other items, you do not include the PST in the ticket price. As a club, organization, society or prize donor, you pay the PST on items raffled or given away in a contest, bingo, or related activity. The prize winner does not pay the PST or levy on the cost of the prize.

Gifts Given by Charities in Exchange for a Donation

If you are a registered charity, you do not charge PST on tangible personal property (TPP), such as ribbons, key chains, pins or similar items of a nominal value that are provided as gifts in exchange for a donation. However, you pay PST on all taxable items you purchase that you give away as gifts in exchange for a donation.

Environmental Levy

Environmental Levy on Batteries

A \$5 environmental levy applies to new lead-acid batteries weighing 2 kg or more purchased in British Columbia. The levy does not apply to batteries purchased for the purpose of powering electric wheelchairs or motorized scooters designed for the transportation of disabled persons, or to rebuilt, reconditioned or used lead-acid batteries.

If your club, organization or society sells batteries that are subject to the levy, you must register as a vendor and collect the levy. For more information, please see [Bulletin SST 015](#), *Environmental Levy on Batteries*.

Refunds

Medical Equipment Refunds

If you are an eligible charity and you contribute charity funds towards the purchase of medical equipment, you may qualify for a refund of the PST paid.

The PST refund is for medical equipment purchased with charity funds on, or after, February 21, 2007. The medical equipment must be used by a health facility to treat

patients or diagnose their ailments. For more information, please see [Bulletin SST 004, Refunds on Charity-Funded Purchases of Medical Equipment](#).

Parent Advisory Council Refunds

If you are a Parent Advisor Council (PAC) or a school board and you purchase qualifying goods with PAC-raised funds, you may qualify for a refund of the PST paid.

The goods must be given to the school for use by the school or students. For more information, please see [Bulletin SST 116, PST Refunds on PAC Purchases](#).



Need more info?

Charitable and Non-Profit Organizations website: www.sbr.gov.bc.ca/industry_specific/charities.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

References: *Social Service Tax Act*, Sections 1, 4.1(1)(c), 5, 6, 67, 69 to 77, 88.2 and 92, and Regulations 2.4, 18.1, 18.2 and 18.3