WHAT SMALL BUSINESS OWNERS NEED TO KNOW FOLLOWING THE RETURN TO PST & GST

The GST and PST transition is now complete, but the question for many small business owners is how to determine when to charge, or when not to charge the PST.

“The HST reversal is no small matter for small businesses,” says Lana Sheppard, Business Development Manager in Commercial Services for East Kootenay Community Credit Union (EKC). “Teams of experts to navigate the complexities of PST are in place for larger companies, but small business owners often have to figure it out alone.”

According to Mike Adams, CA and partner at Taylor Adams, Chartered Accountants, “The change back to GST and PST causes a number of unique considerations that small business owners should be aware of.”

If you are the seller of a taxable good or service, you will need to register for and collect PST. However, Adams provides the following points that new small business owners will need to remember about charging, or not charging, PST:

Some products may or may not have PST charged. For example, the sale of carpet has PST. But if the carpet is sold as a supply and install to a consumer there is no PST on the invoice, but the business must self-assess and remit the PST to the government on the value of the carpet.

If a customer will be reselling your product and will charge PST to their customers, you will not have to charge PST. You will, however, need to obtain their PST registration number for your records.

Certain services like legal services, computer services, mechanical repairs and rentals, including short-term accommodations, are taxable.

Some products are charged at different PST rates, such as alcohol (10%) and accommodations (8%). Small business owners should review the full details at www.PSTinBC.ca.

Some goods are exempt from PST as well. Small business owners will need to ensure they don’t charge PST on exempted items:

Common exemptions include*:

► Food products for human consumption
► Prescription drugs and over-the-counter medications
► Children’s clothing
► Shoe repair
Basic school supplies
Publications including books, magazines and newspapers
Safety equipment and apparel
Products used in farming and fishing
Bicycles
Production machinery and equipment
Professional services (other than legal services)

Returning to the PST can be complex but does not have to be overwhelming as there are many resources available to small business owners.

Adams offers a final piece of advice for small business owners. “If you’re unsure if your business is up to speed with the conversion, ask your accountant for a run through or call the Government of B.C.’s Return to PST office at 1-877-388-4440.”

*A complete list of all products exempt from PST can be found at www.gov.bc.ca. And search for “What’s taxable under PST and what’s not.”

ABOUT TAYLOR ADAMS
Taylor Adams, Chartered Accountants specializes in providing accounting and tax advice to small business. They pride themselves on providing a wide range of services; from traditional accounting, auditing and taxation to innovative business advice. Their website is www.tayloradams.net.

ABOUT EAST KOOTENAY COMMUNITY CREDIT UNION (EKC)
EKC has four branches located in Cranbrook, Fernie, Elkford, and Sparwood, B.C. Since 1950, EKC has helped our communities grow by understanding our East Kootenay economy and our passion for lifestyle. We are a financial institution, with a financial planning and insurance division, committed to making the communities we serve better places to live.

This commitment goes beyond the volunteer efforts of staff and the worthwhile endeavors we support in our communities. In fact, we take pride in demonstrating to our members that the same kind of caring and dedication that goes into what we do in the community also takes place at the branch level and is at the very heart of our relationship with the members we serve.

Last year EKC staff, management and the board of directors donated $100,000 and numerous volunteer hours.