

IAB Canada is constantly monitoring regulations and taxation laws that affect your ability to advertise and get your messages out. Recently, we've been hearing from some of our members about the Provincial Sales Tax (PST) in British Columbia, wondering how it affects them should they wish to conduct an ad campaign that includes advertising in the province.

IAB Canada has found that in researching the matter, the interpretation of this tax is somewhat unclear. The following is a summary of our findings and is in no way representative of legal or financial advice.

On July 1st, 2023, BC amended their PST in terms of how it affects what are termed "online marketplace facilitators", i.e., a business that operates an online platform (like a website or an app) that allows third parties (termed "online marketplace sellers") to sell goods/services to online purchasers on your platform. In other words, as a facilitator, you don't sell your own goods but manage the platform and facilitate the transactions between sellers and buyers.

As a facilitator, you're responsible for collecting and remitting the PST on services related to the marketplace. Advertising provided by the marketplace for goods *sold* on the marketplace is part of the online marketplace service. Therefore, if you provide advertising to a seller on your platform you must charge and collect PST on that advertising service. Advertising for a seller's unrelated business (like advertising their own personal business outside the marketplace), does not count as an online marketplace service and therefore is not subject to PST. In addition, you must register to collect and remit the PST if as a facilitator you provide services related to goods, software, or accommodation in BC or if you provide online marketplace services to sellers *located* in BC. However, you don't need to register if your revenue is \$10,000 or less over the past year or is expected to be such in the coming year. And, if you're a facilitator outside of BC, you need to register and collect PST only if the *seller* is in BC (and the service isn't used completely outside of BC).

What does this mean for advertising?

Generally, marketing or advertising placement services are not subject to the PST in British Columbia. If you are not operating as a facilitator (i.e. you are not offering a platform that allows third-party sellers to sell goods or services to online purchasers) then you are not subject to PST collection rules that apply to the facilitators. However, advertisements that *are* placed with an **online marketplace facilitator** may be classified into the concept of providing an "online marketplace service" which *would* be taxable.

If you would like to stay updated or have any questions, please contact us at Policy@IABCanada.com

Further Reading:

<https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-142-marketplace-facilitators.pdf>

<https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/notice-2023-004-notice-to-online-marketplace-facilitators-and-online-marketplace-sellers.pdf>