

British Columbia announces plan for retroactive legislation to confirm B.C. PST will not apply to federal luxury tax

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British Columbia has [announced](#) that, in its 2023 Budget, it intends to introduce retroactive legislation to “confirm” that the B.C. provincial sales tax (PST) does not apply to the federal [Select Luxury Items Tax \(Luxury Tax\)](#).

We are aware of at least one technical interpretation in which the province had previously indicated that B.C. PST would not apply to amounts of Luxury Tax passed on from vendors to purchasers. However, the technical basis of that position was debatable, as it appeared to rely on B.C.’s understanding that the Luxury Tax was similar to GST, whereas the Luxury Tax is payable by the vendor rather than the purchaser, so it is more in the nature of an excise tax. As B.C.’s position is that its administrative guidance is non-binding, B.C.’s apparent position on this point could thus give only limited comfort to taxpayers.

The promised retroactive legislation should, if drafted correctly and introduced on a retroactive basis, provide a stronger technical basis for B.C.’s position that its PST does not apply to the federal Luxury Tax.