
Third Session, Forty-second Parliament
1 Charles III, 2022
Legislative Assembly of British Columbia

BILL 42

**PROVINCIAL SALES TAX
AMENDMENT ACT, 2022**

Honourable Selina Robinson
Minister of Finance

Explanatory Notes

- CLAUSE 1: *[Provincial Sales Tax Act, section 1]* adds a definition and repeals and replaces a definition further to the addition by this Bill of section 123.02 and related provisions to the Act.
- CLAUSE 2: *[Provincial Sales Tax Act, section 28]* is consequential to the addition by this Bill of section 123.02 to the Act.
- CLAUSE 3: *[Provincial Sales Tax Act, sections 123.02 and 123.03]* adds 2 sections to do the following:
- section 123.02
 - o imposes a tax on the purchase of accommodation in a designated major event accommodation area, and
 - o provides for a maximum rate of tax of 2.5%;
 - section 123.03 provides for the application of tax under section 123.02 if
 - o accommodation is purchased in an area before the area becomes a designated major event accommodation area,
 - o accommodation is purchased in a designated major event accommodation area before the area ceases to be a designated major event accommodation area, or
 - o accommodation is purchased in a designated major event accommodation area before a change in the prescribed rate of tax takes effect.

BILL 42 – 2022

PROVINCIAL SALES TAX AMENDMENT ACT, 2022

HIS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

1 Section 1 of the Provincial Sales Tax Act, S.B.C. 2012, c. 35, is amended

(a) by adding the following definition:

“designated major event accommodation area” means an area designated by regulation under section 240.01 (1) (a); , **and**

(b) by repealing the definition of “designated recipient” and substituting the following:

“designated recipient” means the following:

- (a) in relation to a designated accommodation area, the municipality, regional district or eligible entity designated by regulation for the purposes of the tax imposed under sections 123 (1), 123.2 (3) and 123.3 (3) in the designated accommodation area;
- (b) in relation to a designated major event accommodation area, the municipality, regional district or eligible entity designated by regulation for the purposes of the tax imposed under sections 123.02 (1), 123.2 (3.2) and 123.3 (3.2) in the designated major event accommodation area; .

2 Section 28 (1) is amended by adding the following paragraph:

(q.1) section 123.02 [*tax on accommodation in designated major event accommodation area*]; .

3 The following sections are added:

Tax on accommodation in designated major event accommodation area

- 123.02** (1) If accommodation is purchased in a designated major event accommodation area, the purchaser must pay to the designated recipient, by paying to the government as agent of the designated recipient, tax at the prescribed rate on the purchase price of the accommodation.
- (2) The maximum rate of tax that may be imposed under this section is 2.5% of the purchase price of the accommodation.

CLAUSE 3: *[Provincial Sales Tax Act, sections 123.02 and 123.03 – continued]*

CLAUSE 4: *[Provincial Sales Tax Act, section 123.1]* is consequential to the addition by this Bill of section 123.02 to the Act.

CLAUSE 5: *[Provincial Sales Tax Act, section 123.2]* imposes tax in relation to accommodation purchased by a person for resale if the person becomes a user of the accommodation.

Transition – application of section 123.02 if change in designation status or tax rate

- 123.03** (1) If accommodation is purchased in an area before the area becomes a designated major event accommodation area, section 123.02 applies in relation to the purchase, but only in respect of any consideration that
- (a) becomes due on or after the date the area becomes a designated major event accommodation area, and
 - (b) has not been paid before that date.
- (2) If accommodation is purchased in a designated major event accommodation area before the area ceases to be a designated major event accommodation area, section 123.02 applies in relation to the purchase, except in respect of any consideration that
- (a) becomes due on or after the date the area ceases to be a designated major event accommodation area, and
 - (b) has not been paid before that date.
- (3) If there is a change in the prescribed rate of tax that applies to accommodation purchased in a designated major event accommodation area, the new rate of tax applies to accommodation purchased, before the new rate of tax takes effect, in the designated major event accommodation area, but only in respect of any consideration that
- (a) becomes due on or after the date the new rate of tax takes effect, and
 - (b) has not been paid before that date.

4 *Section 123.1 is amended by striking out “sections 122 and 123” wherever it appears and substituting “sections 122, 123 and 123.02”.*

5 *Section 123.2 is amended*

(a) by adding the following subsections:

- (3.1) Subject to subsection (4), subsection (3.2) applies to a person in respect of accommodation if
- (a) subsection (3) applies to the person in respect of the accommodation, and
 - (b) at the time the person becomes a user of that accommodation, the accommodation is in a designated major event accommodation area.
- (3.2) A person to whom this subsection applies must pay to the designated recipient, by paying to the government as agent of the designated recipient, tax on the purchase price of the accommodation at the rate prescribed for the purposes of section 123.02 (1) for accommodation purchased in the designated major event accommodation area. ,

CLAUSE 5: *[Provincial Sales Tax Act, section 123.2 – continued]*

CLAUSE 6: *[Provincial Sales Tax Act, section 123.3]* imposes tax in relation to accommodation that is used, or allowed to be used, for a purpose other than the purpose for which the accommodation would be exempt from tax.

CLAUSE 7: *[Provincial Sales Tax Act, section 124.02]* provides for refunds in relation to

- a new designated major event accommodation area, and
- an increase in the tax rate in a designated major event accommodation area.

CLAUSE 8: *[Provincial Sales Tax Act, section 124.1]* is consequential to the addition by this Bill of section 123.02 to the Act and to the amendments made by this Bill to sections 123.2 and 123.3 of the Act.

(b) in subsection (4) by striking out “Subsections (1) and (3)” and substituting “Subsections (1), (3) and (3.2)”, and

(c) in subsections (5) and (6) by striking out “subsection (1) or (3)” and substituting “subsection (1), (3) or (3.2)”.

6 *Section 123.3 is amended*

(a) by adding the following subsections:

(3.1) Subsection (3.2) applies to a person in respect of accommodation if

(a) subsection (3) applies to the person in respect of the accommodation, and

(b) at the time the person uses that accommodation, or allows that accommodation to be used, as referred to in subsection (2) (b), the accommodation is in a designated major event accommodation area.

(3.2) A person to whom this subsection applies must pay to the designated recipient, by paying to the government as agent of the designated recipient, tax on the purchase price of the accommodation at the rate prescribed for the purposes of section 123.02 (1) for accommodation purchased in the designated major event accommodation area. , *and*

(b) in subsections (4) and (5) by striking out “subsection (1) or (3)” and substituting “subsection (1), (3) or (3.2)”.

7 *The following section is added:*

Refund in relation to designated major event accommodation area

124.02 (1) Sections 124 and 124.01 apply in relation to accommodation purchased in an area that is or has become a designated major event accommodation area.

(2) For the purposes of subsection (1), in sections 124 and 124.01,

(a) a reference to “designated accommodation area” is to be read as a reference to “designated major event accommodation area”, and

(b) a reference to “section 123” is to be read as a reference to “section 123.02”.

8 *Section 124.1 is amended by striking out “123.2 (3) or 123.3 (3)” and substituting “123.02 (1), 123.2 (3) or (3.2) or 123.3 (3) or (3.2)”.*

CLAUSE 9: *[Provincial Sales Tax Act, section 125]* provides for payment to the designated recipient and makes other amendments consequential to the addition by this Bill of section 123.02 to the Act and to the amendments made by this Bill to sections 123.2 and 123.3 of the Act.

CLAUSE 10: *[Provincial Sales Tax Act, sections 178 and 185]* is consequential to the addition by this Bill of section 123.02 to the Act.

CLAUSE 11: *[Provincial Sales Tax Act, section 240]* clarifies a reference to tax consequential to the addition by this Bill of section 123.02 and related provisions to the Act.

9 Section 125 is amended

(a) by repealing subsection (1) and substituting the following:

(1) The director must pay from the consolidated revenue fund to a designated recipient amounts equal to the total of the following, less any amounts deducted under subsections (3) and (4):

(a) if the designated recipient has been designated in relation to a designated accommodation area,

(i) all amounts of tax imposed under sections 123, 123.2 (3) and 123.3 (3) in respect of accommodation in the designated accommodation area that are remitted or paid to the government, and

(ii) all amounts of penalties imposed under section 203 that

(A) are in relation to tax under section 123 in respect of accommodation in the designated accommodation area that is not levied as required under this Act, and

(B) are paid to the government;

(b) if the designated recipient has been designated in relation to a designated major event accommodation area,

(i) all amounts of tax imposed under sections 123.02, 123.2 (3.2) and 123.3 (3.2) in respect of accommodation in the designated major event accommodation area that are remitted or paid to the government, and

(ii) all amounts of penalties imposed under section 203 that

(A) are in relation to tax under section 123.02 in respect of accommodation in the designated major event accommodation area that is not levied as required under this Act, and

(B) are paid to the government. ,

(b) in subsections (3) and (4) by striking out “123.2 (3) and 123.3 (3)” and substituting “123.02, 123.2 (3) and (3.2) and 123.3 (3) and (3.2)”, and

(c) in subsections (11) (b) and (12) by adding “or designated major event accommodation area” after “designated accommodation area”.

10 Sections 178 (2) and 185 (1.1) are amended by striking out “section 123” and substituting “section 123 or 123.02”.

11 Section 240 (1) (e) is amended by striking out “out of the revenue collected from the tax” and substituting “under section 125 (1) (a)”.

CLAUSE 12: *[Provincial Sales Tax Act, section 240.01]* adds regulation-making power consequential to amendments made by this Bill to the Act.

12 The following section is added:

Regulations in relation to designated major event accommodation area

- 240.01** (1) The Lieutenant Governor in Council may make regulations in relation to accommodation as follows:
- (a) designating one or more designated accommodation areas as a designated major event accommodation area;
 - (b) for the purposes of sections 123.02 (1), 123.2 (3.2) and 123.3 (3.2), designating, in relation to a designated major event accommodation area, a municipality, regional district or eligible entity as a designated recipient;
 - (c) for the purposes of section 123.02 (1) and subject to section 123.02 (2), prescribing the rate of tax that is to apply to accommodation purchased in a designated major event accommodation area;
 - (d) for the purpose of section 125 (2) (a), prescribing the purposes for which the amount paid to the designated recipient under section 125 (1) (b) may be spent by the designated recipient;
 - (e) exempting purchasers from the obligation to pay tax under section 123.02 (1) if the purchaser purchases accommodation
 - (i) in a prescribed designated major event accommodation area, and
 - (ii) through an online marketplace facilitator that is registered under section 168 at the time of purchase.
- (2) The Lieutenant Governor in Council may not make a regulation under subsection (1) (a), (b), (c) or (d) unless
- (a) the regulation is requested by the municipality, regional district or eligible entity,
 - (b) the minister is satisfied that there is to be a major international tourism event in or near the proposed designated major event accommodation area, and
 - (c) the minister charged with the administration of the *Tourism Act* has, on behalf of the government, entered into an agreement with the municipality, regional district or eligible entity respecting the tax that may be imposed under sections 123.02, 123.2 (3.2) and 123.3 (3.2) of this Act.
- (3) The Lieutenant Governor in Council may make regulations establishing conditions or requirements in relation to a request referred to in subsection (2).

CLAUSE 12: *[Provincial Sales Tax Act, section 240.01 – continued]*

- (4) Subject to subsection (5), the Lieutenant Governor in Council may amend, repeal or replace a regulation made under subsection (1) (a), (b), (c) or (d) whether or not the amendment, repeal or replacement is requested by the municipality, regional district or eligible entity that requested the regulation.
- (5) The Lieutenant Governor in Council may not amend the rate of tax prescribed in relation to accommodation purchased in a designated major event accommodation area unless the amendment is requested by the designated recipient.
- (6) The Lieutenant Governor in Council may not make a regulation under subsection (1) (b) designating more than one municipality, regional district or eligible entity in relation to a designated major event accommodation area.
- (7) Despite section 240 (5), the Lieutenant Governor in Council may designate a designated recipient for a designated major event accommodation area that is different from the designated recipient designated under section 240 in relation to a designated accommodation area that is designated as all or part of the designated major event accommodation area.
- (8) In making a regulation under subsection (1) (d), the Lieutenant Governor in Council may adopt by reference a part of the agreement referred to in subsection (2) (c), as amended from time to time.

Commencement

- 13** This Act comes into force on the date of Royal Assent.