

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: September 6, 2018

Date Required: September 10, 2018

Initiated by: Jordan Goss
Assistant Deputy Minister,
Revenue Division

Date Prepared: September 6, 2018

**Ministry
Contact:** Samantha Sherman
Director,
Policy, Rulings and Services

Phone Number: 778 698-8933

Email: Samantha.Sherman@gov.bc.ca

Cliff #: 373612

TITLE: Proposed Amendment to Regulation 141/2018 Definition of
Accommodation

PURPOSE:

(X) FOR DECISION

COMMENTS:

s.12,s.13,s.14

DATE PREPARED: September 6, 2018

TITLE: Proposed Amendment to Regulation 141/2018 Definition of Accommodation

ISSUE: s.12,s.13
s.12,s.13

BACKGROUND:

The policy intent of the Budget changes to the legislative and regulatory framework in respect of accommodation under the *Provincial Sales Tax Act* was to apply PST and the Municipal and Regional District Tax (MRDT) to all short term lodging, unless a specific exemption applies. In addition, the policy intent was to enable online accommodation platforms (e.g., Airbnb) to register to collect and remit the PST and MRDT and in doing so, relieve the hosts (owners and lessors of the properties) from the obligation to register.

The only exception to this was to exempt accommodation that is not listed on an online accommodation platform and provided by a person who made less than \$2500 gross revenue in the previous 12 months and who has a reasonable expectation of making less than \$2500 in the following 12 months. This "small seller" type exemption was included to reduce the administrative burden on persons providing occasional short term lodging, other than on an online accommodation platform.

The policy intent was to be achieved through the legislative amendments introduced in Budget 2018 and amendments to the *Provincial Sales Tax Regulation* (PSTR). Regulation 141/2018, which was deposited in early July, amends the definition of accommodation by expanding the list of prescribed dwellings in the PSTR that are considered accommodation. This regulation is set to come into effect on October 1, 2018. At the time the regulation was deposited, the ministry posted a notice describing the changes and the application of tax effective October 1, 2018 consistent with the policy intent.

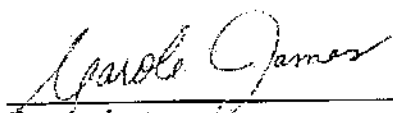
Since Regulation 141/2018 was deposited, the ministry started to receive questions from various persons about the obligation to register to collect the tax. While the ministry was providing information on the basis of the notice, s.14
s.12,s.13,s.14

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Withheld pursuant to/removed as

s.12;s.14;s.13

s.12,s.13



Carole James
Minister

September 11, 2018
Date

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: September 14, 2018
Date Required: September 17, 2018

Initiated by: Shauna Brouwer
Assistant Deputy Minister
Policy and Legislation Division

Date Prepared: September 14, 2018

Ministry Contact: Chris Dawkins
Executive Director ,
Financial and Corporate
Sector Policy Branch

Phone Number: 778.698.9401
Email: Christina.Dawkins@gov.bc.ca

Cliff #: 373846

TITLE: Real Estate Regulatory Structure Review

PURPOSE:

DECISION REQUIRED

DATE PREPARED: September 14, 2018

TITLE: Real Estate Regulatory Structure Review

ISSUE: This note summarizes the recommendations from the Real Estate Regulatory Structure Review (the Perrin report) and seeks confirmation of next steps.

BACKGROUND:

On July 9, 2018, Dan Perrin of Perrin, Thorau and Associates submitted a report on regulation in the real estate sector in British Columbia.

The report made the following broad six recommendations. (These are reproduced here at a high level – the report provides more detail on many of them.)

1. The Office of the Superintendent of Real Estate (OSRE) and the Real Estate Council of British Columbia (RECBC) should be merged into the Financial Institutions Commission (FICOM) as the single regulator.
2. The Ministry of Finance should control real estate public policy development, in collaboration with the regulator.
3. Government consider whether there should be oversight for regulators in BC and if so, what form that oversight should take.
4. A policy review of real estate regulatory requirements be undertaken.
5. Measures designed so that the Ministry, OSRE and RECBC would work together harmoniously until a single regulator model is implemented, or if the recommendation that there be a single regulator is not accepted, on an ongoing basis.
6. Government consider changing the board appointment mechanism of the Real Estate Errors and Omissions Insurance Corporation (REEOIC), so that REEOIC is no longer a government body.

DISCUSSION:

Informal discussions have taken place between the Minister and Ministry staff about possible next steps in response to the Perrin report. This note seeks confirmation of the planned approach.

s.13

s.13

Further Reviews (partial response to Recommendation 4):

- Announce a Phase 2 report focusing on anti-money laundering in real estate.

The Perrin report recommends a further review of the broader real estate sector including mortgage brokers, real estate appraisers and home inspectors. Although the Perrin report acknowledges the concerns about money laundering in real estate, it is not the focus of the recommendation to review the regulatory framework for the broader real estate sector.

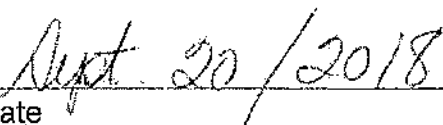
s.13

Timeline Summary

September 17, 2018 s.13	<ul style="list-style-type: none">• New Chair appointed RECBC• FICOM announced as a Crown
September 27, 2018 s.13	<ul style="list-style-type: none">• Perrin report released s.13• Announce Phase 2 report

APPROVED / NOT APPROVED


Carole James
Minister and Deputy Premier


Date

Ministry of Finance
BRIEFING DOCUMENT

To: Carole James
Minister of Finance
and Deputy Premier

Date Requested: August 9, 2018

Date Required: September 19, 2018

Initiated by: Shauna Brouwer
Assistant Deputy Minister
Policy and Legislation Division

Date Prepared: September 19, 2018

**Ministry
Contact:** Keith Preston
Strategic Advisor
Tax Policy Branch

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Email: Keith.Preston@gov.bc.ca

Cliff #: 371979

TITLE: OIC to amend the PST Exemption and Refund Regulation for Cannabis Sales

PURPOSE:

(X) FOR DECISION

COMMENTS: This is an updated version of a note originally prepared August 9, 2018. The accompanying OIC was re-drafted as described in the body of this note.

DATE PREPARED: September 19, 2018

TITLE: PST Exemption and Refund Regulation – Amendment for Cannabis Sales

BACKGROUND:

Canada has publicly announced that it intends to legalize non-medical cannabis effective October 17, 2018. Medical cannabis is currently legal in Canada however medical cannabis products can only be purchased with a prescription from a licensed health practitioner. The legalization of non-medical cannabis is expected to significantly increase demand for legal sources of cannabis products.

s.12,s.13

s.12,s.13

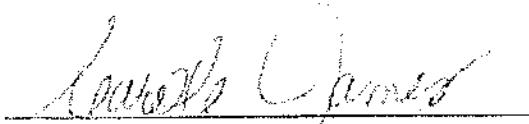
REGULATORY CRITERIA EXEMPTION:

The OIC has no impact on regulatory requirements.

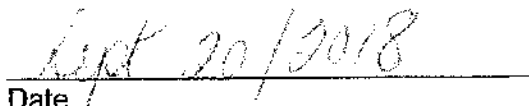
OPTIONS:

s.12,s.13

APPROVED / NOT APPROVED



Carole James
Minister of Finance and Deputy Premier



Date

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance and
Deputy Premier

Initiated by: Richard Purnell
Executive Director

Date Prepared: September 13, 2018

Ministry Andrea Keil

Phone Number: 778-698-5829

Contact: Director, Indigenous Tax

Email: Andrea.Keil@gov.bc.ca

Cliff #: 373768

TITLE: Employer Health Tax – Treatment of Treaty First Nations and the Nisga'a Nation

PURPOSE:

For Decision

COMMENTS:

DATE PREPARED: September 13, 2018

TITLE: Employer Health Tax – Treatment of Treaty First Nations and the Nisga'a Nation

ISSUE: Treaty First Nations and the Nisga'a Nation will be required to pay the employer health tax

BACKGROUND:

In Budget 2018, the government announced that effective January 1, 2020, MSP premiums would be eliminated. At the same time, the government announced that to partially recoup the \$2.7 Billion of revenue raised by MSP, the government would introduce a tax on payroll, the employer health tax, effective January 1, 2019.

The employer health tax is a broad-based tax that will apply to all employers in the province. However, employers who are status individuals carrying on business on a reserve will be exempt under section 87 of the federal *Indian Act*.

Accordingly, First Nation Bands will not pay the employer health tax on their payroll. Treaty First Nations (TFN) and the Nisga'a Nation (Nisga'a), however, will pay the employer health tax as the section 87 exemption does not apply.

With the exception of Nisga'a, who receives money directly from Canada to cover MSP premiums, TFN status members receive MSP coverage through an arrangement between Canada and the First Nations Health Authority. Under this arrangement, the First Nations Health Authority is responsible for paying an amount in lieu of MSP premiums to the Province.

	Status First Nations Bands	Treaty First Nations	Nisga'a Nation
Pay MSP	No	No	Yes – But funding originates from Canada ¹
Pay EHT	No – likely exempt by section 87	Yes	Yes

¹ These funding arrangements need to be negotiated between the Nisga'a Nation and the federal government. The federal government may decrease funding during future negotiations to reflect MSP premium elimination.

DISCUSSION:

s.13,s.16

s.13,s.16

s.13,s.16

s.13,s.16

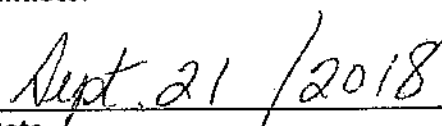
RECOMMENDED APPROACH:

s.13

APPROVED / NOT APPROVED



Carole James
Minister



Date

Ministry of Finance
BRIEFING DOCUMENT

To: Carole James
Minister of Finance
and Deputy Premier

Date Requested: September 26, 2018

Date Required: September 28, 2018

Initiated by: Shauna Brouwer
Assistant Deputy Minister
Policy and Legislation Division

Date Prepared: September 26, 2018

**Ministry
Contact:** Keith Preston
Strategic Advisor
Tax Policy Branch

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Cliff #: 374677

TITLE: OIC to add PST exemptions for specified major projects

PURPOSE:

(X) FOR DECISION

COMMENTS: s.12
s.12

DATE PREPARED: September 26, 2018

TITLE: OIC to add PST exemptions for specified major projects

BACKGROUND:

s.12,s.13

Unless a specific exemption applies, the PST applies to:

- The purchase or lease of new and used goods in BC
- Goods brought, sent, or delivered into BC for use in BC
- The purchase of:
 - Software
 - Services to taxable goods (e.g. repair services)
 - Short-term accommodation in BC
 - Legal services (including legal services provided outside BC in certain situations)
 - Telecommunication services (e.g. internet and telephone services)

PST does not apply to services to install goods into real property (e.g. general construction labour).

The *Provincial Sales Tax Act* provides sufficient authority to make exemptions in the Provincial Sales Tax Exemption and Refund Regulation.

DISCUSSION:

s.12,s.13,s.21

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s.12;s.21;s.13

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CONCLUSION:

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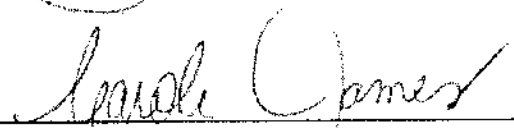
REGULATORY CRITERIA EXEMPTION:

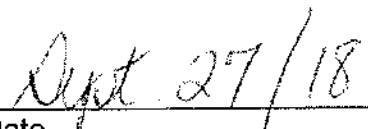
The OIC has no impact on regulatory requirements.

OPTIONS:

s.12,s.13

APPROVED / NOT APPROVED


Carole James
Minister of Finance and Deputy Premier


Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance

Date Requested: August 28, 2018
Date Required: September 12, 2018

Initiated by: Lori Wanamaker

Date Prepared: September 5, 2018
Date Revised:

Ministry
Contact: Heather Wood/Heather Hill

Phone Number: (778) 698-1549
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Cliff #: 373593

TITLE: Status of Partnerships British Columbia (PBC) Review

PURPOSE:
(X) FOR INFORMATION

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s.12;s.13