

**AGREEMENT RELATING TO THE COLLECTION OF  
BRITISH COLUMBIA'S PROVINCIAL SALES TAX  
BY THE CANADA BORDER SERVICES AGENCY  
WITH RESPECT TO THE IMPORTATION  
OF NON-COMMERCIAL TAXABLE GOODS  
(herein referred to as "the Agreement")**

**BETWEEN**

**THE CANADA BORDER SERVICES AGENCY  
(herein referred to as "the CBSA")**

**AND**

**HER MAJESTY THE QUEEN IN RIGHT  
OF THE PROVINCE OF BRITISH COLUMBIA  
(herein referred to as the "Government of British Columbia")  
as represented by**

**THE MINISTER OF FINANCE  
(herein referred to as "the BC Finance Minister")**

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## PREAMBLE

**WHEREAS** the Canada Border Services Agency is established under the *Canada Border Services Agency Act* and charged with the responsibility to ensure the security and prosperity of Canada by managing the access of people and goods to and from Canada, including the collection of taxes and duties on specified goods imported into Canada;

**WHEREAS** the British Columbia Minister of Finance is responsible for the effective and efficient administration of the Government of British Columbia revenues, including the British Columbia provincial sales tax;

**WHEREAS** section 191 of the *Provincial Sales Tax Act* authorizes the British Columbia Minister of Finance to enter into an agreement on behalf of the Government of British Columbia with the Government of Canada or an agent of the Government of Canada with respect to the collection of taxes imposed under section 55 of the *Provincial Sales Tax Act* on certain tangible property that is brought or sent into British Columbia from outside of Canada by a Resident Taxpayer;

**WHEREAS** section 14(1) of the *Canada Border Services Agency Act* authorizes the Canada Border Services Agency to enter into or amend an agreement with a provincial government to administer a tax if the agreement is in accordance with guidelines relating to agreements of that kind established jointly by the Minister of Public Safety and Emergency Preparedness and the Minister of Finance of Canada; and section 5(1)(c) of the *Canada Border Services Agency Act* authorizes the Canada Border Services Agency to implement agreements between the Canada Border Services Agency and the government of a province to administer a tax or program;

**WHEREAS** subsection 107(5)(d) of the *Customs Act* permits an official to disclose customs information that relates to goods that are subject to taxation upon importation into the province under an Act of the legislature of a province to an official, solely for the purpose of administering or enforcing that Act; and subsection 107(5)(g) of the *Customs Act* authorizes the disclosure to an official solely for the purpose of setting off, against any sum of money that may be due to or payable by Her Majesty in right of Canada, or Her Majesty in right of a province on account of taxes payable to the province, if an agreement exists under which Canada is authorized to collect taxes on behalf of the province;

**WHEREAS** the British Columbia Minister of Finance wishes to authorize the Canada Border Services Agency to collect the British Columbia provincial sales tax in respect of Taxable Goods, that a Resident Taxpayer of British Columbia brings and/or causes to be brought into British Columbia, from outside of Canada;

**WHEREAS** the Canada Border Services Agency agrees to collect the British Columbia provincial sales tax with respect to importations of non-commercial goods, and

**WHEREAS** the British Columbia Minister of Finance and the Canada Border Services Agency wish to work collaboratively in exercising flexibilities under this Agreement in a manner that is consistent with their respective mandates.

**NOW, THEREFORE**, the Parties agree as follows:

## **2. PURPOSE**

- 2.1 The purpose of the Agreement is to authorize the Canada Border Services Agency (CBSA) to collect the British Columbia provincial sales tax and to set out the administrative framework for the collection of tax on Taxable Goods that a Resident Taxpayer causes to be brought into British Columbia, or receives delivery of in British Columbia, from outside of Canada.
- 2.2 The Agreement replaces the following agreements between the Government of Canada/the Canada Border Services Agency and the Government of British Columbia:
- a) Letter of Intent between the Canada Border Services Agency and the Province of British Columbia for the collection by the Canada Border Services Agency of British Columbia's provincial sales tax on imported taxable goods effective April 1, 2013;
  - b) *Agreement Relating to the Collection by Canada of British Columbia's Social Services Tax with Respect to Personal Importations of Goods between the Government of Canada* (represented by the Minister of National Revenue) and the Government of British Columbia (represented by the Minister of Finance and Corporate Relations) that came into force on August 31, 1999, and
  - c) Terms and Conditions for British Columbia for the Agreement Relating to the Collection by Canada of British Columbia's Social Service Tax with Respect to *Personal Importations of Goods* that came into force on July 31, 2000.

## **3. LIABILITY**

- 3.1 The Government of British Columbia agrees to indemnify and hold harmless the CBSA and its Collection Agent from and against any action for damages brought against the CBSA or its Collection Agent because of anything done or omitted in good faith
- a) in the performance or intended performance of a duty or function under the *Provincial Sales Tax Act* or under the Agreement, or
  - b) in the exercise or intended exercise of a power under the *Provincial Sales Tax Act* or under the Agreement.

## 4. DEFINITIONS AND INTERPRETATION

4.1 The following definitions apply to the Agreement and its Appendices:

**“Appropriate Form”** means the format by which all Information and/or data is collected by the CBSA;

**“BC PST”** means the British Columbia provincial sales tax imposed by the *Provincial Sales Tax Act*;

**“Collection Agent”** means a collection agent as defined in section 1 of the *Provincial Sales Tax Act*;

**“Canada Border Services Agency Act”** means the *Canada Border Services Agency Act*, (2005, S.C. 38);

**“Customs Act”** means the *Customs Act*, (R.S.C, 1985, c.1 (2nd Supp.));

**“Customs Tariff”** means the *Customs Tariff* (S.C. 1997, c.36) and the Schedule of Customs Tariff provisions;

**“Customs Office”** means a place designated as a customs office by the Minister of Public Safety and Emergency Preparedness in section 5 of the *Customs Act*;

**“Customs Officer”** means a person, as defined in section 2 of the *Customs Act*;

**“Excise Tax Act”** means the *Excise Tax Act*, (R.S.C, 1985, c.E-15);

**“Information”** means information or data in any form, whether oral or written, readable by human being or machine, and whether capable of being transmitted by mail, telephone, fax, computer or any other physical or electronic means and may include personal information, which means information about an identifiable individual recorded in any form and may include customs information as defined in section 107 of the *Customs Act*;

**“Information Exchange MOU”** means the Memorandum of Understanding to Exchange Information and Enhance Cooperation between the Minister of National Revenue and the Minister of Finance and Corporate Relations signed November 19, 1998, or any subsequent instrument replacing such Memorandum of Understanding;

**“Fiscal Year”** means April 1 to March 31;

**“Non-Commercial Imported Goods”** means imported goods, other than goods imported into Canada for sale or for any commercial, industrial, occupational, institutional or other like use. Also referred to as casual goods;

**“Official”** means a person who is or was employed in the service of Her Majesty in right of Canada or of a province; occupies or occupied a position of responsibility in the service of Her Majesty in right of Canada or of a province; or is or was engaged by or on behalf of Her Majesty in right of Canada or of a province;

**“Party” or “Parties”** means either the CBSA and/or the British Columbia Minister of Finance, depending on the context in which it appears;

**“Provincial Sales Tax Act”** means the British Columbia *Provincial Sales Tax Act*, S.B.C. 2012, c.35;

**“Resident Taxpayer”** means a resident taxpayer of British Columbia as defined in Part 1, Division 1 of the *Provincial Sales Tax Act*;

**“Taxable Goods”** means, subject to the Terms and Conditions, Non-Commercial Imported Goods subject to tax under both Division III of Part IX of the *Excise Tax Act*, and Division 5 of Part 3 of the *Provincial Sales Tax Act*, and

**“Terms and Conditions”** means the Terms and Conditions agreed to by the CBSA and the BC Finance Minister as stated in Appendix B.

- 4.2 Any provision in the Agreement judged to be unlawful, null or void shall not invalidate any other provisions of the Agreement.
- 4.3 Any reference to a law and its regulations, provision or memorandum of understanding includes all subsequent amendments to the said law, provision or memorandum of understanding.
- 4.4 Unless the context otherwise requires, words in the singular include the plural.
- 4.5 Each Appendix to the Agreement forms an integral part of the Agreement.
- 4.6 Interpretation of the Agreement will take into consideration the capacity of the President of the CBSA to administer and enforce such definitions.

## **5. COLLECTION OF PST**

- 5.1 The CBSA will collect, on behalf of the British Columbia Minister of Finance (BC Finance Minister), at its Customs Offices in British Columbia, or anywhere in British Columbia in cases of couriers, postal or any other means of delivery, after Taxable Goods are imported into British Columbia from outside of Canada, the amount of BC PST to be paid by a Resident Taxpayer with respect to the Taxable Goods.
- 5.2 Where an agreement is in force between the CBSA and the Canada Post Corporation, the amount of BC PST to be paid by a Resident Taxpayer with respect to Taxable Goods the Resident Taxpayer receives by mail in British Columbia from outside of Canada will be collected on behalf of British Columbia, by the Canada Post Corporation or its agent, at the time the Taxable Goods are released to the Resident Taxpayer in British Columbia.

- 5.3 For Taxable Goods imported by a Resident Taxpayer, the CBSA will calculate the BC PST following the procedures outlined in the Terms and Conditions.
- 5.4 Where a Collection Agent is uncertain as to whether goods qualify for an exemption under Part 6 of the *Provincial Sales Tax Act* or its regulations, the Collection Agent may require that the Resident Taxpayer pay the BC PST.
- 5.5 The CBSA will make best efforts to collect the BC PST in accordance with the Agreement. However, bearing in mind the complex operational challenges of border program administration, the CBSA may determine, in its discretion, whether to collect the BC PST and the manner in which BC PST is collected.

## **6. DETENTION OF TAXABLE GOODS**

- 6.1 A Collection Agent, as authorized under the *Provincial Sales Tax Act*, may detain Taxable Goods until the amount of the BC PST and the costs incurred with respect to this detention have been paid by or on behalf of the Resident Taxpayer or, in default of such payment within 60 days from the date of detention, until the Taxable Goods are disposed of in accordance with the law and as outlined in the Terms and Conditions.

## **7. REFUNDS OF PST**

- 7.1 The CBSA will, in accordance with the Terms and Conditions, provide a refund to Resident Taxpayers for any overpayment of the BC PST, whether or not a refund of federal duties and taxes are involved, where the BC PST was incorrectly collected on Taxable Goods by a Collection Agent or Information is provided by the Resident Taxpayer to a Collection Agent that confirms that the amount of BC PST collected was greater than the BC PST due.

## **8. REMITTANCE OF THE PST**

- 8.1 The CBSA agrees to report, account for and remit to the BC Finance Minister, the net amount of BC PST collected under the Agreement, in accordance with the Terms and Conditions.

## **9. COMMUNICATION AND MANAGEMENT OF INFORMATION**

- 9.1 The BC Finance Minister agrees to inform the CBSA of any changes in the *Provincial Sales Tax Act* that require implementation under the Agreement without delay, and where the changes relate to the taxable status of a Non-Commercial Imported Good, provide the CBSA with the applicable tariff classifications of the goods. For this purpose, any notifications will be sent by the BC Finance Minister's Official to the CBSA Official identified in Appendix A. The CBSA agrees to implement any changes that are required under the Agreement as soon as practicable.

9.2 The Parties agree that:

- a) no Information will be provided under the Agreement except to the extent authorized by law, and solely for the specific purposes authorized by that law;
- b) the Information can only be disclosed to persons with a need to know and used for the specific purpose for which it is provided and will not be shared with any other entity without the written consent of the Party who provided the Information;
- c) all Information will be disclosed in accordance with the Information Exchange MOU and the Terms and Conditions, and
- d) with respect to any request received under any law of Canada or British Columbia relating to access to documents concerning the collection of BC PST, the CBSA and the BC Finance Minister will cooperate to ensure prompt compliance with any such law.

## **10. GOVERNANCE**

- 10.1 The Parties may establish and maintain a joint committee to be known as the BC Finance-CBSA Governance Committee in accordance with the Terms and Conditions.

## **11. REVIEW OF RECORDS**

- 11.1 The Parties will keep records regarding the collection of the BC PST for a period of six (6) Fiscal Years plus the current Fiscal Year.
- 11.2 The CBSA will maintain records in an Appropriate Form to allow examination by the BC Finance Minister of the amount of BC PST collected, reimbursed or remitted and the related costs of operation of the Agreement.
- 11.3 A request to examine records must be made in writing by the BC Finance Minister's Official to the CBSA Official identified in Appendix A, as per the Terms and Conditions.

## **12. ADMINISTRATION FEE**

- 12.1 The BC Finance Minister will reimburse the CBSA for the full cost of collecting the BC PST and for administering the Agreement.
- 12.2 Estimated costs that the CBSA expects to incur for work to be performed in each Fiscal Year will be recovered per remittance period in accordance with the formula, as set out in the Terms and Conditions.
- 12.3 The CBSA will reconcile the estimates with the actual expenditures to date by a specified date of the following Fiscal Year, as set out in the Terms and Conditions.

### **13. ADMINISTRATION OF THE AGREEMENT**

- 13.1 The Officials identified by the Parties in Appendix A are responsible for the overall administration of the Agreement.
- 13.2 Other Officials are authorized to be the points of contact for the purposes of the Agreement. Appendix A identifies those Officials and their specific responsibilities for carrying out the administration of the Agreement.

#### **Date in effect and application**

- 13.3 The Agreement comes into effect on the date of the last signature and will remain in effect until terminated by either Party in accordance with this section or formally replaced by another agreement.
- 13.4 A successor to a Party to the Agreement becomes a Party to the Agreement.

#### **Monitoring and Reporting**

- 13.5 The CBSA will establish a monitoring and reporting framework that allows both Parties to monitor the performance and effectiveness of the Agreement.

#### **Audit**

- 13.6 Either Party may request an audit be undertaken to assess any provision of the Agreement. This audit may be conducted by either Party or an independent auditor agreed to by the Parties. The Parties agree to share audit results.

#### **Dispute resolution**

- 13.7 Any unresolved dispute with respect to the Agreement will be referred to the Governance Committee for consideration and resolution. If the issue is unresolved, the dispute will be referred by the Governance Committee to the Officials designated in Appendix A with delegated overall responsibility for the administration of the Agreement for consideration and resolution. If those Officials are not able to resolve the dispute, it will be referred to the persons occupying the positions of the signatories to the Agreement.

#### **Amendments**

- 13.8 Subject to article 13.9, the Agreement may be amended at any time, with the mutual consent of the Parties, by an exchange of letters between the persons occupying the positions of the signatories, or their successors, to the Agreement.
- 13.9 The Appendices may be amended at any time, with the mutual consent of the Parties, by an exchange of letters between the Officials, or their successors, designated in Appendix A as having overall responsibility for the administration of the Agreement.

## **Termination**

- 13.10 Either Party reserves the right to terminate the Agreement, by giving a six-month's written notice of termination to the other Party. For this purpose, the notice must be given by a person occupying the position of the signatory to the Agreement. The Agreement may also be terminated at any time with the concurrence of the Parties expressed by an exchange of letters between the persons occupying the positions of the signatories to the Agreement.
- 13.11 Termination of the Agreement does not release a Party from any responsibilities which accrued while the Agreement was in force. The responsibilities of management of Information in 9.2 and the obligations contained in 3.1 survive the expiry or termination of the Agreement.

IN WITNESS THEREOF, the Agreement is signed in duplicate, each copy being equally authentic.

CANADA BORDER SERVICES  
AGENCY

FOR HER MAJESTY THE  
QUEEN IN RIGHT OF  
THE PROVINCE OF BRITISH  
COLUMBIA

as represented by

as represented by

THE PRESIDENT OF THE  
CANADA BORDER SERVICES  
AGENCY

THE MINISTER OF FINANCE



LUC PORTELANCE  
President



PETER MILBURN  
Deputy Minister of Finance

2015-03-27  
DATE

March 30, 2015  
DATE

## **APPENDIX A: LIST OF AUTHORIZED OFFICIALS**

### **List of CBSA Officials**

For the overall responsibility of the administration of the Agreement (article 13.1):

Director  
Program & Policy Management  
Commercial Programs Division  
Canada Border Services Agency  
171 Slater Street  
Ottawa ON K1A 0L8

Telephone: 613 954-7507

Receive notification of changes to the BC PST and CBSA relations, including accountability, resolution of disputes, monitoring and reporting (article 13), releasing of Information (article 9), the Governance Committee (article 10), and to receive written request to examine records (article 11):

Headquarters  
Manager  
Other Government Department Unit  
Commercial Programs Division  
Canada Border Services Agency  
171 Slater Street  
Ottawa ON K1A 0L8

Telephone: 613) 957-1205

Manage matters related to the CBSA's monthly net remittances, including the electronic transfer of funds (article 8), sending notification to the BC Finance Minister where BC PST cannot be collected (Appendix B, article 5.3.13) providing the annual reconciliation (article 12), the remittance data and the contents of the CBSA's annual report regarding the collection of the BC PST (article 9):

Director  
Revenue Accounting and Reporting Division  
Canada Border Services Agency  
355 North River Rd, Tower B, 18th Floor  
Ottawa ON K1A 0L8

Telephone: 343-291-5740

## **APPENDIX A: LIST OF AUTHORIZED OFFICIALS**

### **List of BC Finance Minister's Officials**

For the overall responsibility of the administration of the Agreement (article 13.1) and dispute resolution (article 13.7):

Assistant Deputy Minister  
Revenue Division  
Ministry of Finance  
7th Floor - 1802 Douglas Street  
Victoria BC V8T 4K6

Telephone: 250 387-0665  
Fax: 250 387-3000

Provide notification of changes to the BC PST (article 9.1), and manage matters related to administration costs (article 12), and receive notification from the CBSA where BC PST cannot be collected (Appendix B, article 5.3.13):

Executive Director  
Consumer Taxation Programs Branch  
Revenue Division  
Ministry of Finance  
2nd Floor - 1802 Douglas Street  
Victoria BC V8T 4K6

Telephone: 250 387-0611  
Fax: 250 356-0763

Send notice of intent to examine records to the CBSA (article 11.3):

Executive Director  
Consumer Taxation Audit Branch  
Revenue Division  
Ministry of Finance  
Suite 101 - 10475 138th Street  
Surrey BC V3T 4K4

Telephone: 604 586-3709  
Fax: 604 586-2702

## **APPENDIX A: LIST OF AUTHORIZED OFFICIALS**

### **List of BC Finance Minister's Officials - continued**

Receive monthly statement of BC PST collections and remittances (article 8.1), CBSA/BC Finance relations, including management of general reporting and accountability (article 10) determine with the CBSA the correct course of action relative to Taxable Goods detained for non-payment of BC PST (Appendix B, article 6.1.2) and receive requests for assistance in determining whether Taxable Goods qualify for an exemption (Appendix B, article 5.4.1):

Manager, Program Services  
Consumer Taxation Programs Branch  
Revenue Division  
Ministry of Finance  
2nd Floor - 1802 Douglas Street  
Victoria BC V8T 4K6

Telephone: 250 387-1118  
Fax: 250 356-0763

Receive refund applications forwarded by the CBSA and when requested by CBSA, assist with making a determination on refund applications (Appendix B, article 7.2.1):

Manager, Refund Section  
Consumer Taxation Programs Branch  
Revenue Division  
Ministry of Finance  
2nd Floor - 1802 Douglas Street  
Victoria BC V8T 4K6

Telephone: 250 387-0655  
Fax: 250 387-7887

**APPENDIX B: TERMS AND CONDITIONS**

**AGREEMENT RELATING TO THE COLLECTION OF  
BRITISH COLUMBIA'S PROVINCIAL SALES TAX  
BY THE CANADA BORDER SERVICES AGENCY  
WITH RESPECT TO THE IMPORTATION OF  
NON-COMMERCIAL TAXABLE GOODS**

**CANADA BORDER SERVICES  
AGENCY**

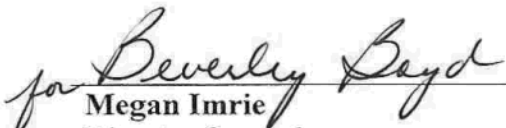
as represented by

**DIRECTOR GENERAL  
COMMERCIAL PROGRAMS  
CANADA BORDER SERVICES  
AGENCY**

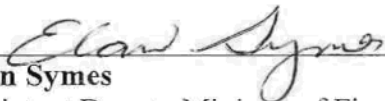
**FOR HER MAJESTY THE  
QUEEN IN RIGHT OF  
THE PROVINCE OF BRITISH  
COLUMBIA**

as represented by

**THE ASSISTANT DEPUTY  
MINISTER  
REVENUE DIVISION  
MINISTRY OF FINANCE**

  
Megan Imrie  
Director General

MAY 05 2015  
DATE

  
Elan Symes  
Assistant Deputy Minister of Finance

April 17, 2015  
DATE

## **APPENDIX B: TERMS AND CONDITIONS**

The purpose of this document is to establish the Terms and Conditions for the collection of the British Columbia provincial sales tax in accordance with “the Agreement Relating to the Collection of the British Columbia’s Provincial Sales Tax by the Canada Border Services Agency with Respect to the Importation of Non-Commercial Taxable Goods”.

### **4. Definitions and Interpretation**

#### **Taxable Goods**

- 4.1.1 Due to limitations of the CBSA’s Traveller Entry Processing System (TEPS) and with the tariff classification of prefabricated buildings, the CBSA is unable to collect the proportional BC PST rates on manufactured mobile and modular homes, and portable buildings as stated in subsection 55(3.2), (3.3) and (3.4) of the *Provincial Sales Tax Act*. Instead, manufactured mobile and modular homes and portable buildings classified under tariff item 9406.00 (Prefabricated buildings) of the Customs Tariff, although subject to BC PST, will be rated zero in TEPS, so as to ensure that the CBSA is not collecting more BC PST than is payable on this class of goods, at importation. The BC PST payable on manufactured mobile and modular homes and portable buildings will be collected by the BC Finance Minister.

### **5. Collection of PST**

#### **Application and Calculation of the BC PST**

- 5.3.1 Subject to 5.3.2 of these Terms and Conditions, a Resident Taxpayer must pay the BC PST on the value of Taxable Goods imported for non-commercial use that exceeds or does not qualify for the personal exemption entitlement under tariff item 9804.00 of the *Customs Tariff*, based on his/her time absent from Canada.
- 5.3.2 BC PST is calculated on importations of Taxable Goods where tax is payable pursuant to Division III of Part IX of the *Excise Tax Act* and the Taxable Good is not subject to a BC PST exemption under Part 6 of the *Provincial Sales Tax Act* or the regulations.
- 5.3.3 The value for tax is determined pursuant to section 215 of the *Excise Tax Act* and multiplied by the rate of BC PST in accordance with section 55 of the *Provincial Sales Tax Act*.
- 5.3.4 The Government of British Columbia is responsible for assessing and collecting, at the time of registration in British Columbia, any BC PST in respect of motor vehicles, trailers and all-terrain vehicles imported into British Columbia.

## APPENDIX B: TERMS AND CONDITIONS

- 5.3.5 Goods, other than Non-Commercial Imported Goods, which are imported into Canada for consumption or use, or for supply in whole or in part, otherwise than in the course of commercial activities in British Columbia by a person, are subject to self-assessment provisions of Division 4 of Part 3 of the *Provincial Sales Tax Act*.
- 5.3.6 Taxable Goods imported into British Columbia without payment of the BC PST to a Collection Agent are subject to the self-assessment provisions of Division 4 of Part 3 of the *Provincial Sales Tax Act*.
- 5.3.7 For ease of administration of BC PST exemptions, the declaration of a Resident Taxpayer will be deemed sufficient for qualifying for an exemption. Seasonal residents are not residents of Canada or British Columbia for the purposes of the collection of a provincial sales tax, including the BC PST, at the border by the CBSA.
- 5.3.8 BC PST is only collected from a Resident Taxpayer entering Canada at a port of entry in BC or delivered to a Resident Taxpayer at a BC address.
- 5.3.9 Provincial sales taxes, including the BC PST, are not duties, as defined in section 2 of the *Customs Act*, and therefore, cannot be used in calculating terms of release for goods seized under that Act. Provincial sales taxes, including the BC PST, are collected separately at the time of the release of the goods.

### **Collections of Amounts of BC PST Owing**

- 5.3.10 Section 191(6)(a) of the *Provincial Sales Tax Act* authorizes Customs Officers, in their capacity as BC PST Collection Agents, to collect BC PST owing in respect of Taxable Goods that are released by a Collection Agent without payment of all or part of the BC PST.
- 5.3.11 The CBSA will make every reasonable effort to collect any BC PST with respect to Taxable Goods if the BC PST owing results from any error made at the time the Taxable Goods were released by CBSA.
- 5.3.12 Where duties and taxes are paid by means of a cheque or credit card and the cheque is returned by the financial institution due to insufficient funds or the charges to a credit card are refused, the CBSA will take the necessary customary action to collect both, its own duties and taxes, as well as the BC PST owing.

## **APPENDIX B: TERMS AND CONDITIONS**

- 5.3.13 When the CBSA is advised by the Canada Revenue Agency, who is responsible for the collection of CBSA's accounts receivable, that an amount of BC PST owing by a Resident Taxpayer cannot be collected, the CBSA will notify the BC Finance Minister's Official identified in Appendix A, and upon request provide a summary of the collection actions taken with respect to outstanding amounts.

### **Authority to Collect BC PST Even if Exemption is Claimed**

- 5.4.1 Collection Agents may contact the BC Finance Minister's Official identified in Appendix A to request assistance in determining the application of BC PST on a Taxable Good, including whether a Taxable Good qualifies for an exemption under Part 6 of the *Provincial Sales Tax Act* or its regulations.
- 5.4.2 Customs Officers, in their capacity as BC PST Collection Agents, may require a Resident Taxpayer to pay the BC PST even if an exemption under Part 6 of the *Provincial Sales Tax Act* or the regulations is claimed as authorized by section 57 of the *Provincial Sales Tax Act*.

## **6. Detention of Taxable Goods**

### **Detention of Taxable Goods for Non-Payment of BC PST**

- 6.1.1 The BC Finance Minister will pay for the actual incremental costs incurred by the CBSA for storage and disposal of the forfeiture of Taxable Goods as a direct result of non-payment of the PST but where federal duties and taxes have been paid.
- 6.1.2 In the event that a Taxable Good is detained, the CBSA will contact the BC Finance Minister's Official identified in Appendix A, who will instruct the CBSA as to the appropriate disposition of the detained Taxable Good.
- 6.1.3 Where Taxable Goods are detained for non-payment of BC PST but federal duties and taxes have been paid, the CBSA will issue a receipt to the Resident Taxpayer indicating the value of the detained Taxable Goods.

### **Release of Detained Taxable Goods**

- 6.1.4 The detained Taxable Goods will not be released by the CBSA unless one of the following conditions is met:
- a) the Resident Taxpayer pays the BC PST and the costs incurred with respect to this detention,

## APPENDIX B: TERMS AND CONDITIONS

- b) the detained Taxable Goods are disposed of in accordance with the CBSA's procedures, or
  - c) alternative arrangements regarding the storage and/or disposition of the detained Taxable Goods are agreed to between the BC Finance Minister, the CBSA, and the Resident Taxpayer who owns the goods.
- 6.1.5 Where a Taxable Good has been detained, the BC PST is calculated on the value of the goods at the time of release.

### 7. Refunds of PST

- 7.1.1 Customs Officers, as Collection Agents, are authorized by subsection 191(6)(b) of the *Provincial Sales Tax Act* to refund an amount charged or collected by a Collection Agent that is in excess of the amount of the BC PST payable but no more than the amount paid.

#### Exception

- 7.1.2 The BC Finance Minister is responsible for processing refund applications of the BC PST paid on Taxable Goods where the Resident Taxpayer is claiming the Taxable Goods were brought into British Columbia for temporary use, in accordance with section 58 of the *Provincial Sales Tax Act*. Resident Taxpayers should be directed to the BC Finance Minister's Official identified in Appendix A to request refund of BC PST under the *Provincial Sales Tax Act* temporary provisions.
- 7.1.3 Requests for refunds, including refunds of BC PST, paid on Non-Commercial Imported Goods are made on a Form B2G, CBSA Informal Adjustment Request and will be processed by a CBSA Casual Refund Centre (CRC).
- 7.1.4 Interest will not be paid on the refund of any BC PST to the Resident Taxpayer.
- 7.1.5 Where a refund request relates only to the BC PST on Non-Commercial Imported Goods; where there is a dispute regarding the correct application of BC PST; or where the CBSA is unable to make a determination on an application for a refund of BC PST made within four years from the date the tax was paid, the CBSA CRC will forward the refund request to the BC Finance Minister's Official identified in Appendix A for assistance. The BC Finance Minister's Official will provide the CBSA, in writing, a recommendation to refund or deny the BC PST refund request.
- 7.1.6 The amount of BC PST refunded by the CBSA in a given remittance period will be deducted from the amount to be remitted to the BC Finance Minister in the following remittance period.

## **APPENDIX B: TERMS AND CONDITIONS**

### **8. Remittance of the PST**

- 8.1.1 The CBSA will endeavor to provide the BC Finance Minister with a detailed statement by the last day of the month after the remittance period, showing the amount collected, total refunds given, adjustments, compensation set-off and the net amount of the remittance, or the amount payable by the BC Finance Minister to the CBSA for the previous month. The monthly net remittance statement will be sent to the BC Finance Minister's Official identified in Appendix A.
- 8.1.2 The CBSA will transfer, by electronic means, the net amount of the BC PST remittance, as indicated on the statement, to the BC Finance Minister's bank account no later than the last day of the month following the remittance period.
- 8.1.3 Any amounts payable by the BC Finance Minister under article 12 of the Agreement in a particular month that are not set off by the actual amount of the BC PST collected in that month, will be carried over into the following month and set off against the amount of BC PST remittable to the BC Finance Minister by the CBSA during that month.
- 8.1.4 Alternatively, the BC Finance Minister, rather than setting off, may choose to pay these amounts to the CBSA by remitting the amount to the address shown on the monthly net remittance statement.

### **9. Communication and Management of Information**

#### **Information to be Provided to BC Finance**

- 9.1.1 The CBSA will provide the BC Finance Minister with remittance data reports that include a list of integrated totals accompanied by monthly remittances as agreed in paragraph 8.1.1 of the Terms and Conditions.
- 9.1.2 The CBSA will provide annually (Fiscal Year) to the BC Finance Minister the year end adjustment, remittance data (travellers collection data for BC PST, broken down by Customs Office and period) and the contents of the CBSA's annual report regarding the collection of the BC PST.

#### **Request for Information**

- 9.2.1 Request for additional reports on an ongoing or ad hoc basis, records or other Information should be made in writing in accordance with the Exchange of Information MOU to the Official designated in Appendix A.

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### **Unauthorized Disclosure**

- 9.2.2 Each Party will immediately investigate an unauthorized use or disclosure of Information exchanged under the Agreement following these four steps:
- I. containment,
  - II. evaluation of the risks,
  - III. notification (including an assessment if the breach was accidental or deliberate), and
  - IV. future prevention.

### **10. Governance Committee**

- 10.1.1 BC Finance Minister and the CBSA will determine the membership from within their respective organizations and the structure of the BC Finance - CBSA Governance Committee. Quorum for the governance committee can be achieved with the Officials in Appendix A.
- 10.1.2 Through the Governance Committee the Parties will report annually on mutual areas of interest relating to the collection of the BC PST, including administration, issues, trends, systems, and legislative or regulatory changes.
- 10.1.3 The Governance Committee will operate in accordance with procedures as determined by the Parties from time to time.
- 10.1.4 The members of the Governance Committee will exercise the powers and fulfil the obligations and responsibilities of the Governance Committee, including but not limited to:
- a) overseeing the relationship between the Parties in respect of the Agreement;
  - b) monitoring the services provided to the BC Finance Minister by the CBSA under the Agreement;
  - c) identifying and resolving issues or disputes in respect of the Agreement;
  - d) reviewing changes to federal and provincial legislation, regulations, policies, and publications impacting the subject matter of the Agreement;
  - e) developing procedures and public information where appropriate to increase compliance with the application of the BC PST;

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- f) considering the implications of changes to the duties and rights of the Parties;
  - g) overseeing the implementation of all approved changes to the Agreement and/or to the services provided under the Agreement, and
  - h) documenting decisions.
- 10.1.5 The BC Finance Minister's Official will provide secretariat support to the Governance Committee, including ensuring that the Agreement is kept current.

### **11. Review of Records**

- 11.3.1 All original documents remain the property of the CBSA.
- 11.3.2 The BC Finance Minister's Official designated in Appendix A, wishing to examine records may submit a written request indicating the purpose, the scope and the time period covered to the CBSA Officials designated in Appendix A. Examination may include visits to Customs Offices in British Columbia selected by the BC Finance Minister's Official, designated in Appendix A, responsible for requesting a review of records to observe procedures in practice. Visits to the Customs Offices are subject to security and operational requirements and restricted to areas and to situations where BC PST is collected by the CBSA on the BC Finance Minister's behalf.
- 11.3.3 The CBSA will ensure that the documentation related to Taxable Goods is available for review, upon request by the BC Finance Minister's Official. The BC Finance Minister's Official may make copies of these records at their own expense.
- 11.3.4 However, when such records also contain Information administered by the CBSA that is not permitted to be shared under the Information Exchange MOU or by law, then the CBSA will delete or redact the Information prior to allowing the BC Finance Minister's Official to make copies of these records. Only documents which contain Information related to BC PST collection will be made available and only areas of a CBSA office where BC PST is administered will be subject to examination. Information irrelevant to BC PST collection may be redacted.
- 11.3.5 The CBSA Official designated in Appendix A, will respond in writing to requests for examination of records and/or to visit Customs Offices sent by the BC Finance Minister's Official in a reasonable time.

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- 11.3.6 If the CBSA agrees with the BC Finance Minister's Official on the purpose and scope of the examination, the CBSA Official will set a date and time for the examination.
- 11.3.7 Should the CBSA not concur with the proposed purpose and scope, the CBSA Official's reply will contain a written explanation. Any disagreement that cannot be resolved with respect to the scope of an examination will be subject to the dispute resolution provision Article 13.7 of the Agreement.
- 11.3.8 Examination of records with respect to the BC PST by a BC Finance Minister's Official may also be part of the CBSA's ongoing strategic or operational reviews.

### 12. Administration Fee

- 12.1.1 The BC Finance Minister will compensate the CBSA for the full cost of collection of the BC PST on Taxable Goods based on the annual cost per transaction for each of the Travellers, Postal and Courier streams.

#### Procedures for Estimating the CBSA Administration Fee

- 12.2.1 The total annual estimated administration fee is to be divided into twelve equal monthly amounts which will then be set off against the BC PST revenues remitted by the CBSA.
- 12.2.2 The CBSA will provide the BC Finance Minister the estimated administration fee and final costs per transaction for each of the Travellers, Postal and Courier streams annually as follows:

Transactions Costs	Travellers	Postal	Courier	Total
(A) Total cost of collection in BC	\$	\$	\$	\$
(B) Estimated # of PST transactions	#	#	#	#
(C) Actual total transactions	#	#	#	#
(D) % of PST transactions:(B)/(C)	%	%	%	%
(E) Average cost per transaction: (A)/(C)	\$	\$	\$	N/A
(F) Full BC PST collection cost: (B)*(E)	\$	\$	\$	\$

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### **Year End Adjustment**

- 12.3.1 At the end of the Fiscal Year, actual costs incurred by the CBSA will be determined by taking into account the actual number of transactions for each revenue stream (Travellers, Postal and Courier), the actual number of employees (full time equivalents) involved in cash collection, the actual total salaries, other operating costs and costs of services by other federal departments.
- 12.3.2 Actual costs will be calculated in accordance with the current Guide to Costing issued by the Office of the Comptroller General, Treasury Board of Canada Secretariat.
- 12.3.3 The CBSA will make best efforts to finalize the year-end adjustment within six months following the end of the Fiscal Year. The difference between actual costs and the amounts set off will be refunded to the BC Finance Minister or collected by the CBSA, as the case may be, by increasing or decreasing the monthly set off amounts in the following month's remittances. For the duration of the Agreement, the CBSA will advise the BC Finance Minister, with the annual adjustment of the anticipated costs for the work to be performed in the upcoming Fiscal Year, evidenced by the exchange of letters by CBSA and BC Finance Minister's Officials, identified in Appendix A.

## **13. Administration of the Agreement**

### **Audit**

- 13.6.1 Where, as a result of an audit, a Party discovers an error in the manner in which the BC PST was collected by the CBSA and where CBSA agrees with that error, the CBSA will, if possible, correct the error and reimburse the BC PST and deduct the amount from the following month's remittance to the BC Finance Minister.

### **Termination**

- 13.10.1 In the event that the Agreement is terminated pursuant to Article 13.10, any amounts payable by the CBSA under Article 8 of the Agreement (as remittances) in a Fiscal Year will be deposited using electronic funds transfer into the BC Finance Minister's bank account, as noted in paragraph 8.1.2 of the Terms and Conditions, on the last day of the month following the month in which the Agreement is terminated or as otherwise agreed.
- 13.10.2 Decommissioning of the Agreement will take into account that adjustments and refunds will continue to be processed, if made within four years from the date the BC PST was collected.