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Marketplace Facilitators, Marketplace Sellers and Online Marketplace Services

Provincial Sales Tax Act

Latest Revision: This bulletin has been rewritten and replaces the previous version dated February 2022.

This bulletin provides information on how PST applies effective July 1, 2022, to marketplace facilitators, marketplace sellers and online marketplace services.

For more detailed information on sales of accommodation in B.C., including sales through online marketplaces, please also see [Bulletin PST 120](#), Accommodation.

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Definitions

For the purposes of this bulletin:

- **Associated corporation** means a corporation that is associated with another corporation within the meaning of section 256 of the Income Tax Act (Canada)
- **Sale of goods** includes the sale, provision or lease of goods
- **Sale of software** includes the sale or provision of software

- **Sale of taxable services** includes the sale or provision of taxable services
- **Taxable service** includes related services, accommodation, telecommunication services and online marketplace services but does not include legal services

Marketplace Facilitators

Certain marketplace facilitators must charge and collect PST on taxable sales of goods, software and taxable services they facilitate through an online marketplace.

Also, certain marketplace facilitators must charge and collect PST on online marketplace services they provide to marketplace sellers (see Online Marketplace Services below).

A **marketplace facilitator** is a person who:

- operates, owns or controls (solely or jointly) an online marketplace,
- through the online marketplace, facilitates a marketplace seller's retail sales of goods, software or taxable services, and
- collects payment in respect of the retail sales of goods, software or taxable services.

Note: If you contract with a third party to collect payment from the marketplace seller's customers, you are still considered to be collecting payment.

An **online marketplace** is a website where goods, software or services are sold, leased or provided by third-party sellers.

Example 1:

You operate an online marketplace through which you sell different goods. In addition, other sellers can sell their goods at retail through your online marketplace. You facilitate these sales through your online marketplace and collect customer payments on behalf of the other sellers.

You are a marketplace facilitator.

Example 2:

You own and operate a social media network and provide an online marketplace for persons using the network to buy and sell goods. You function solely as an advertising marketplace bringing buyers and sellers together. Once the buyer and

seller have contacted each other over the network, they must negotiate the sale and make payment arrangements themselves.

While the platform you provide is an online marketplace, you are not a marketplace facilitator because you do not collect payment from customers on behalf of the sellers.

Example 3:

You operate a specialized online marketplace that sells various brands of fashion wear to customers. You purchase fashion wear for resale from various suppliers and you offer it for sale through your online marketplace. Your marketplace does not indicate to customers that the sales are made on behalf of any identified third-party sellers.

You are not a marketplace facilitator because you are an online retailer making your own sales of fashion wear, not facilitating third-party sales.

Who Must Register to Collect and Remit PST on Facilitated Sales

Marketplace facilitators must register to collect and remit PST if they facilitate a marketplace seller's retail sale of:

- goods that at the time of sale are located within Canada and are sold to a person in B.C.,
- software for use on or with an electronic device ordinarily situated in B.C.,
- accommodation located in B.C., or
- taxable services, other than accommodation, to a person in B.C.

However, marketplace facilitators are **not** required to register if:

- the gross value of retail sales of goods, software and taxable services that the marketplace facilitator made or facilitated in the preceding 12 months was \$10,000 or less, **or**
- the reasonable estimate of the gross value of retail sales of goods, software and taxable services that the marketplace facilitator will make or facilitate in the next 12 months is \$10,000 or less, **or**
- there are two or more marketplace facilitators who jointly operate, own or control an online marketplace and at least one of the other marketplace facilitators is registered to collect and remit PST and will collect all PST payable for those taxable sales made through the online marketplace, **or**

- they facilitate only non-taxable or exempt sales.

For more information on registration, see [Bulletin PST 001](#), Registering to Collect PST.

Example 1:

You are a marketplace facilitator who jointly owns and operates an online marketplace with another company. You are already registered to collect and remit PST and will collect and remit PST on all taxable sales you make directly, or facilitate, through the online marketplace.

The other company is not required to register.

Example 2:

You are a marketplace facilitator who owns and operates an online marketplace for lodging, primarily homestays for vacation rentals and tourism activities. Property owners use your online marketplace to list their spaces to travellers looking for a place to stay. Your online marketplace is accessible via website and mobile application. You facilitate sales of accommodation (including accommodation located in B.C.) for the marketplace sellers.

You must register to collect and remit PST, and the Municipal and Regional District Tax (MRDT) where applicable.

Charging and Collecting PST on Goods from Outside Canada

Registered marketplace facilitators must charge and collect PST on sales of certain goods that are brought into B.C. from outside Canada, unless a specific exemption applies. These goods include goods for commercial use, motor vehicles, trailers and all-terrain vehicles.

However, they are **not** required to charge and collect PST on sales of other goods brought into B.C. from outside Canada, as Canada Border Services Agency (CBSA) or Canada Post will collect the PST.

Example:

You are a marketplace facilitator who is registered to collect and remit PST. You operate an online marketplace accessible around the world. One of your marketplace sellers is located in Manitoba. However, the marketplace seller stores its goods in Mexico at your fulfilment warehouse. You facilitate a sale of the

marketplace seller's goods to a customer in B.C. At the time of sale, the goods are located in Mexico.

If the goods are purchased for non-commercial use, you are not required to collect and remit PST on the goods, as CBSA will collect PST on the goods as they enter Canada.

However, if the goods are purchased for commercial use, you are required to collect and remit PST on the goods, as CBSA will not collect PST on the goods as they enter Canada.

Online Marketplace Services

An online marketplace service is a taxable service for PST purposes at the rate of 7%. This means certain persons selling taxable online marketplace services will be required to register to collect and remit PST.

An **online marketplace service** is any of the following services provided by a marketplace facilitator, or by an agent, partner, joint venturer or associated corporation of the marketplace facilitator, to a marketplace seller:

- Listing sales of goods, software or taxable services
- Advertising or promoting
- Customer service
- Storage
- Fulfilling orders or bookings
- Collecting or facilitating payments, either directly or indirectly, and transferring payments to the marketplace seller
- Accepting or assisting with cancellations, changes, returns or exchanges of goods, software or taxable services
- Other services to facilitate a marketplace seller's sale of goods, software or taxable services through the online marketplace

Note: Online marketplace services do not have to relate to taxable goods to be taxable online marketplace services.

Example 1:

You operate an online marketplace and are a marketplace facilitator. You provide picking, packing and storage services to marketplace sellers who sell goods through your online marketplace.

The picking, packing and storage are online marketplace services.

Example 2:

You partner with a marketplace facilitator to provide customer service (including assistance with booking) in relation to short-term accommodation rentals in B.C. You charge the accommodation sellers for the service you provide.

The customer service (including assistance with booking) is an online marketplace service.

Example 3:

You operate a payment processing company. You contract with a marketplace facilitator to provide a payment processing service. The legal relationship between you and the marketplace facilitator is solely a service contract. You charge marketplace sellers a fee each time you process a payment related to their sales through the online marketplace.

Because you are not a marketplace facilitator and you are not an agent, partner, joint venturer or associated corporation of the marketplace facilitator, your payment processing service is not an online marketplace service.

Example 4:

You operate a corporate group. Company A owns an online marketplace that facilitates sales for marketplace sellers. Company B is a payment processing company. Company B charges marketplace sellers a fee each time it processes a payment related to their sales through the online marketplace. Company A is a corporation that is associated with Company B within the meaning of section 256 of the Income Tax Act (Canada).

Because Company B is an associated corporation of a marketplace facilitator (i.e. Company A), the payment processing service is an online marketplace service.

How PST Applies to Online Marketplace Services

Marketplace sellers must pay PST on online marketplace services that are provided or to be provided:

- in B.C.
- in respect of accommodation located in B.C.
- to a marketplace seller located in B.C. that relate to the sale of:

- goods or taxable services (other than accommodation) for use or consumption in B.C., or
- software for use on or with an electronic device ordinarily situated in B.C.

An online marketplace service is considered to be **provided in B.C.** in the following examples:

- If the service is a service to goods (e.g. picking, packing, storing, delivery), then the service is provided in B.C. if the goods are located in B.C. when the service is provided to them
- If the service is not a service to goods (e.g. customer service, advertising), then the service is provided in B.C. if the service has strong or substantial factors connecting the service to B.C. at the time the service is provided

A marketplace seller is considered to be **located in B.C.** if any of the following conditions are met:

- Has a physical presence in B.C., including:
 - a storefront, factory, mill, branch, office or other physical place of business (except use of temporary space such as trade show booths)
 - a place of extraction such as a mine, oil and gas well, or logging site
 - real property, such as a warehouse or yard, that is leased or owned (does not include a contract with another person to store inventory, such as a contract with a fulfilment house)
- Has agents or employees physically located in B.C.
- Business management and control is in B.C.

Note: If you, as a marketplace seller, are not charged PST on a taxable online marketplace service, you must self-assess (pay directly to us) the PST due on the service you purchased. If you have a PST number, you must self-assess the PST on your next PST return. If you do not have a PST number, you must self-assess the PST due using a Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you purchased the service.

Example 1:

You are a marketplace seller with offices in Seattle, Washington, and sell your goods through an online marketplace. The marketplace facilitator provides you with storage services to store your goods. Your goods are stored at the marketplace facilitator's warehouse in Vancouver, B.C.

You must pay PST on the storage services because the goods are stored in B.C.

Example 2:

You are a restaurant located in B.C. and you sell your food to customers located in B.C. through an online marketplace. You do not sell your food outside B.C. The marketplace facilitator charges you a fee to advertise your food on their website.

You must pay PST on the fee.

Example 3:

You are a marketplace seller located in B.C. and you advertise your goods through an online marketplace. You pay a service charge to the marketplace facilitator to have your listing higher in search results. The advertising service does not have any strong or substantial factors connecting it to B.C.

You do not pay PST on this charge as it does not relate to the sale of goods for use or consumption in B.C. and the service is not considered to be provided in B.C.

Example 4:

You have an office in B.C. and sell your goods through an online marketplace. You sell your goods around the world. The marketplace facilitator provides you with storage services to store your goods. Your goods are stored at the marketplace facilitator's warehouse in Minnesota.

You do not pay PST on the storage service because the location of the service is outside B.C. and the storage service does not relate to a sale of goods for use or consumption in B.C.

Example 5:

You are an online marketplace seller who sells shoes through an online marketplace and sells socks exclusively on your own website (no facilitator involved). You purchase advertising services for the socks from an associated corporation of the marketplace facilitator.

The advertising service you purchased is not an online marketplace service because the advertising service is not provided to goods sold through the online marketplace. You are selling through your own website, and you will not pay any PST on the purchase.

However, if the advertising service you purchased is for both the shoes and the socks, then the advertising service would be considered an online marketplace service and PST will apply.

Example 6:

You are a marketplace facilitator located in Jacksonville, Florida. You sell online marketplace services to a marketplace seller located in B.C. The marketplace seller sells goods to B.C. purchasers and purchasers located around the world. You invoice a flat monthly fee for the services.

You must collect and remit PST on the flat fee you charge the marketplace seller located in B.C.

Alternatively, if you reasonably determine and separately itemize in your invoice what parts of your fee relate to online marketplace services provided or to be provided in B.C. (e.g. B.C. storage and delivery fees) and what parts of your fee relate to the marketplace seller's sales for use and consumption in B.C., you collect and remit PST only on those itemized fees.

Example 7:

You are a marketplace facilitator located in San Jose, California. You facilitate sales of software for a marketplace seller located in Seattle, Washington. The marketplace seller has customers inside and outside B.C. and sells software for use on an electronic device ordinarily situated in B.C. You provide online marketplace services to the marketplace seller.

You are not required to collect PST on the services because the marketplace seller is not located in B.C. and the online marketplace service is not provided in B.C.

However, if you provided online marketplace services in B.C. (e.g. customer service), then you would be required to collect PST on the services.

Example 8:

You are a marketplace facilitator located in California and marketplace sellers from around the world sell through your online marketplace. You have a marketplace seller located in B.C. that makes sales to German customers. You provided the B.C. marketplace seller with storage services (i.e. you store their goods). The storage facility is in Germany.

You are not required to collect PST because (although the marketplace seller is located in B.C.) the services are not provided in B.C. and the services do not relate to sales of goods for use in B.C.

Who Must Register to Collect and Remit PST on Online Marketplace Services

Marketplace facilitators (or their agents, partners, joint venturers or associated corporations) located in B.C. who, in the ordinary course of their business in B.C., sell or provide online marketplace services to a marketplace seller at a retail sale in B.C., must register to collect and remit PST on these services.

Marketplace facilitators (or their agents, partners, joint venturers or associated corporations) located outside B.C. must also register to collect and remit PST on taxable online marketplace services. However, they are **not** required to register if, in respect of B.C., their gross revenue from all retail sales of goods, software and taxable services (including online marketplace services):

- in the preceding 12 months was \$10,000 or less, or
- for the next 12 months is reasonably estimated to be \$10,000 or less.

For more information on registration, see [Bulletin PST 001](#), Registering to Collect PST.

Example 1:

You are a payment processing business and an associated corporation of a marketplace facilitator. Your sole activity with respect to marketplace sales is to process financial transactions between two parties on the online marketplace. You provide a taxable online marketplace service to marketplace sellers.

You must register to collect and remit PST.

Example 2:

You are a marketplace facilitator located in B.C. Your online marketplace is accessible anywhere in the world and has marketplace sellers located around the world. You provide online marketplace services to a marketplace seller located in the United Kingdom (U.K.). The marketplace seller does not have customers in B.C. The services you provide the U.K. marketplace seller are: listing the sale of the goods, advertising and fulfilling orders which you provide in B.C. You charge a flat monthly fee for the services you provide to all your customers worldwide.

You must register to collect and remit PST because you provide services in B.C.

Example 3:

You are an associated corporation of a marketplace facilitator. You are located in Montreal, Quebec. You provide pay-per-click advertising to a marketplace seller located in B.C. The advertising can appear on websites anywhere in the world (including B.C.). You charge a flat monthly fee for the advertising services.

You are not required to register to collect and remit PST because the service is not considered to be provided in B.C. and the service does not relate to sales in B.C. at the time you sell the service to the B.C. marketplace seller.

Records of Marketplace Facilitators

Marketplace facilitators who are required to be registered to collect and remit PST must keep the following records of each marketplace seller for whom they facilitated a sale of goods, software or taxable services:

- Name or business name, address and contact information
- Business number if the marketplace seller is in Canada
- Federal employer identification number if the marketplace seller is in the United States of America
- Total amount of payment the marketplace facilitator collected and transmitted to the marketplace seller for all facilitated sales of goods, software or taxable services
- Amount of PST the marketplace facilitator charged, collected and remitted on their behalf

Information Returns

Marketplace facilitators who are required to be registered to collect and remit PST must file an annual information return. The information return must be filed on or before August 31 of each year for the period beginning on July 1 of the previous year and ending on June 30 of the current year.

Note: The form for the information return is currently being developed. Information returns for the period July 1, 2022, to June 30, 2023, will be due on or before **August 31, 2023**.

Information returns must contain the following information about each marketplace seller for whom sales of goods, software or taxable services were facilitated:

- Name or business name, address and contact information

- Business number if the marketplace seller is in Canada
- Federal employer identification number if the marketplace seller is in the United States of America
- Total amount of payment the marketplace facilitator collected and transmitted to the marketplace seller for all facilitated sales of goods, software or taxable services
- Amount of PST the marketplace facilitator charged, collected and remitted on their behalf

Information returns must also contain:

- The total amount of payment the marketplace facilitator accepted from all their sales of goods, software or taxable services through an online marketplace
- The total amount of payment the marketplace facilitator accepted from all sales or provisions of online marketplace services

Marketplace Sellers

A **marketplace seller** is a person who, through an online marketplace, sells goods, software or taxable services.

A marketplace facilitator is required to register and collect PST on taxable transactions that are facilitated through the online marketplace; therefore, the marketplace seller is **not** required to register and collect PST on these transactions. However, the marketplace seller remains jointly and severally liable for any PST not collected and remitted by the marketplace facilitator in relation to the marketplace seller's sales.

Note: Marketplace sellers may be required to register to collect and remit PST on any taxable sales of goods, software or taxable services they make outside of the online marketplace (e.g. through their own website or physical business location). For more information, see [Bulletin PST 001](#), Registering to Collect PST.

Example:

You make sales through an online marketplace and currently collect and remit PST quarterly. Effective July 1, 2022, the marketplace facilitator of the online marketplace you use will begin collecting and remitting PST on your behalf. If you collect any PST from the third quarter of 2022, you must still remit the amount collected to us. You are solely liable for any amounts collected but not remitted.

Records of Marketplace Sellers

Marketplace sellers must keep records of the total amount of payment they accepted for each sale of goods, software or taxable services facilitated by an online marketplace facilitator.

PST on Online Marketplace Services

Marketplace sellers must pay PST on taxable online marketplace services they purchase (see Online Marketplace Services above).

Purchasers

Persons who purchase goods, software or taxable services through an online marketplace will be subject to the same amount of PST as they are currently.

However, how PST is collected will change. Starting July 1, 2022, purchasers will pay the PST to the marketplace facilitator when the goods, software or taxable services are purchased. Before July 1, 2022, purchasers who bought goods, software or taxable services through an online marketplace, in many cases, had to pay PST directly to us because the marketplace facilitator and the marketplace seller were not required to collect the PST. These changes make PST collection for online marketplaces similar to how PST is collected at a physical store.

Need more info?

Online: gov.bc.ca/pst

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Email: CTBTaxQuestions@gov.bc.ca

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

References: Provincial Sales Tax Act, sections 1 "facilitate", "online marketplace facilitator", "online marketplace seller", "online marketplace service", "original purchase price", "purchaser", "small seller", "taxable service", "use", 21.1, 54, 55, 134.3, 134.4, 168, 172.3, 172.4, 174, 199.2, 202, 203, 240; Provincial Sales Tax Regulation, sections 88.3, 88.4, 93.1