

Beauty Industry

Social Service Tax Act

Do you sell cosmetics or beauty products?

Do you provide beauty services, such as hairstyling, manicures or tanning?

This bulletin provides specific tax information to help the beauty industry understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

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Sales

When to Charge PST

You charge PST on the sale of beauty products, such as:

- cosmetics,
- jewellery,
- perfumes,
- nail care products,

The revision bar (|) identifies changes to the previous version of this bulletin dated April 2007.

- lotions and moisturizers,
- cleansers and soaps,
- shampoos, conditioners and other hair styling products,
- combs, brushes, clips, pins, barrettes and other hair accessories,
- hair driers, curling and straightening irons, and other hair styling supplies and equipment,
- hair pieces and hair extensions, and
- wigs, including repairs or maintenance of wigs.

When Not to Charge PST

You do not charge PST on beauty services, such as:

- hairstyling or haircutting,
- tanning,
- spa and aesthetic services,
- hair removal,
- pedicures, manicures and other nail care services,
- hair implants,
- services to attach hair pieces or hair extensions, and
- some medicated skin care products to treat a particular skin condition. For more information, please refer to [Bulletin SST 026](#), *Grocery and Drug Stores*.

Bundled Goods and Services

When a non-taxable good or service – such as ear piercing – is bundled together with a taxable good or service – such as the sale of earrings – and sold together for a single price, generally, you charge PST only on the fair market value of the taxable item or service. However, there are some exceptions if the price is \$500 or less. For details, please see [Bulletin SST 119](#), *Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price*.

Purchases

When to Pay PST

You pay PST on the purchase or lease of items you use in your business, such as:

- beauty products,
- furniture, stationery and office equipment,
- computer hardware and software (unless custom software),

- salon supplies and equipment (e.g. scissors, cutting chairs, massage tables, hair care products and other products used on clients), and
- samples and testers, including products taken out of your resale inventory to use as samples or testers. (see below for information on Bonus Gifts and Giveaway Items)

If your supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

Goods Sold From Your Supply Stock

If you purchased a product to provide a service and paid PST on the product, but you later sell the product to a customer, you charge the customer PST. If you did not use the product before you sold it, you may qualify for a refund from the ministry.

For example

If you purchase a case of shampoo for use in your salon and later sell a bottle of shampoo to your customer, you charge PST. If you *did not use* the bottle of shampoo at your salon, you may qualify for a refund of the PST you paid on that bottle. For more information, please refer to [Bulletins GEN 008, Refunds of Overpayment of Tax](#) and [SST 068, Personal Services](#).

Please note: If you sell equipment, such as a styling chair that you used in your salon, you do not qualify for a refund.

When Not to Pay PST

You do not pay PST on items you will be reselling, such as:

- hair care products,
- nail care products,
- cosmetics,
- salon supplies or equipment, and
- other beauty products or aids.

If you purchase both non-taxable items for resale and taxable items you will use in your business as a single sale, you need to tell your supplier which items are non-taxable and which items are taxable.

If you take items from your resale inventory and use them for your business, or for personal use, you self-assess PST on your cost of the items.

Bonus Gifts or Giveaway Items

Bonus gifts or “gifts with purchase” are often given away with a minimum purchase of other products. For example, you may give your customer a bonus gift when they buy \$40 worth of cosmetics. These types of giveaway items are part of the sale, and you can purchase them without paying PST if the giveaway item meets *one* of the following conditions:

- it is physically included with the purchased item, such as a “free hair brush” packaged with shampoo,
- your customer receives the giveaway item or bonus gift as a condition of purchasing other product(s), or
- you advertise that you only give it away with the purchase of another product.

For more information, please refer to [Bulletin SST 080](#), *Promotions and Special Offers*.

Purchases from Out-of-Province Suppliers

If you purchase taxable products, supplies or equipment from an out-of-province supplier, you pay PST on the total amount, including charges for transportation, customs, excise, and any other costs, except the federal goods and services tax (GST). If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

Beauty Wholesalers

You do not charge PST on goods sold to retailers if they provide their PST registration number. When you sell to other retailers, you record their PST registration number on each invoice and keep it in your records to show why you did not charge PST.

For more information, please refer to [Bulletin SST 062](#), *Wholesalers*.



Need more info?

Beauty Industry website: www.sbr.gov.bc.ca/ctb/Beauty.htm

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/ctb

References: *Social Service Tax Act*, Sections 1, 5, 9, 11, 40-42, 69.1, 71 and 78, and Regulations 2.46(c), 3.21, 13.1 and 13.2