



Condo Smarts

Headline: PST on Guest Suites and Parking Rental

Topic: Taxes & Taxation

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Written by: Tony Gioventu

Dear Tony: Our property manager has advised we are required to charge PST on our guest suite and parking rentals. Is this correct? As these are simply resident user fees, and we have no commercial business this does not make any sense. Wouldn't we also require a business number? Our strata corporation is only 28 detached townhouses with a single guest suite in our clubhouse, and we only charge \$50/night to cover cleaning costs. In 2023 we had a total of 61 nights rented with just over \$3,000 in revenues.

John M. Chilliwack

Dear John: In most situations, user fees do not require the collection and reporting of PST or GST on user fees or strata fees, however; there are many strata corporations that operate as commercial corporations, in other words they operate commercial enterprises, and charge services to the public outside of the strata corporation.

When there is a commercial activity such as multiple strata corporations operating a joint guest house with multiple suites, it is quite possible you will be required to charge PST and GST on the services. PST is based both on the designation of the activity and the total amount of the activity in the year. Your strata corporation or joint entity for shared used facilities should have their own business number for these activities.

GST may also be required for non-residential strata lots monthly strata fees where a certain value or threshold is reached. Many resort type strata corporations have a marina, golf course, ski resort, spa, equestrian facility, or airport, and therefore have the potential of different classifications and requirements for PST, GST and taxation. Commercial residential mixed use strata corporations may also have GST requirements on strata fees for the commercial units, but not applied to residential, units.

Your strata corporation would not be required to collect PST on your user fees, but remember user fees must be approved in either a bylaw or a rule and ratified by the owners at a general meeting as they are amended. User fees become revenue of the annual operating budget to offset the relevant operating expenses. I recommend when in doubt, contact the authorities. Go to BC PST info link at: www2.gov.bc.ca/gov/content/taxes/sales-taxes/pst or for GST: www.canada.ca/en/revenue-agency.html and speak to a qualified accountant.