
NEW TAX FOR NON-RESIDENTIAL REAL ESTATE SERVICES

The BC Government recently proposed updates to the Provincial Sales Tax Act. In the 2026 Budget, it proposed an expansion of the Provincial Sales Tax (PST) to certain professional services, including non-residential real estate services. These new tax measures will come into effect on October 1, 2026, if passed by the legislature.

Effects of this Change

This new change means that the affected services will be subject to an additional 7% sales tax. The scope of this change will have applications to services, including trading, rental property management, and strata management of non-residential real estate (i.e., offices, commercial properties, retail spaces). Residential properties such as detached homes, townhouses, duplexes, apartments, and condominiums would not be subject to the new taxation rules.

For mixed-use buildings, consisting of residential and commercial real estate, taxes will be collected proportionally. The residential portion would remain exempt, and the commercial portion would be subject to PST.

It will be up to the professionals providing a taxable non-residential real estate service to collect and remit the PST. If the service providers have not been registered to collect and remit PST, they can do so starting April 1, 2026.

Other Exemptions?

Besides services related to residential properties, such as residential brokerage or management services, properties that are designated as eligible supportive housing properties are also exempt from the 7% PST. There is also an exemption that is not based on the nature of the property, but rather the status of the service provider. If a Real Estate service provider is exempt from licensing requirements under the *Real*

Estate Services Act, then they would not be required to collect this tax. For example, cooperative housing managers would be exempt as they are not required to be licensed in order to provide those managerial services.

For real estate services providers within BC providing services for properties located outside BC, or owners with properties outside of BC, PST can be exempt for the portion of services connected to real property not within the province. To qualify for this exemption, the purchaser of the services must make a reasonable estimate of the portion of the services attributable to property outside the province, keep a record of the estimate and the basis used to determine it, and provide a copy of that record to the service provider.

BY FIONA J.Y. FAN

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