



TaxNewsFlash

Canada

B.C. Pauses PST Expansion on Professional Services

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British Columbia has paused its planned expansion of its provincial sales tax (B.C. PST) on many professional services that was scheduled to take effect on October 1, 2026. The delay provides welcome relief for affected businesses that were facing additional unrecoverable B.C. PST costs, as well as service providers that were preparing for related new compliance obligations and added price pressure.

The province has not announced a revised effective date. However, British Columbia suggests in its news release that the implementation may be deferred until current trade uncertainties are resolved. Affected businesses should continue monitoring developments and may want to use this additional time to address any remaining questions about the proposed rules. They may also want to consider the effects of these paused PST measures as they evaluate potential opportunities and enter into new or renewed agreements with their clients and suppliers over the next few months.

Background

British Columbia announced in its 2026 provincial budget that many professional services would become PST- taxable. Specifically, the B.C. PST would be expanded and apply to the following professional services effective October 1, 2026: accounting services, engineering or geoscience services, architectural services, non-residential real estate services and security services (i.e., “newly taxable professional services”).

Following the budget, British Columbia amended the B.C. PST rules to add the newly taxable professional services to taxable services effective October 1, 2026, and introduced related transitional rules. The B.C. PST rules defined each newly taxable professional service, and allow other services to be added as a “prescribed service” to

make them PST- taxable. British Columbia released some “prescribed services” and other amendments to the B.C. PST Regulations on July 9, 2026.

Based on the province’s budget documents, this measure was expected to generate over \$260 million of additional revenue for the first six months and over \$530 million for 2027/28.

For more information, see *TaxNewsFlash-Canada* 2026-38 [“B.C. Expands PST to More Accounting Services”](#), *TaxNewsFlash-Canada* 2026-17, [“B.C. PST on Professional Services Starts October 1”](#) and *TaxNewsFlash-Canada* 2026-11 [“Highlights of the 2026 British Columbia Budget”](#).

PST expansion paused — Next steps for businesses

The proposed expansion of the B.C. PST to the newly taxable professional services scheduled to apply October 1, 2026 raised various technical interpretative uncertainties since it was announced in the 2026 provincial budget. Questions arose regarding the scope of the new rules, including whether certain services were captured by the broad legislative definitions and potential cascading tax costs in some cases due to the separate federal GST/HST rules and the B.C. PST regime. While the pause of this 2026 budget measure is good news for many businesses already dealing with various economic pressures, British Columbia has not cancelled these PST rules. Businesses may want to use this relief period to address any potential lingering interpretative questions and seek clarification from provincial tax authorities.

Affected businesses that have already updated their systems and processes will have to determine how to pause these updates and may need to reach out to various operational teams to do so. Where a business cannot reverse these upcoming changes before October 1, 2026, or collects PST in error on a PST-exempt professional service, the business may take steps to properly refund that PST collected in error within the appropriate legislative timelines.

Service providers that registered for B.C. PST because of the proposed expansion will have to determine if they should maintain their registration or request to cancel while awaiting further developments. Although British Columbia has noted that a temporary regulation will be introduced to effectively pause the B.C. PST expansion, it remains unclear when it will be released, whether it will include a new effective date and any additional guidance regarding registration and compliance obligations.

We can help

Your KPMG adviser can help assess the effects of the B.C. PST changes on your business’ processes and compliance obligations. We can also keep you abreast of the latest guidance as it is released.

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