

# Condominium Home Owners' Association

*Serving BC's Strata Property Owners since 1976*

Bulletin: 300-287

## Condo Smarts

Headline: Utility Charges

Topic: Taxes and Taxation, Utilities

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**Dear Condo Smarts:** Our strata corporation recently signed up with a gas broker to secure a stable rate for our utilities. In their review of our files they discovered that the corporation has been charged PST by Terasen and have disputed the charge on our behalf. We have filed an appeal with Terasen and received a refund for four years, which worked out to over \$9,000.00 in our case. I also own a strata lot in a commercial/residential mixed building with the same problem but Terasen have deemed us a commercial building and cannot refund the PST. We are technically not a commercial building, we are commercial/residential mixed. The commercial strata lots pay GST on their strata fees but the residential owners do not. So why do we have to pay PST on residential gas supplies? Terry Owens, Richmond

**Dear Terry:** You are correct. Residential use of electricity, natural gas, coal and fuel oil is exempt from PST. The design of a joint residential/commercial strata has an impact on the exemption, and there are circumstances where they may also be exempt; however, there is a requirement for clear isolation of utilities and separate accounting. This could

exist in a commercial/residential strata where two separate sections are created with their own separate accounting and isolated utility services, specifically identifying the residential strata lots as a separate legal entity with separate metering. There are two utility charges that strata corporations need to check. The first is hydro. Initially the hydro account is set up as a commercial account with the developer. Make sure that account has been converted to residential when the strata corporation is created, to get the best rates and to ensure you are not paying PST. The second is gas. Review your residential accounts and ensure your strata is not paying PST. If you are paying PST, file a claim with Terasen immediately and demand a refund and that the account be corrected. You may also want to go to the government web site to file a claim for a refund. The links are attached.

For more information go to <http://www.rev.gov.bc.ca/individual.html> and follow the links through Consumer Taxes and PST Exemptions. To file a claim for a refund go to the consumer section on refunds.

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