



Provincial Sales Tax (PST) Bulletin

Bulletin PST 125

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Advertising Agencies

Provincial Sales Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated June 2026. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin provides information to help advertising agencies understand how the PST applies to their businesses.

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Overview

Generally, advertising services are not subject to PST. Also, advertising designs are generally not subject to PST if the designs are provided in an intangible format (i.e. in a digital or electronic form, such as over the internet, by email, through a file transfer protocol, by download or via other electronic means).

However, if the intangible design is in the form of, or includes, a video file (e.g. MP4) or audio file (e.g. MP3) it is considered a telecommunication and may be subject to PST.

PST may also apply if advertising designs are provided in a tangible format (i.e. in a physical form or as a digital file on a physical storage medium, such as a USB drive, memory card, CD or DVD).

Advertising Designs Provided in an Intangible (Digital) Format

You do not charge PST on advertising design services if you only provide an advertising design to your customer in an intangible format and it contains only still images or text.

This includes providing digital graphic designs, digital artwork, electronic advertisements, electronic brochures, electronic pamphlets and other electronic materials in an intangible format.

For example, you do not charge PST if you design a print ad for a customer and provide a copy of your design only by email.

However, you must charge PST if the intangible advertising design you provide to your customer is in the form of a video file (e.g. MP4) or audio file (e.g. MP3), unless it is an original design as set out below.

Original Design

If you provide your customer with an **original design** of advertising material in an intangible format under a contract for professional services, that design is not subject to PST even if the original design is in the form of a video or audio file. For this to apply, the original design provided in an intangible form must be the first final version of the design.

Copies of an Original Design

If you provide additional copies of an intangible design that is in the form of a video or audio file, you must charge PST on the charge for the additional copies. If you provide non-taxable design services and additional copies of an intangible design for a single price, the bundled sales rules apply (see Bundled Sales and Leases below).

As the designer of the advertising material, you may purchase any intangible video or audio file exempt from PST if the video or audio file will be copied or incorporated into the additional copies you sell to your customer (see Telecommunication Services Incorporated into Other Telecommunication Services or Goods below).

Web Design

You do not charge PST for website design and development services that do not include providing software, telecommunication services (e.g. audio or video content) or goods to your customer. For more information, see our [Telecommunication services](#) page.

Goods Sold or Leased as a Result of Advertising Design Services

Generally, if you provide advertising design services and, as a result of those services, you sell or lease goods to your customers, you only charge PST as follows.

- If the charge for the goods is separate from the charge for the design services, you charge PST on the charge for the goods you sell or lease and not to the charge for the design services.
- If the charge for the goods is not separate from the charge for the design services, you charge PST based on the rules described in the Bundled Sales and Leases section below.

There are two exceptions to this general rule.

Exception 1: Original Design Provided in a Tangible Format

If you provide your customer with an **original design** of advertising material in a tangible format under a contract for professional services, that design is not subject to PST. For this to apply, the original design provided in a tangible form must be the first final version of the design.

Examples of an original design provided in a tangible format include designs provided on paper or as a digital file on a physical storage medium, such as a CD, DVD or USB drive.

As the designer of the advertising material, you must pay PST on the goods you use to provide your customer with the original design in a tangible format (e.g. ink and paper or USB drive).

Note: This rule does not mean that the first final version of **any** good provided in a tangible format under a contract for advertising design services is not subject to PST. For example, if your contract is to design and produce a sandwich board or

banner, you are selling a board or banner and not merely providing an original design.

Copies of an Original Design

If you provide additional copies of the design in a tangible format (e.g. two CDs, each containing a digital file that is the design), you must charge PST on the charge for the additional copies. If you provide non-taxable design services and additional copies of a design for a single price, the bundled sales rules apply (see Bundled Sales and Leases below).

As the designer of the advertising material, you may purchase the goods you use to provide your customer with additional copies in a tangible format exempt from PST as goods incorporated into other goods for resale (see Goods Incorporated into Other Goods for Resale below).

Exception 2: Services Form Part of the Taxable Purchase Price of the Goods

In some situations, your advertising design services may be subject to PST as part of the total amount your customer must pay to purchase or lease taxable goods. For example, you design custom goods that you manufacture to your customer's specifications. In this case, the design services are taxable because the fundamental purpose of the transaction is the purchase of the custom goods. The design services support that purpose and cannot be separated from the taxable purchase price of the goods.

Bundled Sales and Leases

Bundled sales occur when you sell taxable and non-taxable goods, software, services or real property together for a single price. The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion, unless a specific exemption applies.

Example:

You design a new advertising service and produce posters based on the new campaign. You provide the service and the posters for a single price. Unless the bundled sales exemption applies (see [Bulletin PST 316](#), Bundled Sales and Leases), you must charge PST on the fair market value of the sale of the posters.

For more information, see [Bulletin PST 316](#), Bundled Sales and Leases.

Printed Publications

If your advertising design service includes the production of printed publications, see [Bulletin PST 205](#), Books, Magazines, Newspapers and Other Publications.

Other Advertising Services

Copy Writing

You do not charge PST for copy writing, such as:

- Copy written for print, radio, television or internet (including social media advertising)
- **Original** research papers, such as market analysis reports
- Scripts written for film and audio-visual presentations

Advertising Placement

You do not charge PST for advertisement placement services, such as placing your customers advertising in the following places:

- Bench signs
- Boards on hockey arenas
- Billboards (including electronic or digital)
- Bus signs (e.g. inside bus or on bus exterior)
- Bus stop shelters
- Internet, including social media and internet search engines (**Note:** In this case, internet advertising placement means simply placing the customer's content online without providing the customer with software or a telecommunication service)
- Magazines
- Newspapers
- Periodicals
- Radio
- Television

When you provide an advertising placement service, you generally pay PST on any materials or services you use to produce the product used in the placement, such as materials and services you use to produce a billboard.

Online Advertising Placement Involving Software and Telecommunication Services

Online Advertising Placement Using Software

If you provide a customer with the right, whether exercised or not, to access software by any means, you are providing software. This includes the right to access software to create advertising content or to post content online (including on your own website).

If the customer obtains the right to access the software for use on, through or with an electronic device ordinarily situated in B.C., 7% PST applies to the amount you charge the customer for the right to the software, unless an exemption applies.

Example:

You provide a customer with the right to access online software that enables the customer to create advertisements and place them on web pages, internet search engines and similar online platforms, including your own. The software uses automated tools that function without human intervention to process the customer's content and place the advertisements online based on the customer's preferences and other criteria. The customer obtains only the right to access the software for advertising placement. You retain ownership of the software.

In this case, the customer is purchasing software. If the customer accesses the software for use on, through or with an electronic device ordinarily situated in B.C., you must charge 7% PST on the amount you charge the customer for the right to use the software, unless an exemption applies.

For more information about PST on software, see our [Software](#) page.

Online Advertising Placement Using a Telecommunication Service

If you provide a customer with the right, whether exercised or not, to upload or otherwise post advertising content online (including on your own website), and the customer obtains that right for use by means of an electronic device ordinarily situated in B.C., you are providing a telecommunication service.

PST applies at 7% to the amount you charge the customer for the right to the telecommunication service, unless an exemption applies.

Example:

You provide a customer with the right to upload advertising content to the internet. The customer can upload the content using any suitable software (your own or a third party's). The right to upload the content is not included in the customer's monthly internet service. The customer obtains that right only from you. The customer obtains the right for use with an electronic device ordinarily situated in B.C.

In this case, the customer is purchasing a telecommunication service. You must charge 7% PST on the amount you charge the customer for the right to upload the advertising content, unless an exemption applies.

For more information about PST on telecommunication services, see our [Telecommunication services](#) page.

Commercials

If you produce a radio, film or television commercial, you are providing a non-taxable service. You do not charge PST for the service, but you pay PST on any materials and related services you use in the production.

If you provide your customer with an **original** recording of a commercial in a tangible format (e.g. hard drive or DVD) or intangible format (e.g. file transfer through the internet) under contract, that original recording is not subject to PST. For more information, see Exception 1: Original Design Provided in a Tangible Format and Advertising Designs Provided in an Intangible (Digital) Format above.

You do not charge PST when you arrange for broadcast of the commercial (see Advertising Placement above).

You do not pay PST for audio recording services under a contract with a recording studio, whether the studio provides the master recording (i.e. a first final version) to you in a tangible format (e.g. a CD) or intangible format (e.g. a file transfer through the internet). However, additional copies of the recording are subject to PST.

You do not pay PST on licence fees for music or film libraries you incorporate into a commercial.

Post-Production Services

Generally, you do not pay PST on editing and post-production services you purchase for a commercial as long as you do not receive any goods in a tangible

format (e.g. hard drive or CD) or telecommunication services (e.g. video or audio files transferred over the internet). This includes if you receive an edited commercial on goods you provided to the service provider.

For example, you do not pay PST if you provide a hard drive containing the commercial to the service provider and, after the service provider has edited the commercial, they provide the edited commercial back to you on the hard drive you originally provided. However, if you receive the edited commercial in a tangible format (e.g. hard drive or CD) that is provided by the service provider, the entire charge for the post-production or editing service is subject to PST because you are purchasing goods.

In addition, if you receive the edited commercial in an intangible format (e.g. file transfer through the internet) and it is in the form of a video or audio file, the entire charge for the post-production or editing service is subject to PST.

Direct Mailing

Materials Shipped Out of B.C.

If you produce and distribute direct mailing promotional materials for a specific customer (e.g. flyers, brochures, product samples, catalogues), you must charge PST on the materials, including the delivery and shipping charges, unless:

- you deliver the materials directly to a location outside B.C., **and**
- no use is made of the materials by the customer, except for storage with you.

You must retain evidence to show why you did not collect PST on these sales (e.g. bills of lading, shipping invoices or similar documentation).

You may also use the Out-of-Province Delivery Exemption form ([FIN 462](#)) to record the materials you delivered to locations outside B.C. The **FIN 462** is an optional form that may be used in addition to the required documentation described above.

If your customer receives the materials in B.C. before the materials are mailed out of the province, you must charge PST on the sale unless your customer provides a

Certificate of Exemption – Goods Shipped Out of B.C. by the Purchaser ([FIN 464](#)) confirming the materials:

- are for business use,
- will be shipped to a location outside B.C. by your customer or a third party they contract, **and**
- will not be used by your customer while the materials are in B.C., except for shipping and storage.

You must retain a copy of the completed FIN 464 for your records.

For more information, see [Bulletin PST 309](#), PST and Non-Residents.

Advertising Space and Distribution

If you produce and distribute direct mailing materials for more than one customer (e.g. advertising booklets or advertising coupons), you do not charge PST because you are selling advertising space, which is a non-taxable service.

However, you must pay PST on your purchases of tangible products, such as graphic designs, artwork and printing costs that are used to provide this service.

Purchases and Leases for Your Business

Taxable Goods

You must pay PST on the purchase or lease of new or used taxable goods you use in your business, such as:

- Advertising materials, such as flyers and brochures
- Energy for heat and light (except electricity)
- Equipment you use to perform your services, such as tools, computers, printers and cameras
- Goods you use to provide your customers with **original** designs as part of your services, such as CDs and hard drives
- Items you purchase to give away or sell as promotional material (see [Bulletin PST 311](#), Promotional Materials and Special Offers)
- Shelving and display equipment
- Stationery, furniture and office equipment
- Supplies, such as pencil, ink, toner and paper, for your own use (e.g. for draft concept designs)

You must pay PST on telecommunication services (e.g. internet and phone charges) you use to provide your advertising design services. Although you do not pay PST on some intangible materials, such as still images and written documents that are transferred to you electronically, videos and audio programs are subject to PST as telecommunication services if downloaded, viewed or accessed through a telecommunication system (e.g. email or the internet) by means of an electronic device (e.g. computer) ordinarily situated in B.C.

For example, if you purchase stock images over the internet, they are not subject to PST. However, if you purchase video content, such as animated graphics, over the internet using a computer that is ordinarily situated in B.C., it is subject to PST as a telecommunication service, unless a specific exemption applies (see Telecommunication Services Incorporated into Other Telecommunication Services or Goods below).

You must also pay PST on the following.

- Software, unless a specific exemption applies (e.g. custom software). For more information, see our [Software](#) page.
- Related services you purchase for your own equipment, such as repairs to your office equipment. For more information, see [Bulletin PST 301](#), Related Services.

If your supplier does not charge you PST on taxable items, you must self-assess (pay directly to us) the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using a Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you obtained the taxable items.

For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

Goods Brought Into B.C.

You must pay PST if you purchase or lease taxable goods outside B.C. and bring or send them into B.C. or receive them in B.C. You must pay PST on the total amount you pay to bring the goods into B.C., including charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

If your supplier does not charge you PST at the time of the sale or lease, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using the Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you brought or sent the

goods into B.C. or received the goods in B.C. For example, if you brought taxable goods into B.C. in June, you must file the return and pay the PST no later than July 31.

For more information, see [Bulletin PST 310](#), Goods Brought Into B.C.

Exempt Purchases

Goods for Resale or Lease

You are exempt from PST on goods you obtain solely for resale or lease to your customers. To purchase or lease these goods exempt from PST, give the supplier your PST number or, if you have not yet received your PST number, a completed Certificate of Exemption – General ([FIN 490](#)).

If you make a purchase that includes both exempt goods for resale and taxable goods you will use in your business, tell your supplier which goods are exempt and which goods are taxable. If they do not charge you PST on the taxable goods, you must self-assess the PST due.

For more information, see [Bulletin PST 208](#), Goods for Resale.

Change in Use

If you take taxable goods from your resale inventory for business or personal use, you must self-assess the PST due on your cost of the goods. This does not include items taken from your inventory for exempt business uses (e.g. for use as described in Exemption for Printers and Publishers below).

If you have a PST number, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using the Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you used the goods for a taxable purpose.

If you take taxable goods from your lease inventory for business or personal use, you must self-assess PST as explained in [Bulletin PST 315](#), Rentals and Leases of Goods.

Goods Incorporated into Other Goods for Resale

You are exempt from PST on goods you obtain solely for processing, fabricating, manufacturing, attaching or incorporating into other goods for resale or lease (e.g. paper, toner, binding materials, covers). To purchase these items exempt from PST, give the supplier your PST number or, if you do not have a PST number and

you qualify, give the supplier a completed Certificate of Exemption – General ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), Goods for Resale.

Telecommunication Services Incorporated into Other Telecommunication Services or Goods

You are exempt from PST if you purchase a telecommunication service in the form of a video or audio file that will be copied or incorporated into another telecommunication service or good for sale or lease. For example, you are exempt from PST on a stock video you download over the internet if you purchase it for the purpose of incorporating the stock video into a commercial you will sell to your customer. For more information, see our [Telecommunication services](#) page.

To purchase these items exempt from PST, give the supplier your PST number or, if you do not have a PST number and you qualify, give the supplier a completed Certificate of Exemption - General ([FIN 490](#)).

Containers and Packaging Materials

You are exempt from PST on containers and packaging materials (except reusable containers) you obtain solely for packaging goods for resale or lease, or if you provide them to your customers with their purchases of goods. However, you must pay PST on containers and packaging materials if you use them for other purposes, such as storing, handling or shipping goods, or you use them to provide a service.

Generally, you are not required to charge PST on the containers and packaging materials you provide with goods and services, unless you separately charge your customers for them. However, in limited circumstances, you may be required to charge PST on the fair market value of the containers and packaging materials.

For more information, see [Bulletin PST 305](#), Containers and Packaging Materials.

Other Exemptions

Exemption for Printers and Publishers

If you are a printer or publisher, you may qualify for an exemption on specific items if purchased or leased for your own use in a printing or publishing process. The exemption applies regardless of whether or not you will sell the goods you

produce in a printing or publishing process (i.e. the exemption also applies if you produce goods for your own use, such as company letterheads and stationery).

For more information, see [Bulletin PST 109](#), Printers and Publishers.

Production Machinery and Equipment Exemption

If you manufacture goods (e.g. printed brochures and posters), you may qualify for the production machinery and equipment (PM&E) exemption as a manufacturer. The exemption applies to the machinery and equipment you use to manufacture your printed materials, provided all the requirements for the exemption are met.

For more information, see [Bulletin PST 110](#), Production Machinery and Equipment Exemption.



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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

August 2026

- Clarified how PST applies to ad placement services that involve software and telecommunication services
 - Clarified documentation requirements when materials are shipped out of B.C.
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References: Provincial Sales Tax Act, sections 1 “electronic device”, “fair market value”, “lease”, “non-taxable component”, “related service”, “sale”, “software”, “substantially”, “taxable component”, “taxable service”, “telecommunication”, “telecommunication service”, “telecommunication system”, “use”, 26, 29, 37, 39, 49, 81, 82, 104-106, 130, 134.2, 140.1 and 141; Provincial Sales Tax Exemption and Refund Regulation, sections 15-17, 40, 59, 68, Part 5; Provincial Sales Tax Regulation, sections 7, 72, 79 and 91.