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Tax Alert – Canada

British Columbia budget proposes to expand PST to certain professional services

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

The Government of British Columbia (BC) announced changes in its 2026 budget (BC Budget) that would expand the provincial sales tax (PST) base to include certain professional services, effective 1 October 2026, subject to Bill 2, *Budget Measures Implementation Act, 2026* (Bill 2) receiving Royal Assent.¹

If enacted as proposed, businesses making supplies of the newly listed professional services will generally be required to register to charge, collect and remit PST at a rate of 7%, with the exception of architectural, engineering and geoscience services, which will be subject to a special taxable-base rule under which PST will apply to only 30% of the purchase price of those services.

Background and policy context

The BC Budget states that the tax measures announced are intended to “increase provincial revenue by updating taxes” to strengthen the province’s fiscal outlook and protect critical services, noting fiscal pressures from global uncertainty, slowing growth and high costs.

The province also states that expanding BC’s PST base to these professional services “is generally consistent with how tax applies to these services in most provinces.” For example, Saskatchewan and Manitoba currently impose PST on similar professional services, such as accounting and engineering. The BC Budget notes that BC’s economy has shifted significantly towards services, which the government considers to “have largely remained untaxed under the PST.”²

¹ For information on the other tax measures announced in the 2026 BC Budget, see [EY Tax Alert 2026 Issue No. 8, British Columbia Budget 2026](#).

² [Securing B.C.’s Future, Budget and Fiscal Plan, 2026/27 - 2028/29](#), and [Budget 2026 Background, Updating the tax system while managing government expenses](#).



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Key proposed measures

Services to become subject to PST effective 1 October 2026

The BC Budget proposes to apply PST at a rate of 7% to the following services, effective 1 October 2026:

- ▶ Accounting services (including bookkeeping and assurance services);
- ▶ Architectural services;
- ▶ Engineering and geoscience services;
- ▶ Security services (including private investigation services); and
- ▶ Non-residential real estate services (including trading services, rental property management services and strata management services).³

As noted above, PST on architectural, engineering and geoscience services will apply to 30% of the purchase price of those services.

Generally, the proposed definition for each of these services under Bill 2 refers to other statutes governing the practice of that professional service (e.g., the *Security Services Act*, the *Real Estate Services Act*) with the exception of accounting services.

Registration and compliance implications for service providers

As noted in Notice 2026-001: *Notice to providers of professional services* (Notice 2026-001), if a business provides any of the new taxable professional services on or after 1 October 2026, the business will generally be required to register to charge and collect PST, unless a specific exemption applies.

Notice 2026-001 further indicates that registration may occur up to six months before the first taxable sale. For example, a business that will first sell new taxable professional services on 1 October 2026 may register as of 1 April 2026, but not earlier.

Commercial implications for purchasers of professional services

If enacted as proposed, purchasers of the newly taxable professional services should expect PST to apply on or after 1 October 2026, subject to applicable exemptions, thereby increasing the overall cost of affected services.

³ [Notice 2026-001: Notice to providers of professional services](#).

For architectural, engineering and geoscience services, the proposed “30% of purchase price” rule will require purchasers to validate how PST is computed on invoices, particularly for projects involving multiple categories of services.

In addition, the transitional rules for professional services under Bill 2 provide that consideration for such services that, before 1 October 2026, becomes due or is paid without having become due will not be subject to PST. Accordingly, purchasers with ongoing engagements may benefit from working with service providers to have invoices rendered for work performed before 1 October 2026.

Observations on the scope of “architectural” and “engineering” services

In Bill 2, “architectural services” and “engineering services” are defined with reference to professional regulations and registration requirements.

More specifically, the definition of “architectural services” includes “advice or services within the practice of architecture, as defined in the Architects Regulation, B.C. Reg. 33/2023, provided by a person who is registered or required to be registered under the *Professional Governance Act* with the Architectural Institute of British Columbia.”

Similarly, the definition of “engineering services” includes “advice or services within the practice of professional engineering or the practice of professional geoscience, as defined in the Engineers and Geoscientists Regulation, B.C. Reg. 14/2021, provided by a person who is registered or required to be registered under the *Professional Governance Act* with the Association of Professional Engineers and Geoscientists of the Province of British Columbia.”

In other provinces with similar PST regimes, the scope of such services is also generally framed with similar references to regulated provincial professional practices. For example, Saskatchewan’s administrative guidance describes “engineering and geoscience services” as those provided by a person conducting the “practice of professional engineering” or the “practice of professional geoscience” as defined in *The Engineering and Geoscience Professions Act*, and “architectural services” as those provided by a person conducting the “practice of architecture” as defined in *The Architects Act, 1996*.⁴ Manitoba’s information bulletins similarly describe “engineering design services” as design services provided by an engineer as defined in *The Engineering and Geoscientific Professions Act* of Manitoba,⁵ and “architectural design services” as design services defined in *The Architects Act* of Manitoba.⁶

⁴ Saskatchewan PST-65, *Information for Businesses Providing Engineering, Geoscience and Architecture Services*.

⁵ Manitoba Information Bulletin No. 058, *Engineering Design Services*.

⁶ Manitoba Information Bulletin No. 060, *Architectural Design Services*.

Next steps

The BC government has stated that further information on how PST and exemptions apply to the affected professional services will be provided once the associated regulations are released, and that notices will be updated as more information becomes available.

Businesses that provide or purchase the affected professional services should consider the lead time required to:

- ▶ Assess whether and when PST registration will be required, consistent with the six-month pre-registration window;
- ▶ Work collaboratively to utilize the transitional rules such that no PST is required for invoices issued on services rendered prior to the 1 October 2026 effective date;
- ▶ Update invoicing and billing systems to apply PST, including the special “30% taxable base” calculation for architectural, engineering and geoscience services; and
- ▶ Review contract terms (including pricing, tax clauses and billing practices) for services expected to be newly taxable.

Learn more

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