

On February 17, 2026, British Columbia's NDP provincial government tabled its 2026-2027 budget which includes many notable items that may impact you, including changes to the scope of Provincial Sales Tax (PST), changes to personal and corporate income taxes, and adjustments to property and speculation taxes.

Should you have any questions regarding how the following will affect you and your family, or any other aspect of personal or corporate income taxation, please contact one of the members of our tax group at reaching out to admin@dusanjwirk.com or call (250) 220-7311.

Provincial Sales Tax (PST) Changes

Expanding the Scope of PST

Starting October 1, 2026, the following previously exempt service providers will be required to charge PST on their services. Ahead of that deadline, affected businesses will be [required to register](#) to collect the tax, with registration opening as early as April 1, 2026.

<u>Accounting Services</u>	Bookkeeping, financial statement preparation, audits, reviews, and tax preparation in the fields of cost, financial, forensic, management, and tax accounting.	Subject to PST at a rate of 7%.
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<u>Architectural Services</u>	Any advice or service that falls within the "practice of architecture" as defined by the <i>Architects Regulation</i> provided by someone who is registered (or required to be registered) with the Architectural Institute of British Columbia under the <i>Professional Governance Act</i> .	Subject to PST at a rate of 7% on 30% of the total cost of the services.
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<u>Engineering & Geoscientist Services</u>	Any advice or service within the "practice of professional engineering" or the "practice of professional geoscience," as governed by the <i>Engineers and Geoscientists Regulation</i> provided by a person registered (or required to be registered) with the Association of Professional Engineers and Geoscientists of the Province of British Columbia under the <i>Professional Governance Act</i> .	Subject to PST at a rate of 7% on 30% of the total cost of the services.
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<u>Non-Residential Real Estate Services</u>	Includes "real estate services" as defined by the <i>Real Estate Services Act</i> related to commercial and industrial real estate, provided by a licensed professional in BC, or similar services provided by someone licensed in another jurisdiction, including trading services, rental property management services and strata management services.	A rate of 7% PST is to be charged on these services. Services provided in relation to residential real estate and supportive housing real estate continue to be exempt from PST.
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<u>Security Services</u>	Armoured car guard services, private investigator services, security alarm services, security consultant services, and security guard services, provided by individuals or businesses who hold, or are required to hold, a security business license under the <i>Security Services Act</i> .	Subject to PST at a rate of 7%.
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PST Exemption for Purchasers

Effective February 18, 2026, sellers of goods are able to provide a point-of-sale exemption or refund within 180 days to businesses purchasing goods for business use outside of the province. The new exemption will allow the purchaser to ship the goods from BC instead of requiring the seller to do so.

Elimination of PST Exemption

Effective October 1, 2026, PST exemptions will be eliminated on the following:

- Clothing patterns, yarn, natural fibers, synthetic thread, and fabric that are commonly used in making or repairing clothing
- Services related to clothing and footwear (basic laundry services will remain exempt)
- Basic cable television services, residential landline telephone services, and toll-free telephone services

Personal Income Tax Changes

The following changes to personal income taxes are effective for the 2026 taxation year unless otherwise noted.

Tax Rate Adjustment

The lowest personal income tax rate increases from 5.06% to 5.60% (applying to the first \$50,363 of income). This will be reflected in payroll starting July 1, 2026.

Indexation Pause

Indexation for tax rate brackets and non-refundable credits is temporarily paused at 2026 levels for the 2027–2030 taxation years.

Tax Credit Adjustments

To mitigate the rate increase, the Basic Personal Income Tax Credit percentage also rises to 5.60%. Additionally, the maximum B.C. Tax Reduction Credit increases to \$690. The Volunteer Firefighters and Search and Rescue Volunteers' Tax Credit increases to \$6,000. The expiration date for the Farmers' Food Donation Tax Credit will be removed. Amendments to the B.C. Mining Exploration Tax Credit are made to clarify eligible expenses.

A New Supplement for Families

If your child has an approved Form T2201 Disability Tax Credit Certificate on file with CRA and your child is registered for the Canada Child Benefit, your family may be eligible to receive a maximum of \$6,000 annually per child starting in July 2027.

Corporate Income Tax Changes

Manufacturing and Processing Investment Tax Credit

Expenditures incurred after March 31, 2026, and before April 1, 2036, to acquire new buildings, machinery and equipment primarily used for manufacturing and processing operations in BC may be eligible for a 15% tax credit on the net eligible expenditure.

Film & Publishing Tax Credits

The requirement for corporations to file a notice of intent to claim the Production Services Tax Credit is eliminated for notices due on or after February 17, 2026. The time to file a claim for the Film Incentive BC Tax Credit or the Production Services Tax Credit is extended to 36 months. Corporations claiming the Film Incentive BC tax credit are no longer required to file a completion certificate with the Canada Revenue Agency that would have been due on or after February 17, 2026. The Book Publishing Tax Credit expiration is removed.

Scientific Research and Experimental Development (SR&ED)

The Scientific Research and Experimental Development Credit for capital expenditures no longer expires and are aligned with federal incentives.

Shipbuilding and Ship Repair Industry Tax Credit

The Shipbuilding and Ship Repair Industry Tax Credit is extended for one year to the end of 2027.

Property and Speculation Tax changes

Northern and Rural Homeowner Benefit

Effective for the 2027 and subsequent taxation years, the \$200 northern and rural homeowner benefit is repealed. The regular homeowner grant will be \$570 for properties for all areas of the province.

Property Tax Deferral Program

Effective for the 2026 and subsequent taxation years, the property tax deferral program interest rate terms are harmonized and increased to an annual rate of prime plus 2% compounding monthly.

Purpose-Built Rental Exemptions

Retroactive to January 1, 2025, the purpose-built rental exemptions from the property transfer tax are expanded to apply to newly constructed purpose-built rental buildings leased for a maximum of 24 months before their first taxable transaction is registered at the Land Title and Survey Authority of British Columbia.

School Tax Rates

The 2026 provincial school tax rates for residential and non-residential classes will be set in the spring. Starting in 2026, the method used to increase school property taxes will be the three-year average annual change in provincial nominal Gross Domestic Product. This policy replaces the longstanding rate-setting policy in place since 2005.

Effective for the 2027 and subsequent taxation years, the additional school tax rate that applies to residential homes with assessed values between \$3 million and \$4 million is increased from 0.2% to 0.3%, and for properties that exceed an assessed value of \$4 million the rate is increased from 0.4% to 0.6%.

Rural Area Property Tax Rates

The 2026 rural area property tax rates for residential and non-residential classes will be set in the spring. Starting in 2026, the method used to increase rural area property taxes will be the three-year average annual change in provincial nominal Gross Domestic Product.

Speculation & Vacancy Tax

Effective for the 2027 and subsequent taxation years, the speculation and vacancy tax rate for foreign owners and untaxed worldwide earners, as well as others specified under the Speculation and Vacancy Tax Act will increase from 3% to 4%. The change will apply to the speculation and vacancy tax payable by these property owners based on the use of their residential properties during the 2027 calendar year and onward.

How we can help

Should you have any questions about how to implement any of the above items, or how these might impact yourself and your family, please contact one of the members of our tax group by reaching out to admin@dusanjwirk.com or (250) 220-7311.