

## **COUNCIL REPORT**

**To:** Mayor and Council

**From:** Finance

**Date:** April 20, 2026

**Subject:** Impacts of Provincial Sales Tax Expansion on Professional Services

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### **RECOMMENDATION:**

THAT Council opposes the Provincial Sales Tax expansion on Professional Services.

### **BACKGROUND:**

The Province of BC released *Budget 2026* earlier this year which included the decision to expand the Provincial Sales Tax (PST) to a wide range of professional services. Subject to Budget legislation receiving Royal Assent, PST will apply to the following services (at a rate of 7%) effective October 1, 2026:

- Accounting and bookkeeping services
- Architectural services
- Engineering and geoscience services
- Security and private investigation services
- Rental property and strata management services
- Non-residential real estate commissions

**Note:** Under the proposed legislation, the PST on architectural, engineering and geoscience services will apply to 30% of the purchase price of those services.

On the April 13, 2026 Council agenda under Correspondence – For Consideration, a letter from the Canadian Federation of Independent Business (CFIB) was included that “Urged Council to Oppose the PST Expansion on Professional Services”. The organization expressed their concern regarding the impact that *Budget 2026’s* tax changes would have on municipal finances and on local taxpayers. Based on their initial analysis of *Budget 2026*, expanding PST to these essential professional services will:

- Increase capital and infrastructure project costs;
- Raise the cost of protecting businesses from crime, vandalism, and street disorder;
- Add pressure to already constrained municipal operating budgets;
- Increased costs and delays in processes relying on qualified professionals or specialized services; and
- Potentially lead to higher property taxes, delayed projects, or service reductions.

A discussion took place between council members and a motion was put forward for staff to bring back a report outlining the possible financial impacts of the PST Expansion on Professional Services on current and near future District projects.

Below outlines the information staff collected from 2025 that was spent on professional services and what the impact of the tax change would have had:

<b>Category</b>	<b>Value Spent</b>	<b>7% PST Implication</b>
Accounting and Bookkeeping Services	37,800	2,646
Architectural and Engineering Services (30% of purchase price)	223,579	4,695
Security and Private Investigation Services	12,107	847
<b>TOTAL</b>	<b>\$273,486</b>	<b>\$8,189</b>

Effective October 1, 2026, the known costs that can be calculated are for accounting and security services. Unknown costs include architecture and engineering as they may be used for projects and costs are unknown until a Request to Quote is offered. The 2026 capital projects that may use architecture or engineering costs include Road Paving and Pressure Reducing Vault Replacement. The estimated value for those projects are based on prior similar projects.

<b>Category</b>	<b>Estimated Value</b>	<b>7% PST Implication</b>
Accounting and Bookkeeping Services	39,480	2,764
Architectural and Engineering Services (30% of purchase price)	104,301	2,190
Security and Private Investigation Services	1,950	136
<b>TOTAL</b>	<b>\$145,731</b>	<b>\$5,090</b>

#### **NEXT STEPS:**

If Council approves the recommendation, CFIB urges council to:

- 1) Directly raise its concerns with the provincial government regarding the cost Budget 2026's PST expansion will have on local government operating costs and public safety.
- 2) Publicly disclose any cost pressures downloaded onto council by the PST expansion, and any related cuts or tax increases that may follow.

#### **BUDGETARY IMPACT:**

Operational expenses related to the 2026 budget will be absorbed in the current year's budget, with capital expenses being added to the overall project budget if applicable. For future budget years, the PST expansion impact will be accounted for during the budgeting process.



**COUNCIL PRIORITIES:**

**Strong Governance and Finances**

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.

**RESPECTFULLY SUBMITTED:**

Kerri Borne, Chief Financial Officer

**Reviewed By:** Corporate Services

**Approved By:** Chief Administrative Officer