BIABC Survey: Businesses Warn Expanded PST Will Push Many Closer to the Breaking Point

For immediate release
August 18, 2026

VANCOUVER, BC – A new Business Improvement Areas of BC (BIABC) survey suggests British Columbia businesses are increasingly concerned that the province's planned expansion of the Provincial Sales Tax (PST) to professional services will further strain already stretched operating budgets, forcing many businesses to increase prices, reduce investment or absorb costs they can no longer afford.

BIABC represents the majority of 80 business improvement districts and more than 55,000 small businesses operating in communities across the province. The survey, based on a modest sample of 100 businesses, reinforces concerns that BIAs have been hearing consistently from business owners across British Columbia: the expanded PST is arriving after years of rising labour costs, , inflation and other government-imposed costs, leaving many businesses with little financial capacity to absorb another increase.

Nearly 90% of respondents support BIABC's call for the province to repeal the planned PST expansion to professional services and work collaboratively with the business community on a more balanced approach.

Nearly seven in ten respondents (68%) said they are concerned about the expanded PST, including 39% who described themselves as very concerned.

Perhaps most significantly, three-quarters (75%) agreed that the cumulative impact of taxes, labour costs, mandatory paid sick leave, insurance premiums, inflation and the expanded PST is reducing the long-term viability of their businesses.

"While this survey reflects a relatively modest sample, the results closely mirror what our member Business Improvement Areas are hearing from businesses in communities throughout British Columbia," said Jeremy Heighton, President of BIABC. "The expanded PST has become the latest symbol of a much bigger affordability challenge. Businesses have spent years absorbing higher costs, and many are telling us they simply don't have room for another increase."

Those concerns are now being echoed through the province's own 2027 Budget consultation process, where a key recommendation of the Select Standing Committee on Finance and Government Services includes that government repeal the planned

expansion of the PST. The recommendation adds significant weight to growing calls from businesses and business organizations across British Columbia for the Province to reconsider the measure before it takes effect.

"Concerns about the expanded PST aren't just about paying more tax," Heighton said. "It's what happens next. Businesses begin postponing investments, delaying hiring and, ultimately, increasing prices for consumers. The expanded PST doesn't occur in isolation – it compounds every other cost businesses are already facing."

Businesses identified the professional services expected to be most affected by the expanded PST:

- Accounting and bookkeeping – 69%
- Payroll services – 40%
- IT services – 40%
- Property management – 37%
- Security services – 27%

The survey also suggests businesses will have few options in responding to the new tax:

- 54% expect they will have to pass the additional costs on to customers.
- 39% say they will absorb the costs despite the impact on profitability.
- 47% anticipate reducing spending elsewhere to offset the increased expense.

About BIABC

The Business Improvement Areas of BC (BIABC) is the provincial champion of strong, vibrant, and successful downtowns, main streets, and commercial districts throughout the province. Its members represent more than 80 business districts, employing hundreds of thousands of retail, service, and office workers.

-30-

Media Contact:
Kelly Gleeson
kgleeson@lbmg.ca
604-240-6231