

Real Property Contractors

Social Service Tax Act

Are you in the construction industry?

Do you supply and install goods that become real property?

This bulletin provides specific tax information to help real property contractors understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

Table of Contents

Overview	2
Improvements to Real Property	3
Real Property Contracts	12
Sales	16
Purchases	18
Goods Brought into British Columbia	19

Overview

If you construct buildings, or supply and install goods that become improvements to real property, you are a real property contractor. This includes contractors and trade subcontractors in the construction industry, as well as other businesses that make improvements to real property.

Here are some examples of real property contractors.

- Bricklayers
- Cabinet installers
- Carpenters
- Carpet layers
- Drywall installers
- Excavators
- Electricians
- Fence builders
- Foundation contractors
- Framing contractors
- Glass and glazing contractors
- Heating system installers
- Home builders
- Kitchen installers
- Landscapers
- Masonry contractors
- Mechanical contractors
- Painters
- Pavers
- Plumbers
- Roofers
- Sheet metal contractors
- Siding contractors
- Sundeck builders
- Window installers

To understand how PST applies to your business, there are two important questions that you need to consider.

1. Do you install goods that become improvements to real property?

Real property is land and any items permanently attached to land (buildings and structures). Goods that become permanently attached to the land or buildings are called improvements to real property on installation.

Improvements to real property includes integral parts of buildings or land, such as windows, doors and driveways. It also includes very large machinery or equipment that is constructed on site, such as machinery used in sawmills, pulp mills or other industrial locations.

For more details on real property, see the section below, Improvements to Real Property.

2. Do you have a lump sum or a time and materials contract?

The way you structure your contract determines whether you pay PST, or you charge your customers PST on the goods that become improvements to real property on installation.

The general rules for real property contracts are as follows.

Type of real property contract:	Who pays the PST:
Lump sum or fixed-price contracts	Contractor pays PST on the goods.
Time and materials contracts	Customer pays PST on the goods but not on the labour.
Services to existing real property	Neither contractor nor customer pays PST as services to real property are exempt.

Please note: there are some exceptions to the general rules. For more details on contracts, see the section below, Real Property Contracts.

Improvements to Real Property

It can be difficult to distinguish tangible personal property from fixtures or improvements to real property. The rules regarding real property are based on common-law principles and court decisions which add considerable complexity. **While we have set out guidelines and examples for you below, if you are unsure how tax applies, please contact us. We will provide you with an answer that applies to your particular situation.**

Tangible Personal Property

Tangible personal property is personal property that you can see, weigh, measure, or touch, or that is in any other way perceptible to the senses. It includes natural or manufactured gas, software, heat and electricity.

Retail sales or leases of tangible personal property are taxable, unless there is a specific exemption. As a general rule, if the tangible personal property is taxable when purchased, services provided to the tangible personal property are also taxable (these services are taxable as the tangible personal property is not an improvement to real property).

Fixtures

While fixtures may be commonly understood by contractors to mean items, such as lighting, bathroom and plumbing fixtures, for PST purposes, fixtures has a specific definition in the legislation. Fixtures include certain machinery, equipment or apparatus that is used directly in the manufacture, production, processing, storage, handling, packaging, display, transportation, transmission or distribution of tangible personal property, or in the provision of a service.

Sales or leases of fixtures are taxable but services to fixtures are exempt. For a detailed explanation and the criteria for fixtures, please see [Bulletin SST 078, Fixtures](#).

Real Property

Real property is land and any items permanently attached to land (buildings and structures). It also includes tangible personal property that is installed for the purpose of improving and becoming permanently part of the land or a building. Once installed, the tangible personal property becomes an improvement to real property.

There is no PST on sales or leases of real property or on services to real property. However, the tangible personal property that becomes an improvement to real property on installation is taxable to either the contractor or the customer. Who pays the PST depends on the type of contract. For more details, please see the section below, Real Property Contracts.

General Criteria for Improvements to Real Property

There are two basic categories of improvements to real property. The criteria for each category is detailed below.

Category 1 – Integral parts of buildings or land

This includes tangible personal property that, on installation, becomes an integral part of a building, structure or land. This includes items, such as heating, air conditioning, lighting or sewage disposal equipment for a building, and elevators and escalators.

To become an integral part of a building, structure or land, the tangible personal property must meet all of the following criteria.

Criteria

1. The tangible personal property is permanently attached to real property, such as being firmly bolted to the floor or ceiling, embedded in a concrete pad or built into the walls of a building.
2. The attachment of the tangible personal property is for the purpose of improving and becoming permanently part of the real property, rather than for the convenient or safe operation of the tangible personal property, or the security of the tangible personal property.
3. The tangible personal property is installed for the better use of the building, structure or land.
4. The tangible personal property is permanently installed at a location where it is intended to remain.

Examples

The following items are examples of improvements to real property once they are installed. The items must meet all the criteria explained in the section above, Category 1 – Integral Parts of Buildings or Land. If any of the items are sold without installation, they are tangible personal property.

- Aircraft hangar doors
- Air conditioning systems (does not include portable or window units)
- Air ventilation systems
- Alarm systems (only if permanently attached to real property; not including removable components, such as sensors, video cameras, computers)
- Altar railings (built-in)
- Artwork permanently attached to and part of a building (includes statues, fountains, murals, decorative wall panels)
- Asphalt roads
- Awnings
- Baseboards
- Bins (built-in)
- Bleachers (folding and attached to gym walls)
- Blinds, venetian

- Bridges
- Boilers used to service a building (for heat, electricity or lighting only)
- Booths (built-in)
- Cabinets and counters (built-in)
- Cablevision cables, cable connectors, wall plate (not including cable to the television, unless there is no wall plate)
- Carpeting (wall-to-wall and attached to the floor)
- Ceilings
- Church pews, pew fronts, altar rails, organ and chancel screens
- Closet organizers (built-in)
- Construction materials (once installed), such as lumber, concrete, glass, and insulation, that are used to construct a building or other permanent structure
- Conveyors, elevators
- Dishwashers (built-in)
- Docks, permanently attached to pilings that are sunk into the seabed (includes floating docks and floating breakwaters)
- Doors, door frames and door locks
- Drapery tracks and rails (but not including the drapes)
- Driveways (e.g. asphalt or concrete)
- Elevators and escalators
- Eaves troughs
- Fences (does not include temporary fences or fences that rest upon the ground on their own weight)
- Fibre-optic telecommunications systems (includes buried fibre optic cable and access points to install or maintain the cable, and above ground wire and poles to connect users; does not include computers to manage the system)
- Fire alarm and detection devices (built-in)
- Fire hydrants
- Fireplaces (does not include electric fireplaces that plug in to electrical outlets)
- Flooring (e.g. tile, linoleum, wall-to-wall carpeting, hardwood)

- Foundations
- Furnaces and duct work
- Garage doors
- Gas fireplaces, stoves and heaters (must be attached to the gas line and an outside venting system)
- Glass installed in buildings
- Greenhouses (except portable types)
- Hand rails
- Hardwood floors
- Heating systems
- Heat pumps
- Hot water heaters
- Hot tubs (permanently attached to the land or buildings; does not include hot tubs that can be readily dismantled and removed)
- Houseboats (must be permanently moored and hooked up to utilities and must not be self-propelled)
- Irrigation systems
- Island units (e.g. kitchen islands, supermarket islands)
- Kitchen countertops
- Landscaping materials (e.g. plants, trees, shrubs, underground sprinklers, irrigation lines, retaining walls but not including potted plants)
- Lighting systems and light fixtures (permanently attached; does not include freestanding lamps, such as desktop, tabletop or floor lamps)
- Mirrors (permanently attached)
- Moldings and baseboards
- Partition walls
- Plumbing fixtures and pipes
- Pools and spas plumbed into water supply (above ground must be enclosed by a permanent deck; does not include above ground pools or spas that can be readily dismantled and removed)
- Rail sidings, rail spurs

- Range hoods
- Restaurant booths, stools (attached to floor)
- Retaining walls
- Roads (e.g. asphalt or concrete)
- Roofs
- Scatter antennae
- Security systems (only if permanently attached to real property; not including removable components, such as sensors, video cameras, computers)
- Sewage disposal equipment
- Shelves (built into walls)
- Signs, either directly bolted to concrete bases embedded in the ground, or affixed to poles or pylons which are bolted to concrete bases embedded in the ground (e.g. canopy, cube, twin pole and flag mount pylon signs)
- Signs, mounted on walls of buildings (e.g. fascia or neon signs)
- Sinks and sink counters
- Sprinkler systems (embedded in the ground or affixed to a building)
- Stairs
- Stools (restaurant stools attached to the floor)
- Swimming pools (in-ground)
- Telecommunications towers
- Vacuum cleaner systems (built-in; does not include plug-in hoses and attachments)
- Venetian blinds
- Water meters
- Water treatment systems (built-in)
- Windows (including screens)
- Wiring (built into walls)

Category 2 - Very large machinery and equipment

This includes machinery or equipment that is constructed on site because of its size, such as machinery used in sawmills, pulp mills or other industrial locations. The machinery or equipment is used in specific business processes that include

manufacturing, producing, processing, storing, handling, packaging, displaying, transporting, transmitting or distributing tangible personal property, or delivering a service. Machinery or equipment that runs on rails or tracks, or moves around on, or from, the site it was constructed does not qualify.

The machinery and equipment must meet all of the following criteria to qualify.

Criteria

1. The machinery or equipment is permanently attached to real property, such as being firmly bolted to the floor or ceiling, embedded in a concrete pad or built into the walls of a building.
2. The attachment of the machinery or equipment is for the purpose of improving and becoming part of the real property, rather than for the convenient or safe operation of the machinery, or the security of the machinery.
3. The machinery or equipment is constructed on site because of its size.
4. The machinery or equipment, by its nature or design, is normally expected to remain on the site where it is constructed for its useful life.
5. The machinery or equipment cannot be moved from the site without:
 - dismantling the machinery or equipment, or
 - dismantling or causing substantial damage to the building in which it is installed or attached.

Examples

The following items are examples of improvements to real property once they are installed. The items must meet all the criteria explained in the section above, Category 2 – Very Large Machinery and Equipment. If any of the items are sold without installation, they are tangible personal property.

- Aerial tramways (does not include tramway cars)
- Alpine slides (does not include the cars that go down the slide)
- Automotive spray booths
- Chairlifts (includes steel towers, gearboxes, motors and engines bolted to concrete, cables and chairs)
- Coolers (walk-in)
- Compressors used in natural gas pipelines

- Dry kilns
- Gas distribution systems consisting of underground mainlines, distribution pipes, etc.
- Ice-making equipment used in cold storage plants or curling and skating rinks (does not include ice resurfacing machines or equipment used to make ice for sale)
- Paint spray booths (including ventilation systems)
- Pulp mills (black liquor evaporating plant, black liquor oxidation plant, black liquor storage tanks, block conveyor and chlorine dioxide generators)
- Refrigeration systems (including freon refrigerant)
- Saw mills (waste conveyors, green chains, storage bins, kickers [part of conveyor], drop gate, landing decks, sewage, wastewater and treatment systems and septic tanks when installed in real property, walkways and platforms for access to machinery)
- Tanks, process (must be of a size that cannot be transported in one piece and are assembled on the site)
- Walk-in freezers and coolers

Improvements to Real Property Summary

The following table provides a quick reference guide to the general criteria that are described in the previous section, Improvements to Real Property.

Category	Criteria:	Examples:
Integral parts of buildings or land	1. Tangible personal property (i.e. goods) that is permanently attached to real property, such as being firmly bolted to the floor or ceiling, embedded in a concrete pad or built into the walls of a building.	<ul style="list-style-type: none"> ▪ Building materials (once installed) to construct buildings, such as lumber, concrete, steel, glass and insulation ▪ Windows and doors ▪ Flooring, such as tiles, linoleum, wall-to-wall carpeting, hardwood floors ▪ In-ground swimming pools ▪ Furnaces and duct work
	2. The attachment of the tangible personal property is for the purpose of improving and becoming permanently part of the real property, rather than for the convenient or safe operation of the tangible personal property, or the security of the tangible personal property.	
	3. The tangible personal property is installed for the better use of the building, structure or land.	
	4. The tangible personal property is permanently installed at a location where it is intended to remain.	
Very large machinery and equipment	1. The machinery or equipment is permanently attached to real property, such as being firmly bolted to the floor or ceiling, embedded in a concrete pad or built into the walls of a building.	<ul style="list-style-type: none"> ▪ Automotive spray booths ▪ Pulp mills: chlorine dioxide generators ▪ Saw mills: waste conveyors ▪ Walk-in freezers and coolers
	2. The attachment of the machinery or equipment is for the purpose of improving and becoming part of the real property, rather than for the convenient or safe operation of the machinery, or the security of the machinery.	
	3. The machinery or equipment is constructed on site because of its size.	
	4. The machinery or equipment, by its nature or design, is normally expected to remain on the site where it is constructed for its useful life.	
	5. The machinery or equipment cannot be moved from the site without: <ul style="list-style-type: none"> ▪ dismantling the machinery or equipment, or ▪ dismantling or causing substantial damage to the building in which it is installed or attached. 	

Real Property Contracts

How PST applies to real property contracts depends on whether the contractor uses its own materials to improve the customer's property, or the contractor improves the customer's property using materials that the contractor has sold to the customer. In most cases, this depends on whether the contract is for a lump sum or is a time and materials contract.

If a contractor or customer is uncertain about how PST applies to their contract, they should contact us. We will provide an answer that applies to the particular situation.

Lump Sum or Fixed-Price Contracts

These are contracts where a single charge is made for the tangible personal property and labour services supplied under the contract.

With this type of contract, the customer is not purchasing tangible personal property, but is purchasing an improvement to its real property. The contractor is therefore the last purchaser of the tangible personal property and must pay tax on all materials and equipment used to fulfill the contract.

A contract may contain a provision transferring ownership of the materials to the customer to ensure that the customer maintains a security interest in the property in case the contractor goes bankrupt. If the contract is for a lump sum, this type of provision will not change the contract into a contract for the sale of tangible personal property.

A customer may request a breakdown in the price of the lump sum contract between the materials and the labour without changing the nature of the contract. Where the contract remains a single fixed-price contract for the delivery of a completed improvement to real property, a breakdown in costs for materials and labour may be provided to the customer for information only. To avoid misunderstanding, the contractor should include a statement on the invoice that explains that the breakdown of the price is for information only and does not indicate that the parties intend that the contract involve a sale of tangible personal property.

Indicators of a lump sum contract

- The contract price is for a single fixed amount for completion of described work. The contract does not consider separate charges for materials and labour (although the price may be adjusted for changes, extra work etc.).

- The contract and invoice do not break down the contract price into separate amounts for materials, equipment and labour supplied.
- The contractor is to deliver a completed improvement to real property.
- The payment schedule is based on a percentage of the lump sum price.

Time and Materials or Cost-Plus Contracts

These are contracts where the charges for the supply of tangible personal property and labour services are separately identified and accounted for in the contract.

When a contract is structured this way, the general rule is that the contractor has sold the tangible personal property to the customer before it becomes installed as an improvement to real property (see below for exceptions to the general rule). Therefore, the customer must pay tax on all materials and equipment purchased. The contractor charges the customer PST on the sale price of all tangible personal property supplied under the contract.

Indicators of a time and materials contract

- The contract price separately identifies and prices the materials, equipment and labour services.
- The invoice has a breakdown with separate charges for materials, equipment and labour.
- According to the contract or invoice, the customer is charged PST on the materials.

Exceptions to the general rule

There are some exceptions to the general rule where a time and materials contract may not involve a sale of tangible personal property. These circumstances are discussed below. If a time and materials contract does not involve a sale of tangible personal property, the contractor is therefore the last purchaser of the tangible personal property and must pay tax on all materials and equipment used to fulfill the contract.

How to determine if a time and materials contract does not involve a sale of tangible personal property

The critical question is whether or not the contractor has sold the materials as materials prior to their installation and incorporation into real property. The general rule is that a time and materials contract does involve a sale. However, there are exceptions when there are contrary indications included in the contract. Some of the relevant considerations are set out below.

Indicators that the contract does not involve a sale of tangible personal property

- The contractor may retain any surplus materials once the installation is complete.
- The materials remain the property of the contractor and ownership of the materials does not transfer to the customer until after the installation is complete. This does not include a situation where the purpose of a contractual provision is for the contractor to maintain a security interest in the materials.
- The contract indicates that the contractor is liable for all sales taxes.

Indicators that the contract does involve a sale of tangible personal property

- According to the contract or invoice, the customer is charged PST on the materials.
- Ownership of the materials transfers to the customer upon delivery to the site, and before installation.
- The contractor is liable to the customer for any damage to materials or equipment supplied and intended to be incorporated into the improvement to real property.
- Any surplus materials are the property of the customer.
- The customer keeps the materials in the event the contract is cancelled.
- The contract indicates that the property is to remain as tangible personal property.

Lump Sum Contracts Involving Both Tangible Personal Property and Real Property

A contractor may have a lump sum contract that includes both the supply and installation of goods that remain tangible personal property, and goods that become improvements to real property. For example, once installed, a security system may have components that are tangible personal property (e.g. wireless and removable sensors) and components that are improvements to real property (e.g. hardwired control panels).

For these contracts:

- separate the charges for the portion that relates to tangible personal property from the portion that relates to improvements to real property,
- the contractor pays PST on the portion of the goods that relates to improvements to real property, and

- the contractor charges the customer PST on the portion of the goods that relates to tangible personal property.

Services and Repairs to Real Property

These are contracts that include only services or repairs to existing real property. As services to real property are not taxable, the contractor does not charge PST to the customer for services or repairs.

If the contractor installs repair parts for a real property improvement while providing a service, the parts are taxable to either the contractor or the customer depending on the type of contract. Tax is applied to the repair parts as explained in the above sections, Lump Sum or Fixed-Price Contracts, and Time and Materials Contracts or Cost-Plus Contracts. If the contractor installs the parts under a lump sum contract, the contractor pays PST on the parts. If the contractor installs the parts under a time and materials contract, the general rule is that the contractor charges the customer PST on the parts but not on the labour to install them.

Subcontractors

A subcontractor is a person who enters into an agreement with a general contractor to perform part, or all, of the work contracted to the general contractor. The PST rules for subcontractors are the same as those for contractors. If a subcontractor has a lump sum contract with a contractor, the subcontractor pays PST. If a subcontractor has a time and materials contract with a contractor, the subcontractor charges the contractor PST on the goods but not on the labour.

Summary of Who Pays the PST

The table below summarizes the general rules for contracts. However, there may be exceptions to the general rules. For details on the exceptions, see the section above, Exceptions to the General Rule.

If the good is:	And your contract is:	The following person pays the PST:
Improvement to real property or fixture	Lump sum / fixed price	Contractor pays on materials
	Time and materials	Customer pays on materials but not labour (time)
	Service / repair (time) only	No PST is payable on services to improvements to real property or fixtures If repair parts installed: Contractor pays on parts for lump sum contracts Customer pays on parts for time and materials contracts
Tangible personal property (i.e. goods)	Supply / materials only	Customer pays on purchase price of materials
	Service / repair (time) only	Customer pays on purchase price of taxable services (including parts and labour)

Sales

When to Charge PST

You charge PST on the retail sale or lease of goods, such as:

- supply-only sales of goods (excluding installation),
- goods sold under time and materials contracts (see section above, Real Property Contracts), and
- supply and installation of goods that do not become improvements to real property (i.e. they remain tangible personal property after installation, such as drapes, gym lockers, Murphy wall-beds, wireless security systems etc.).

If you regularly sell taxable goods or services in British Columbia, you need to register and receive a PST registration number. If you are not required to register, you are still responsible for collecting and remitting PST if you occasionally make taxable sales. You self-assess the PST due using a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller Not Registered* form (**FIN 428**). This form is available from the ministry or any Service BC-Government Agent office. You will also find it on our website at www.sbr.gov.bc.ca/ctb/forms.htm

If you are located outside British Columbia and make taxable sales in British Columbia, you may be required to register. For more details, and to see if you need to register, please see [Bulletins SST 044](#), *Do You Need to Register as a Vendor?* and [SST 074](#), *Out-of-Province Sellers*,

When Not to Charge PST

You do not charge PST on the following:

- lump sum contracts to improve real property (see section above, Real Property Contracts),
- services to real property, such as installation or labour charges (see section above, Real Property Contracts), and
- sales to exempt customers under time and materials contracts, such as sales to First Nations, farmers, manufacturers, diplomats and federal government departments.

Please note: each of these customers must meet specific criteria to qualify for exemption. See the list of bulletins below for details.

Sales to Exempt Customers

Some of your customers may be eligible for a PST exemption. Some examples of eligible customers include First Nations, farmers, manufacturers, diplomats and federal government departments.

If you structure your contract with an exempt customer as a time and materials contract, you purchase the materials without paying PST by providing your PST registration number to your supplier.

You do not charge your customers PST as long as they meet all the criteria for the exemption. To show why you did not charge PST, keep a copy of the supporting documentation from your customers, such as a certificate of exemption or an identity card.

If you structure your contract as a lump sum contract, you pay PST on the materials. This is because, under lump sum contracts, you are the final purchaser of the materials. You are not reselling the materials because your customers are purchasing them after you have installed them into real property. The only exception is when you supply and install production machinery and equipment under specific conditions. In this case, you may claim an exemption using the *Certificate of Exemption: Production Machinery and Equipment* form ([FIN 453/M](#)). For more information, please see [Bulletin SST 054](#), *Manufacturers*.

For more information on sales to exempt customers, please see the following bulletins.

[SST 054](#), *Manufacturers*

[SST 023](#), *Bona Fide Farmers*

[SST 046](#), *Exemption for Indians and Indian Bands*

[SST 034](#), *Procedures for Making Exempt Sales or Leases to Indians and Indian Bands*

[GEN 007](#), *Exemption for Members of the Diplomatic and Consular Corps*

[GEN 006](#), *Exemption for Members of the Diplomatic and Consular Corps: Instructions to Vendors and Operators*

Purchases

When to Pay PST

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

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- free promotional items,
- computer hardware and software (unless custom software),
- supplies that do not become part of the goods you are installing, such as oils, lubricants, cleaning cloths, paper towels and cleaning supplies,
- equipment and tools used to fulfill your contract, such as saws, hammers, nail guns, hand tools and vehicles, and
- services to repair your equipment and tools.

If your supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

When Not to Pay PST

You do not pay PST on the following:

- items you purchase for resale or lease to your customers under time and materials contracts, or supply-only contracts, and
- containers, labels or packaging materials that are included with your sales at no extra charge to your customers.

To purchase the above items without paying PST, give the supplier your PST registration number.

If you take items from your resale inventory and use them for your business, or for personal use, you self-assess PST on your cost of the items.

General Exemptions Common to Contractors

Energy saving materials and equipment

You do not pay PST on specified materials and equipment used for energy conservation purposes, such as weather stripping and multi-glazed windows and doors. For more details, please see [Bulletin SST 011](#), *Exemption for Material and Equipment Used to Conserve Energy*.

Work-related safety equipment

You do not pay PST on certain safety equipment designed to be worn by a worker. For more details, please see [Bulletin SST 002](#), *Exemption for Safety Equipment*.

Production Machinery and Equipment Exemption

Manufacturing contractors

If you are a manufacturer of goods (e.g. a cabinet maker), you may qualify for an exemption on your purchases of the machinery and equipment used to manufacture your product.

Installing machinery and equipment for manufacturers

If you enter into a lump sum contract with a manufacturer, you may be eligible for an exemption on the machinery or equipment that becomes an improvement to real property on installation.

Please note: there are specific criteria to qualify for the production machinery and equipment exemption. For details, and to see if you qualify for the exemption, please see [Bulletin SST 054](#), *Manufacturers*.

Goods Brought Into British Columbia

When you purchase taxable goods from outside British Columbia for use in this province, you pay PST on them.

If the seller does not charge you PST at the time of the sale, you self-assess the PST due using a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form ([FIN 428](#)) at the time you bring or ship the goods into British Columbia.

You pay PST on the total amount that you paid to bring the goods into British Columbia, including any charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

Goods for Permanent Use in British Columbia

If you bring equipment, vehicles or other taxable goods into the province for permanent use, you pay PST on the depreciated value of each item using the depreciation schedule below. Items can be depreciated up to 50% of their purchase price.

- Motor vehicles, including all self-propelled equipment and trailers, 30% per year (2.5% for each month).
- Aircraft, 25% per year (2.0833% for each month).
- Vessels, 15% per year (1.25% for each month).
- Railway rolling stock, 10% per year (0.833% for each month).
- Other equipment, furniture and fixtures, 20% per year (1.667% for each month).

For more details, please see [Bulletin SST 043](#), *Goods Purchased from Out-of-Province Suppliers*.

Goods for Temporary Use

If you bring taxable goods into the province for less than six days, you do *not* pay PST (except leased goods – see the section below, Leased Goods). The six days may be consecutive or spread out over a number of weeks or months.

If you bring taxable goods into the province for temporary use only – 6 days or more in a 12-month period – to perform a specific task related to your contract, and then take the goods back out of the province, you may qualify to pay PST using the temporary use formula. The temporary use formula allows you to pay PST on one-third of the value of the goods for each 12-month period that the goods are in the province. For details, and to see if you qualify for the temporary use formula, please see [Bulletin SST 098](#), *Equipment Brought into the Province for Temporary Use (1/3 Formula)*.

Leased Goods

Unlike purchased goods, you pay PST on taxable leased goods even if they are brought into the province for less than six days. For leased goods, you pay PST based on the time you have the goods in the province and your lease term, e.g. weekly or monthly. For more details, please see [Bulletin SST 098](#), *Equipment Brought into the Province for Temporary Use (1/3 Formula)*.



Need more info?

Construction Industry website: www.sbr.gov.bc.ca/ctb/Construction.htm

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E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/ctb

References: *Social Service Tax Act*, Sections 1, 5, 6, 11, 40-45, 69, 69.1, 76, 77 and 92, and Regulations 2.21, 2.37, 2.45, 2.46, 2.47, 2.52 and 3.20.