

Manufactured Homes for Residential Use

Social Service Tax Act

Are you a manufacturer or a dealer of manufactured homes?

Do you know how PST applies to the sale of mobile and modular homes?

This bulletin provides specific tax information to help dealers and manufacturers who act as dealers 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 \(PST\)](#).

Definitions

For the purposes of this bulletin, a **manufactured home** is a mobile or modular home that is used as a family residential dwelling unit.

A **mobile home** is a home that is manufactured to Canadian Standards Association Z-240 Mobile Home Series of Standards, or is a home that is similar in design and construction.

A **modular home** is a home that is constructed to the building code in effect where the home is to be located and has a CSA A-277 label that shows it was built in a certified factory.

Please note: Recreation vehicles, trailers, tents, motor homes, slide-on campers, chassis mounted campers, or other similar vehicles do not qualify as manufactured homes. For information on park model travel trailers, please see section below, Park Model Travel Trailers.

Tangible personal property is personal property that you can see, weigh, measure, feel, or that is in any other way perceptible to the senses. Retail sales or leases of tangible personal property are taxable, unless there is a specific exemption.

Real property is land and any items that are 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. Once installed, the item becomes an improvement to real property. Sales, leases or services of real property or improvements to real property are PST exempt.

For manufactured homes that are not used as a family residential dwelling, please see [Bulletin SST 048](#), *Sales and Leases of Portable Buildings*. For houseboats and other floating buildings, please see [Bulletin SST 031](#), *Houseboats and Other Floating Buildings*.

Sales

How PST applies to new manufactured homes depends on whether there is a sale or lease of tangible personal property, or a sale or lease of an improvement to real property. In most cases, this depends on the type of contract you have with your customer. While we have outlined the general rules for real property contracts below, there are exceptions. For a full explanation of contracts, please see the section Real Property Contracts in [Bulletin SST 072](#), *Real Property Contractors*, or contact us.

Tangible Personal Property

Supply-only contracts

A new manufactured home that is sold as a supply-only item, meaning that it is delivered to a site but not installed, is a sale of tangible personal property. The customer pays the PST on this type of sale. You charge PST on 50% of the total amount your customer pays if it is a mobile home and 55% of the total amount your customer pays if it is a modular home.

Time and materials contracts

These are contracts in which charges for the supply of the tangible personal property (e.g. manufactured homes and materials used for installation) and labour services are separately identified and accounted for.

When a contract is structured in this way, the general rule is that you, as the dealer, have sold the tangible personal property to the customer before it becomes installed as an improvement to real property. Therefore, the customer pays PST on the manufactured home and materials used for installation.

Under such contracts, you separate the price of the manufactured home and materials from the charges for set-up and installation and you charge PST on 50% of the price your customer pays for the home and materials if it is a mobile home and 55% of the price your customer pays for the home and materials if it is a modular home.

The labour service provided in this contract includes the set-up and installation of the manufactured home. Once the home has been installed or permanently attached to the land, the manufactured home becomes an improvement to real property. PST does not apply to services to real property or improvements to real property. Therefore, you do not charge PST on the labour to install a manufactured home that becomes an improvement to real property.

If you regularly undertake time and materials contracts you are required to register as a vendor under the *Social Service Tax Act*, and to collect and send in PST on all taxable sales. Under such contracts, you purchase the manufactured home and other materials used in the installation without paying PST by giving your PST registration number to the supplier.

For supply only and time and materials contracts, you record your manufactured home sales on the *Social Service Tax Return: Boats, Aircraft and Manufactured Homes* form (FIN 424) and include this form with your *Social Service Tax Return Under the Social Service Tax Act* form (FIN 400).

Improvement to Real Property

Lump sum or fixed-price contracts

These are contracts where a single charge is made for the home, set-up and installation of a new manufactured home. Your customer does not pay PST on their purchase of the home.

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

Under such contracts, you purchase the home and you pay PST on 50% of the amount you pay for the home if it is a mobile home and 55% of the amount you pay for the home if it is a modular home. You also pay PST on 100% of your cost of other materials used in placing the manufactured home on the site.

If you are a manufacturer acting as a dealer, and you sell a manufactured home under a lump sum contract, you pay PST on the full cost of the materials incorporated into the home.

If your supplier does not charge you PST, you self-assess the tax due and send in the PST by using the *Social Service Tax Return Under the Social Service Tax Act* form [\(FIN 400\)](#).

Used Manufactured Homes

You do not charge PST on the sale of a used manufactured home provided:

- the home was previously sold at a retail sale and PST was paid, or
- the home was previously sold at a retail sale and no PST was charged because the buyer was eligible for an exemption.

Sales and Leases to First Nations Customers

You do not charge PST on sales to eligible First Nations customers when the sales take place on reserve land. The manufactured home must be located on reserve land at the time the sale takes place, or title to the manufactured home must pass to the purchaser when the goods are delivered to a reserve location.

Please note: there is an exception. Some First Nations coastal reserves do not have a road access or a docking area. If this is the case, title to the manufactured home may be transferred to the purchaser at the nearest docking area to the reserve, as long as the home is set-up and installed on reserve land.

To sell manufactured homes to First Nations customers without charging or paying PST, you need to use a time and materials contract. If you use a lump sum contract, you pay PST on the manufactured home and other materials.

You do not charge PST on leases to eligible First Nations customers when the lessee resides on reserve land.

The exemption for sales and leases to First Nations customers applies only to Indian Bands and customers with a *Certificate of Indian Status* card. To show why you did not charge PST, you need to keep supporting documentation from your customers.

For more information, please see [Bulletins SST 034](#), Procedures for Making Exempt Sales or Leases to Indians and Indian Bands, and [SST 046](#), Exemptions for Indians and Indian Bands.

Summary of Who Pays the PST

The following table provides a quick reference guide to the application of PST to sales of new and used manufactured homes.

Type of Sale/Contract	Who pays the PST
Sales of New Manufactured Homes:	
<i>Supply-only contract</i>	Customer pays PST on 50% of the amount they pay for a mobile home and 55% of the amount they pay for a modular home Set-up and installation services are non-taxable
<i>Time and materials contract</i>	
<i>Lump sum or fixed-price contract</i>	Dealer pays PST on 50% of the amount they pay if it is a mobile home and 55% of the amount they pay if it is a modular home
Sales of Used Manufactured Homes: previously sold at a retail sale where PST was paid, or no PST was paid because the buyer was exempt	Neither dealer nor customer pays PST as PST has already been paid
Sales to First Nations Purchasers: manufactured homes must be sold on a time and materials contract basis and delivered on reserve	Neither dealer nor customer pays PST
Sales to Out-of-Province Purchasers: must be shipped to an out-of-province location	Neither dealer nor customer pays PST on goods that have been shipped to an out-of-province location

Sales to Other Retailers

You do not charge PST on taxable goods sold to other dealers, if they provide their PST registration number. When you sell to other dealers, you record their PST registration number on each invoice and keep it in your records to show why you did not charge PST.

Out-of-Province Sales

You do not charge PST on taxable goods you ship to an out-of-province location. To show why you did not charge PST, your records must show that you shipped the goods out of the province.

Furnishings and Appliances

New Manufactured Homes

Draperies, free-standing furniture and appliances sold with a new manufactured home are not part of the home. You charge your customers PST on the total amount they pay for these items. You may purchase these items for resale without paying PST by giving your PST registration number to the supplier, or by providing your supplier with a completed *Certificate of Exemption* form ([FIN 453](#)).

Used Manufactured Homes

You do not charge your customers PST on draperies, free-standing furniture and appliances that are included in the sale of a used manufactured home, provided there is no separate charge for these items. If you charge separately for these items when selling a used manufactured home, you charge PST. If you install or replace such items and you do not list the items separately on the invoice, you pay PST on your cost of the items.

Purchases

When to Pay PST

You pay PST on the purchase or lease of new or used goods 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),

- equipment and tools used to complete your contract, such as saws, hammers, nail guns and hand tools, and
- services to repair your equipment and tools.

If the 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:

- containers, labels or packaging materials that are included with your sales at no extra charge to your customers, and
- new draperies, free standing furniture and appliances for resale (see section above, Furnishings and Appliances).

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

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

Manufactured Homes Brought into British Columbia

New Manufactured Homes

Out-of-province manufacturers who sell manufactured homes in British Columbia under lump sum contracts, pay PST on the cost of the materials for their units, not including the goods and services tax (GST). The customer does not pay PST on the contract.

Out-of-province dealers who sell manufactured homes in British Columbia under lump sum contracts, pay PST on 50% of the amount they pay if it is a mobile home or 55% of the amount they pay if it is a modular home. You also pay PST on 100% of the cost of other materials used in placing the manufactured home on the site. The customer does not pay PST on the contract.

For out-of-province manufacturers and dealers who make lump-sum contract sales, you self-assess the tax due and send in the PST by using the *Social Service Tax Return Under the Social Service Tax Act* form ([FIN 400](#)). If you are not a registered

vendor in British Columbia, you self-assess the PST due using the *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller Not Registered Under The Social Service Tax Act* form [\(FIN 428\)](#).

Out-of-province dealers and manufacturers who sell manufactured homes in British Columbia under time and materials contracts, separate the price of the manufactured home from the charges for set-up and installation. When you do this you charge PST on 50% of the price your customer pays if it is a mobile home, and 55% of the price your customer pays if it is a modular home. You do not charge PST on the labour charges to install the manufactured home.

You record your manufactured home sales on the *Social Service Tax Return: Boats, Aircraft and Manufactured Homes* form [\(FIN 424\)](#) and include this form with your *Social Service Tax Return Under the Social Service Tax Act* form [\(FIN 400\)](#). If you are not a registered vendor in British Columbia, you collect and send in the PST due using the *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller Not Registered Under The Social Service Tax Act* form [\(FIN 428\)](#).

When a new manufactured home is purchased from an out-of-province dealer or manufacturer who does not collect the PST, the purchaser self-assesses and sends in PST on 50% of the purchase price if it is a mobile home, and 55% of the purchase price if it is a modular home.

The purchase price includes the total amount that the purchaser pays to bring the home into British Columbia, including charges for transportation, customs, excise and any other costs, except the GST.

Used Manufactured Homes

When a used manufactured home is purchased out-of-province and PST has not been paid by the previous owner, the purchaser pays PST on 50% of the purchase price if it is a mobile home or 55% of the purchase price if it is a modular home. The purchase price includes the total amount that the purchaser pays to bring the goods into British Columbia, including charges for transportation, customs, excise and any other costs, except the GST.

New residents may bring used manufactured homes into the province without paying PST if certain criteria are met. For more information please see, [Bulletin SST 075](#), *Items Brought Into British Columbia By New Residents*.

Services

You do not charge PST on services provided to manufactured homes that are used for residential purposes, including services to draperies, furnishings and appliances designed for household use (eg. stoves, refrigerators, ovens, washers, dryers etc.). For more information, please see [Bulletin SST 018](#), *Taxable Services*.

If you provide real estate services you need to apply for a licence under the *Real Estate Services Act* (RESA). Information on licensing requirements is available from the licensing department of the Real Estate Council of British Columbia at www.recbc.ca

Park Model Travel Trailers

Park model travel trailers are recreational vehicles, and do not qualify as manufactured homes. However, a park model travel trailer of any size installed for the purpose of improving and becoming permanently part of the land, qualifies as an improvement to real property. Whether you or your customer pays PST depends on the type of contract.

You do not charge PST when your customer is purchasing a park model travel trailer that is permanently installed under a lump sum contract. This purchase is an improvement to real property and you pay the PST.

You charge PST if your customer is purchasing a park model travel trailer as tangible personal property under a time and materials contract. However, you do not charge PST on the labour to permanently install a trailer that becomes an improvement to real property.

You also charge PST if your customer is purchasing a park model travel trailer as tangible personal property under a supply-only contract.

Production, Machinery and Equipment Exemption

If you qualify as a manufacturer, you may purchase certain equipment used to produce your manufactured homes without paying PST. The homes must be manufactured at a site other than the site at which the homes are installed. For details, and to see if you qualify for the production machinery and equipment exemption, please see [Bulletin SST 054](#), *Manufacturers*.



Need more info?

Manufactured Homes website: www.sbr.gov.bc.ca/ctb/ManufacturedHome.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

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

Acknowledgments

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References: *Social Service Tax Act*, Sections 1, 6(4.1-4.4), 11(1-2.1), 42, 70(i), 76(1)(k) and 77(b), and Regulations 2.45(d)(e)(f), 3.18.1, 3.19 and 3.30