

## Sales and Leases of Portable Buildings

### *Social Service Tax Act*

This bulletin outlines the application of social service tax, also called the provincial sales tax (PST), to portable buildings.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations can be found on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)

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#### WHAT IS A PORTABLE BUILDING?

A portable building is a building constructed like a conventional building, or made out of rigid building materials, that is designed to be moved as a whole building, from location to location. Structures that must be dismantled into component parts to be relocated, do not qualify as portable buildings. Examples of portable buildings include bunk houses, construction buildings, classrooms or offices.

#### **Fabric Structures**

Fabric structures are not portable buildings because they are not constructed like conventional buildings or made out of rigid materials.

#### **Floating Buildings**

A floating building may qualify as a portable building in certain circumstances.

**More Info:** [Bulletin SST 031](#), *Houseboats and Other Floating Buildings*

#### PORTABLE BUILDINGS MANUFACTURED IN THE PROVINCE

#### **Tax Payable by Manufacturer**

Portable buildings manufactured in British Columbia are subject to PST on the cost of materials used to construct the building. This means that the manufacturer must pay PST on the purchase price of construction materials.

#### **Exemption for Production Machinery and Equipment**

As of July 31, 2001, a manufacturer of portable buildings may qualify for an exemption of PST on the purchase of certain production machinery and equipment used to manufacture the buildings.

**More Info:** [Bulletin SST 054](#), *Manufacturers*

#### **Refund of Tax Paid on Exports**

Manufacturers may apply for a refund of PST paid on materials used to construct portable buildings manufactured in British Columbia that are exported for use outside of the province. Claims for a refund of PST should be made on an *Application for Refund of Social Service Tax or Hotel Room Tax* form ([FIN 413](#)). This form is available from any Consumer Taxation Branch, or Service BC-Government Agent office and is available on our website at [www.sbr.gov.bc.ca/ctb](http://www.sbr.gov.bc.ca/ctb)

## Retail Sales or Leases

Sales or leases of portable buildings that meet the following conditions are exempt from PST:

- manufactured in British Columbia,
- not a manufactured home designed for, and used as, a family residence,
- not a building designed for use on residential property, and
- not a tent or steel framed structure with fabric covering or any other structure that must be dismantled into component parts to be relocated.

**More Info:** [Bulletin SST 014](#), *Manufactured Homes for Residential Use*

Fabric structures do not meet the definition of portable buildings, and their sales or leases are subject to PST.

However, a fabric structure may become an improvement to real property once installed, if it meets the following conditions.

The structure must be:

- large enough that it must be assembled at the location where it will be used, and cannot move from this location without being completely dismantled,
- substantially attached to the land by being securely bolted or anchored into the land, or attached to heavy concrete or similar blocks whose weight is needed for structural integrity, and
- intended, by its design, to remain at the location where installed for its useful life.

When a fabric (or similar) structure becomes an improvement to real property, how PST will apply depends on the type of contract used for the improvement. There are generally three types of contracts used:

**Lump-sum or Fixed-price contract**—single charge for the tangible personal property and labour supplied under the terms of the contract.

**Time and materials or Cost-plus contract**—the charges for labour and supplied tangible personal property are separately stated or accounted for in the contract.

**Mixed contract**—lump sum contract that includes both the supply and installation of tangible personal property that becomes an improvement to realty on installation, and tangible personal property that does not qualify as an improvement to realty.

**More Info:** [Bulletin SST 072](#), *Real Property Contractors*

## PORTABLE BUILDINGS MANUFACTURED OUTSIDE THE PROVINCE

### Purchases from Registered Dealers

Out-of-province manufacturers or dealers who are registered as vendors in British Columbia may sell portable buildings to British Columbia residents exempt from PST, provided that the manufacturer or dealer remits PST on its cost of the unit.

### Purchases from Non-Registered Dealers

Where portable buildings are purchased from an out-of-province dealer or manufacturer who is not a registered vendor and who has not remitted PST on its cost of the unit, the purchaser is required to pay PST on the purchase price of the portable building. This includes transportation charges and all other costs and expenses, other than the federal goods and services tax (GST), that are incurred prior to the use of the building in the province.

Subsequent retail sales or leases of such buildings are not subject to PST.

## TAXABLE SERVICES

### Definition

A taxable service is any service provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish or maintain tangible personal property. PST applies to purchases of these services.

### Exemption

Taxable services provided to portable buildings are specifically exempted from PST. Taxable services provided to various goods and appliances designed for household use, e.g., refrigerators, stoves, ovens, washers and dryers are also exempt from PST.

**References:** *Social Service Tax Act*, Sections 1, 5, 6, 76(1)(k) and 87 and Regulations 2.45, 2.46, 2.47 and 3.30

PST must be paid on taxable services provided to other furnishings and equipment of the portable buildings.

**More Info:** [Bulletin SST 018](#), *Taxable Services*

### **NEED MORE INFO?**

**This bulletin is provided for convenience and guidance.**

**If you have any questions, call us at 604 660-4524 in Vancouver or call toll-free at 1 877 388-4440, or e-mail your questions to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)**

**Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr) While there, you can subscribe to our free electronic update service.**