

## Manufacturing, Selling or Leasing Portable Buildings

*Social Service Tax Act*

This notice clarifies the definition of portable buildings and explains how the social service tax, also called the provincial sales tax (PST), applies to fabric structures.

### What are Portable Buildings?

A portable building is a building constructed like a conventional building, or made out of rigid building materials, that is designed to be moved from location to location. Portable buildings that satisfy the following conditions are exempt from PST:

- manufactured in British Columbia,
- not a manufactured home designed for, or 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.

Fabric structures do not satisfy all these conditions and are taxable. However, leases of, or services to, improvements to real property are exempt of PST. These exemptions may be available to fabric structures that, once installed, become an improvement to real property. A fabric structure becomes an improvement to real property if it meets the conditions set out below.

The fabric structure must be:

- large enough that it must be built at the location where it will be used, and cannot be moved 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.

### How Does this Affect Your Business?

Effective April 1, 2006, businesses must apply PST to sales or leases of structures that do not qualify for the portable building exemption. How PST applies depends on the type of contract used to record the sale and the installation, and whether a fabric structure becomes an improvement to real property. This information is explained in [Bulletin SST 072](#), *Contractors and Subcontractors: Improvements to Realty*.

Manufacturers who correctly paid tax on materials used to make buildings that no longer meet this clarified definition of portable buildings, or their customers, will not be assessed PST prior to April 1, 2006.

No change is necessary for long-term leases currently in place for buildings that no longer meet the clarified definition. PST does apply, however, when the leases are renewed if the structures are not improvements to real property.

### Further Information

Please refer to [Bulletin SST 048](#), *Sales and Leases of Portable Buildings* and [Bulletin SST 072](#), *Contractors and Subcontractors: Improvements to Realty*.

If you need additional information, please visit the Consumer Taxation Branch web site at [www.sbr.gov.bc.ca/ctb](http://www.sbr.gov.bc.ca/ctb) or contact the Consumer Taxation Branch at 604 660-4524 in Vancouver, or toll-free at 1 877 388-4440.