

Mining Industry

Social Service Tax Act

Do you engage in mineral exploration?

Do you operate a mine?

This bulletin provides specific tax information to help businesses in the mining industry 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 \(PST\)](#).

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The revision bar (|) identifies changes to the previous version of this bulletin dated August 2008.

Minerals

Minerals are metal ore and every natural substance that can be mined and that:

- occurs in fragments or particles lying on, above, or next to its bedrock source (commonly described as talus),
- is in the place or position where it was originally formed or deposited, or
- is loose, fragmentary or broken rock or float that, through decomposition or erosion of rock, is found in wash, loose earth, gravel or sand.

Tailings, building and construction stone, marble, shale, clay, sand and gravel are specifically included as minerals.

The following examples are minerals:

- gold
- copper
- zinc
- coal
- molybdenum
- dolomite

The following examples are not minerals:

- petroleum and natural gas
- volcanic ash
- earth
- soil
- marl
- peat

Exploration and Development

Qualifying for the Production Machinery and Equipment Exemption

You may be eligible to purchase or lease production machinery and equipment (PM&E) tax-exempt if:

- you regularly engage, for commercial purposes, in the exploration for minerals or the development of mine sites, and
- the machinery or equipment is used exclusively for such activities.

Regularly means that you undertake the activity on a routine basis. This could be full-time, seasonally or on some other part-time basis.

Used exclusively means that the machinery or equipment is used over 90% in the exploration for minerals or the development of mine sites.

You may measure exclusively in a number of different ways. It depends on the nature of the machinery or equipment. You may measure it in time, volume or some other measurement that is appropriate for that particular type of equipment.

In some cases, you may use the machinery or equipment seasonally or during specific phases in the exploration or development process. When this happens, the time when the machinery or equipment is idle or in storage is not considered use.

For example, if you operate an excavator during the development of mine sites and it is stored during the off-season, the total use of that excavator will be based only on the time that it is actually being operated. During the actual excavation period, if you use the excavator over 90% of the time for the exploration of minerals or the development of mine sites, then the excavator qualifies for the PST exemption.

Qualifying PM&E – Exploration and Development

If you are eligible, you may purchase or lease qualifying machinery or equipment tax-exempt, provided you use it exclusively in the exploration of minerals or the development of mine sites.

The following machinery or equipment are tax-exempt if all the conditions are met:

- drill rigs, drills, drill bits and rock saws,
- mucking machines, slushers, mine cars and rails, trammers, hoists and skips,
- ore trucks of such a size and weight that they are not designed for regular use on a public highway,
- rock bolting machines,
- pickaxes and shovels,
- safety equipment, pumps, ventilating equipment and compressors,
- generators or motors used to operate exempt equipment,
- haulage equipment,
- assay equipment,
- wire rope and seismic shot-hole casing,

- casing guides and cement equipment, but not including cement trucks, and
- bulldozers, graders, front-end loaders, backhoes and excavators, when used over 90% for the exploration of minerals or the development of mine sites. You do not pay PST on these items if you use them less than 10% to construct or maintain general access roads to the mine site or to buildings within the mine site.

Geophysical Surveying Exemptions

As mineral exploration and mine development are not site specific, the machinery and equipment exemptions for geophysical surveying are linked to the types of equipment used.

To receive this exemption, you must regularly engage in the exploration for minerals, or the development of mine sites. You must use the machinery or equipment exclusively in those pursuits. For details on regularly and exclusively, see the section above, Exploration and Development.

Eligible equipment and machinery include the following items.

- Magnetometers, gradiometers and magnetic susceptibility meters.
- Instruments designed to measure the elements, variations and distortions of the natural gravitational force, including gravity meters.
- Field potentiometers, meggers, non-polarizing electrodes and electrical equipment for making measurements in drill holes.
- Equipment for electrical and electromagnetic surveying, including:
 - self-potential meters,
 - resistivity survey equipment,
 - time and frequency domain induced polarization equipment and/or electromagnetic surveying equipment, and
 - inductive conductivity probes.
- Ground penetrating radar equipment and side looking aperture radar.
- Equipment for remote sensing, including:
 - ultraviolet lamps and reflectance spectrometers – infrared and hyperspectral.
- Instruments and equipment for seismic prospecting, including:
 - the recording system,
 - seismic instrumentation,
 - geophones,
 - cables,

- data processing units,
 - global positioning and navigation systems,
 - recorder box, recorder power generators,
 - blasting system,
 - blaster and controller,
 - seismic drilling equipment,
 - heli-drills,
 - enviro-drills,
 - vibrators, and
 - integrated navigation systems.
- Scintillometers, spectral gamma-gamma density and geiger muller counters, gamma-ray spectrometers, potassium gradiometers and other instruments for radioactive methods of geophysical prospecting.
 - Acoustical survey equipment, including:
 - sonar,
 - side-scanning sonar, and
 - full wave form sonic loggers.
 - Electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the machinery or equipment described above.

Please note: ATVs and snowmobiles are taxable even when used to transport personnel and equipment to surveying sites.

For further information on taxable and non-taxable items for geophysical surveying, please see our website at www.sbr.gov.bc.ca/industry_specific/mining/mining.htm

Operating Mines

Qualifying as a Manufacturer

If you are involved in the production or processing of minerals at a mine site, you may qualify as a manufacturer. You may also qualify if you manufacture or fabricate equipment for your own business use and the manufactured cost of the equipment is over \$30,000. If you qualify as a manufacturer, you may be eligible for the production machinery and equipment (PM&E) exemption.

You qualify as a manufacturer if you meet one of the following criteria:

- the minerals that you produce are for sale and it is expected that the total value of sales for that class of product will exceed \$30,000 per year,
- the minerals that you produce or equipment that you manufacture are for your own business use and it is expected that the total manufactured cost for that class of product will exceed \$30,000 per year, or
- if the minerals that you produce are for both sale and your own business use; the total value of sales is \$30,000 or less per year and it is expected that the total manufactured cost for a class of product will exceed \$30,000 per year.

To qualify as a manufacturer, you must exceed the \$30,000 per year threshold for each class of tangible personal property (goods). For example, if you mine for coal and then decide to open a gravel pit, each site must qualify separately as they produce a different class or type of product.

If you qualify as a manufacturer, you may purchase or lease PM&E tax-exempt, if it is used primarily and directly at a mine site. Primarily means used over 50%.

You may measure primarily in a number of different ways. It depends on the nature of the machinery and equipment. You may measure it in time, volume, production value or some other measurement that is appropriate for that particular type of equipment.

In some cases, you may use the machinery or equipment seasonally or during specific production phases. When this happens, the time when the machinery or equipment is idle or in storage is not considered use. You calculate primarily based on the actual usage.

Directly means machinery and equipment must be a part of, or an integral component of, the process that transforms the raw material into the finished product.

Mine Site

The exemptions for PM&E at operating mines are site specific and limited in scope. These exemptions exist only at the mine site.

A mine site begins at the point where the raw materials are extracted from the ground and ends where the finished product is placed on a vehicle or other transportation device for removal from the site.

Machinery and equipment that you use to transport raw materials or finished products from, or between, eligible sites does not qualify for the PM&E exemption. For example,

you pay PST on ore trucks that carry raw ore from the mine site to an off-site processing site as they travel outside the mine site.

Machinery and equipment that you use at an off-site processing facility does not qualify for the PM&E exemption as an operating mine, but may qualify under the manufacturing exemption.

For more information, including information on manufacturing services where customer-owned materials are processed, please see [Bulletin SST 054](#), *Manufacturers*.

Qualifying PM&E – Operating Mines

The following machinery or equipment are exempt if all the conditions are met:

- equipment used in primary processing,
- mine ventilating equipment,
- ore trucks of such a size and weight that they are not designed for regular use on a public highway,
- de-watering pumps, and
- conveyor systems and other distribution equipment used to primarily transport or distribute raw materials, partially finished goods, or finished goods within the mine site.

Software is exempt if designed and integrated with eligible production machinery and equipment. It must be an integral part of the equipment and necessary for its operation. It can be purchased separately from the equipment without paying PST.

Generally, software is taxable unless it is an integral part of production machinery that is exempt. Software is neither machinery nor equipment and therefore is not eligible for the PM&E exemption.

Computer hardware not used directly in processing or to monitor the operation of exempt PM&E does not qualify for the exemption.

For more information on hardware and software including services, please see [Bulletin SST 040](#), *Computer Software and Hardware*.

Parts and Materials for Exempt Machinery and Equipment

Parts

If you are eligible for the PM&E exemption, you do not pay PST on leased or purchased parts for use on exempt machinery or equipment.

Effective February 22, 2006, if you are eligible for the PM&E exemption, you do not pay PST on leased or purchased parts that you use to assemble qualifying machinery or equipment

Materials for Exempt Machinery and Equipment

Effective February 18, 2009, if you are eligible for the PM&E exemption, you do not pay PST on leased or purchased materials, provided they:

- are used to repair, maintain, modify or assemble qualifying machinery or equipment, and
- remain part of, or attached to, the machinery or equipment.

Materials eligible for exemption include sheet metal, bulk wire and bulk conveyor belting material.

Taxable Materials

PST applies to materials that are used:

- to self-manufacture machinery and equipment for own use,
- primarily to lubricate machinery or equipment (e.g. grease), or
- primarily to repair, maintain, modify or assemble:
 - scaffolding, walkways, catwalks and similar structures, unless these items are an integral part of machinery or equipment, and are sold or leased as part of machinery and equipment that is exempt, and
 - bases and foundations, that are, or become, a part of realty for machinery or equipment.

Inventory of Parts and Materials

If you have an inventory made up of both taxable and exempt parts and materials, you may make a reasonable estimate of the portion used on exempt machinery or equipment and purchase that portion without paying PST. Reconcile this estimate to your actual usage. If the reconciliation shows you used more parts and/or materials for taxable purposes than estimated, you self-assess the PST owing on the portion purchased exempt, but used for taxable purposes.

If you have a PST registration number, send in this additional amount with your regular tax return. If you do not have a PST registration number, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form ([FIN 428P](#)).

If the reconciliation shows you used more parts and/or materials for exempt purposes than estimated, you can claim a PST refund from the ministry for the tax paid on the portion used for exempt purposes. For more information on refunds, please see [Bulletin GEN 008](#), *Refunds of Overpayments of Tax*.

Claiming Exemptions

You give the supplier a completed *Certificate of Exemption—Production Machinery and Equipment* form ([FIN 453/M](#)) when you purchase or lease:

- exempt production machinery or equipment, or
- parts, materials or taxable services for exempt machinery or equipment.

This requirement applies whether you are registered or not registered as a vendor. There is an option of using an alternative approved certification (see below in this section).

You complete all parts of the certificate. Where a description of the items purchased or leased is required, you list each type of machinery or equipment. It is not enough to simply state “production machinery and equipment”.

For example, if you are purchasing drill bits, slushers and pickaxes, you list each as a specific item on the form. If you are purchasing parts or materials for eligible machinery, include what piece of exempt equipment the part or material will be attached to. For example, on the certificate, state “filters used on an excavator” not only “filters”.

When you purchase or lease a large quantity of machinery or equipment, you may attach an itemized list or a copy of the sales invoice to the completed certificate. The invoice must clearly describe the machinery or equipment being purchased or leased and it must indicate which is exempt.

When you are making purchases or leases (rentals) frequently from the same supplier, you may provide one completed certificate to the supplier along with a list of items that you are claiming an exemption for. You can make future exempt purchases/leases of the same items from that supplier based on this same certificate.

You use the *Certificate of Exemption—Production Machinery and Equipment* form ([FIN 453/M](#)) only for claiming exemption on production machinery, equipment, and related parts, materials and taxable services. It does not replace the *Certificate of Exemption* ([FIN 453](#)) used to purchase goods for resale, etc.

As an alternative to using the *Certificate of Exemption—Production Machinery and Equipment* form ([FIN 453/M](#)), you may claim an exemption by stamping or printing a certification on the purchase order.

The purchase order must clearly indicate the purchaser/lessee's name, address, registration number where applicable, and the goods or services being acquired. Stamp or pre-print on the form a certification using the following wording:

Production Machinery and Equipment Exemption:

We certify that the goods and services purchased are eligible for exemption from social service tax under Section 76(1)(k) of the *Social Service Tax Act*, Division 13 of the regulations to the Act.

You may also write to us with suggested alternative wording. We must approve the suggested wording before you use it.

Please note: Effective April 1, 2008, you may qualify for a Special Registration Number (SRN) if you regularly purchase production machinery and equipment. You use this number instead of the *Certificate of Exemption – Production Machinery and Equipment* form ([FIN 453/M](#)) to claim the PM&E exemption. For more information on the SRN, please see [Bulletin SST 010](#), *Special Registration Number*.

Taxable Goods

Unless exempt, your purchases of machinery, equipment or other goods purchased in the province are taxable. You pay PST on the full purchase price at the time of purchase. If the items are leased, you pay PST on each lease payment either when the lease payment is paid or when the lease payment becomes due under the terms of the lease agreement, whichever is earlier.

What is Included in the Purchase Price

When you purchase goods within British Columbia, the purchase price includes charges for transportation and installation, interest, finance, service, customs, and excise when these charges happen at, or before, the time that the title passes to the purchaser. Include fuel surcharges for delivery but do not include the goods and services tax (GST). The charges remain part of the purchase price even if the charges are separated on either the invoice or on the seller's books.

If the charges occur after the purchaser receives title to the goods, they are not taxable when the charges are separately listed on the invoice. They do not form part of the original purchase price.

For information on goods purchased from out-of-province, see the section below, Purchases from Out-of-Province Suppliers.

Goods for Own Use

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,
- computer hardware and software (unless custom software), and
- cleaning cloths, paper towels and cleaning supplies.

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.

If you do not have a PST registration number, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form (**FIN 428P**).

Consumables

Industry often calls consumables, supplies. A good consumed or used up in the operation or maintenance of machinery or equipment is a consumable, even if it is necessary for that item's operation or maintenance.

The following are some examples of consumables.

- Hydraulic fluid in a cylinder is a consumable as it is not attached to, or part of, the cylinder. The hydraulic fluid retains its separate identity.
- Engine oils, cleaning solutions, lubricants, grease, rags, carpenters' chalk and masking tape.
- Oxygen or acetylene gas.

Consumables are taxable unless they qualify for another exemption under the Act. Two examples of exempt consumables are water, which is exempt to everyone, and catalysts or direct agents used in a production process. You will find more information about exemptions in the section below, Other Exemptions.

For detailed lists of taxable and non-taxable items for the mining industry, please see our website at www.sbr.gov.bc.ca/industry_specific/mining/mining.htm

Please note: Effective September 1, 2007, a provincial Innovative Clean Energy (ICE) Fund levy of 0.4% applies to purchases of electricity, natural gas, fuel oil and propane sold on a grid system. The levy does not apply to fuel taxed or exempted from tax under the *Motor Fuel Tax Act* (e.g. fuel used in a motor vehicle, generator or chainsaw).

The maximum levy payable by one customer over a 12-month period beginning September 1, 2007 is \$100,000. This means that you can claim a refund from the ministry for amounts you pay over the maximum.

For general information on claiming refunds, please see our website at www.sbr.gov.bc.ca/ctb/business/Consumer_Taxes/Provincial_Sales_Tax/refunds.htm

For more information on the ICE Fund levy, please see our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/ICE_Fund_Levy.htm

Change of Use

If you purchase an item exempt and later use that item for a taxable purpose, PST applies from the moment the use changes. You calculate and self-assess PST on the greater of the depreciated value or 50% of the original purchase price.

For information on depreciation rates, please see our website at www.sbr.gov.bc.ca/individuals/Consumer_Taxes/Provincial_Sales_Tax/depreciation_rates.htm

Examples of Taxable Goods

The following are taxable machinery, equipment or goods used in the mining industry:

- vehicles designed for public highway use, such as transport trucks, but not ore trucks that are of such a size and weight that they cannot be used on a public highway,
- furnishings, camp equipment, machinery or equipment related to the use of a building, and machinery and equipment used in construction,
- boats, rail cars and non-turbine helicopters or aircraft,
- construction materials, including timber poles used as supports in the mine shaft, and
- general and administrative equipment and supplies (e.g. cell phones, pagers and computers).

For additional examples of taxable and non-taxable items used in the mining industry, please see our website www.sbr.gov.bc.ca/industry_specific/mining/mining.htm

Purchases from Out-of-Province Suppliers

If you purchase taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise and any other costs, except the goods and services tax (GST). If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

If you do not have a PST registration number and the supplier does not charge PST at the time of the sale, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered under the Social Service Tax Act* form ([FIN 428P](#)). Do this at the time you bring or ship the goods into British Columbia.

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

Equipment Brought into British Columbia

If you bring taxable equipment into the province for use, you pay PST on the depreciated value of each item. You calculate and self-assess PST on the greater of the depreciated value or 50% of the original purchase price.

Equipment for Temporary Use

If you bring taxable equipment into British Columbia for temporary use only – 6 days or more in a 12-month period – to perform a specific task related to mining, and then take the equipment back out of the province, you pay PST using the temporary use formula (except leased equipment – see the section below, *Leased Equipment*). The 6 days may be consecutive or spread out over a number of weeks or months.

The temporary use formula allows you to pay PST on one-third of the value of the equipment for each 12-month period that the equipment is in British Columbia.

Leased Equipment

Unlike purchased equipment, you pay PST on taxable leased equipment even if it is brought into the province for less than 6 days.

For more details, please see [Bulletin SST 098](#), *Equipment Brought into the Province for Temporary Use (1/3 Formula)*.

Other Exemptions

Materials Incorporated into a Finished Product

You do not pay PST when you purchase goods that will be processed, fabricated, or manufactured into, attached to, or incorporated into other goods for resale or lease. This exemption does not apply to containers used to package or deliver the finished product, such as drums, if the containers are returnable to the seller.

To purchase the above items without paying PST, give the supplier your PST registration number. If you do not have a PST registration number and you qualify, give the supplier a completed *Certification of Exemption* form ([FIN 453](#)).

Catalysts and Direct Agents

Effective February 20, 2008, the exemption for catalysts and direct agents is expanded to include chemical substances, catalysts and direct agents used to produce or modify a reaction that is essential for the processing or manufacture of a product for sale or lease.

As a result of this expansion:

- the reaction produced or modified by catalysts, direct agents and chemical substances may now be physical or chemical, and
- catalysts, direct agents and chemical substances no longer need to come into direct contact with, or be temporarily incorporated into, the material being processed or manufactured.

Please note: If a catalyst or direct agent was tax-exempt prior to these changes, it remains exempt.

This means that you do not pay PST on catalysts, direct agents and chemical substances provided they:

- are used to produce or modify a physical or chemical reaction,
- are essential for the processing or manufacture of a product for sale or lease, and
- are used in the manufacture of a product, or used in a series of operations or as part of a complex process that results in a substantial change to the material being processed.

For a substance to qualify as a catalyst, the substance must remain unchanged at the end of the reaction. For a substance to qualify as a direct agent, the chemical reaction must make the substance useless for any other purpose (i.e. it reaches its point of destruction or dissipation). Other chemical substances qualify for the exemption, as long as they meet the criteria listed in the paragraph above.

Please note: The following substances remain taxable:

- substances that are used **only** to transform matter from one state to another (for example, gaseous, liquid or solid state) by applying pressure or changing temperature, unless the transformation is one step in, or occurs immediately after, a series of operations or a complex process,
- substances that are used primarily to maintain, lubricate or prolong the life of machinery and equipment,

- substances that are added to waste after it is removed from the production process,
- substances that are added to a tailing or settling pond,
- substances that are used for testing purposes, and
- substances that are used to produce energy, other than electricity used in an electrolytic process.

Lists of taxable and non-taxable items relating to catalysts and direct agents are no longer available on our website. If you have any questions, or if you need further information on whether a chemical substance, catalyst or direct agent qualifies for the exemption, please [contact us](#).

For details on how to claim this exemption, see the section above, Materials Incorporated into a Finished Product.

Pollution Control and Waste Management

Eligible operating mines may purchase or lease machinery and equipment tax-exempt if used exclusively (over 90%) and directly for either pollution control and/or waste management.

There are three conditions, as well as limitations, specific to each exemption. All three conditions must be met.

1. The exemption is open only to manufacturers eligible for the PM&E exemption or their contractors.
2. The machinery and equipment is used only at a mine site.
3. The pollutants and waste (see limitations) result from the manufacture of goods.

Pollution control limitations

The machinery and equipment must be used in the detection, prevention, measurement, treatment, reduction or removal of pollutants in the water, soil or air.

Waste management limitations

The machinery and equipment must be used to carry refuse or waste from production machinery and equipment, or to exhaust dust or noxious fumes produced by production machinery and equipment. Basic clean-up equipment for a mine site does not qualify.

Transformers

Effective February 18, 2009, transformers, as well as converters, inverters, regulators, breakers and switches that are designed for use and used with transformers, are exempt provided that:

- they are purchased or leased by an eligible manufacturer,
- they are located at a mine site and used exclusively (over 90%) in the transmission or distribution of electricity within the mine site, and
- more than 50% of the electricity is used to power exempt machinery or equipment, or is used as an integral component of a qualifying manufacturing activity.

Please note: If 50% or more of the electricity is used for a purpose other than above, such as the general use of a building, the transformer or other equipment for use and used with transformers is not eligible for the PM&E exemption.

Magnetite

You do not pay PST on magnetite you purchase for processing coal.

Grinding Media

You do not pay PST on balls, rods and similar detached media used for grinding ore in the process of extracting metals from raw ore.

Explosive Supplies

You do not pay PST on explosive supplies you use in mineral exploration, extraction or production, or in the development of mine sites. The exemption for explosive supplies includes:

- blasting caps
- boosters
- plastic cap holders
- electric starters and squibs
- shunt connectors
- safety fuse assemblies
- igniter cord connectors
- hot wire lighters
- primacord connectors and closing tubes

However, you pay PST on explosive supplies used in the construction of an access road to a mine.

For additional examples of taxable and non-taxable explosive supplies used in the mining industry, please see our website at www.sbr.gov.bc.ca/industry_specific/mining/mining.htm

Taxable Services Exemption

Generally, you pay PST for services you receive that are related to your goods. This includes services to install, assemble, construct, dismantle, repair, adjust, restore, recondition, refinish or maintain. However, if you are eligible for the PM&E exemption, you do not pay PST on services to exempt production machinery and equipment that you purchased or leased.

For details on how to claim your exemption, see the section above, Claiming Exemptions.

Please note: The service provider does not pay PST on purchases of parts and materials used in providing service(s) if those parts become attached to, and remain with, the machinery and equipment. The service provider may purchase these items without paying tax by giving their PST registration number to the supplier.

For information on taxable services, please see [Bulletin SST 018](#), *Taxable Services*.

Work-Related Safety Items

Effective February 20, 2008, all work-related safety equipment and protective clothing, designed to be worn by, or attached to, a worker, will be tax exempt if they **meet provincial work safety legislation** and are purchased by an employer, self-employed person, or school boards or similar authority. The definition of work gloves has also been expanded to include all gloves with built-in safety features, such as reinforced thumbs, cuffs or palms designed to protect a worker from physical harm, including traffic safety gloves to enhance visibility.

There are also safety items that are exempt to everyone, such as gas detection monitors, portable fire extinguishers and their refills.

For more detailed information, please see the Safety Equipment and Protective Clothing Industry website at www.sbr.gov.bc.ca/industry_specific/safety/safety.htm

Containers, Labels and Packing Materials

You do not pay PST on containers and packing materials that are considered a part of the merchandise sold; these may be purchased without paying PST when certain conditions are met.

For more information, please see [Bulletin SST 020](#), *Containers, Labels and Packing Materials*.

Improvements to Real Property

Real property is land and any items permanently attached to land (e.g. buildings and structures). Materials and equipment that become permanently attached to the land or buildings are called improvements to real property.

For contracts that you enter into **before October 1, 2008**, the way the contract is structured determines whether the contractor pays PST or you pay PST on the materials and equipment that become improvements to real property. For contracts that you enter into **on, or after, October 1, 2008**, generally, the contractor is required to pay PST. However, under certain circumstances, you pay PST.

Contractors may qualify for the PM&E exemption on the machinery and equipment that they install on behalf of a manufacturer.

If you are involved in real property contracts, it is important that you read [Bulletin SST 072](#), *Real Property Contractors*, for detailed information.



Need more info?

Mining Industry website: www.sbr.gov.bc.ca/industry_specific/mining/mining.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/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

Acknowledgments

We wish to acknowledge and thank the *Association for Mineral Exploration British Columbia* and the *Mining Association of British Columbia* for consulting with us on public information for the mining industry. By working with us, they help us better serve their members and work towards making British Columbia the best place to do business.

References: *Social Service Tax Act*, Sections 1, 5, 9, 11, 12, 14, 19, 20, 21, 24, 68.01, 70(b), 71(k), 76(1)(a), 76(1)(b), 76(1)(c), 76(1)(c.1), 76(1)(e), 76(1)(f), 76(1)(h), 76(1)(j.1), 76(1)(k), 76(2), 76(5), 76(7) and 77(c), and Regulations 2.10, 2.36, 2.38, 2.39, 2.45(b), 3.26, 3.38, 13.1, 13.2(3), 13.5, 13.6, 13.7, 13.8, 13.9, 13.10.1, 13.10.2, 13.10.3, 13.11, 13.13, 17.1, 17.2 and 17.3; *Budget Measures Implementation Act*, 2009