



Real Property Situated Outside BC

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated May 2014. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how the PST applies to goods used by contractors to supply and affix, or install, goods so that they become part of real property situated outside BC.

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Definitions

In this bulletin:

- **contract** means an agreement under which goods are supplied and affixed, or installed, so that they become part of real property
- you are a **contractor** if you supply and affix, or install, goods that become part of real property (for an explanation of what is real property, see [Bulletin PST 501](#), *Real Property Contractors*)

Goods Purchased Outside BC

If you are a contractor, you do not pay PST if you purchase goods outside BC for use outside BC. However, generally, if you bring or send the goods into BC, or receive delivery of the goods in BC, you must self-assess PST (see Goods Brought or Sent Into BC or Received in BC below).

Goods Purchased in BC

If you are a contractor, you must pay PST on taxable goods (e.g. building materials) you purchase in BC to fulfil a contract, unless a specific exemption applies. You must pay PST even if the real property where you will affix or install the goods is outside BC. However, you may be eligible for a refund if you ship those goods outside BC **and** make no use of those goods in BC (see Refund – Goods Shipped Outside BC below).

You are also required to pay PST on goods you purchase in BC to process, fabricate, manufacture, or incorporate into, or attach to, other goods that will be used to fulfil a contract. You pay PST even if the real property where you will affix or install the resulting goods is outside BC. However, you may be eligible for a refund if you pay sales tax on the resulting goods in the jurisdiction where those goods are installed (see Refund – Sales Tax Paid to Another Jurisdiction below).

Example:

You are a cabinet installation company located in BC, and you enter into a contract with a customer in Alberta to supply and install kitchen cabinets in their Alberta residence. You purchase the cabinets in BC and make no use of them before they are shipped to Alberta for installation.

You must pay PST when you purchase the cabinets. However, you may be eligible for a refund of this PST if you make no use of the cabinets other than storing them before they are shipped to Alberta. If you make any use of the cabinets, including performing any preliminary tasks on the cabinets in BC before their removed, the refund does not apply.

Please note: If you affix or install goods to real property situated outside BC, you cannot transfer the PST liability to your customer by agreeing that your customer will pay PST by using the exception described in [Bulletin PST 501](#), *Real Property Contractors*.

Goods Brought or Sent Into BC or Received in BC

Generally, you must pay PST on taxable goods you bring or send into BC, or receive delivery of in BC, for business use, unless a specific exemption applies. In most cases, you must self-assess the PST due. For more information, see [Bulletin PST 310](#), *Goods Brought Into BC*.

PST applies to goods you bring or send into BC, or receive delivery of in BC to process, fabricate, manufacture, or incorporate into, or attach to, other goods that will be used to fulfil a contract. You pay PST even if the real property where you will affix or install the resulting goods is outside BC.

Example:

You are a cabinetmaker located in BC, and you enter into a contract with a customer in Alberta to supply and install kitchen cabinets in their Alberta residence. You purchase the building materials you need to manufacture the cabinets in Alberta, bring the materials into BC, and manufacture the cabinets at your warehouse in BC.

You must pay PST when you bring the building materials you will use to manufacture the cabinets into BC. You are not eligible for a PST refund because you used the materials in BC and will not pay sales tax to Alberta on the cabinets.

Exception: You do not have to pay PST on goods you bring into BC **solely** for **any** of the following purposes:

- transporting those goods outside BC for use outside BC,
- processing, fabricating, manufacturing, or incorporating those goods into, or attaching those goods to, other goods that will be transported outside BC for use (**note:** you must use the other goods solely outside BC and you cannot use them to fulfil a contract), **or**
- repairing those goods and, after repair, transporting those goods outside BC for use outside BC.

Exemptions and Refunds

Exemption – Goods Shipped Outside BC By the Seller

You are exempt from PST if you purchase goods in BC and:

- the goods are shipped **by the seller** for delivery to an address outside BC, **and**
- no use is to be made of the goods by you while the goods are in BC, except storage of the goods with the seller.

We consider the goods to be shipped by the seller if:

- the seller delivers the goods outside BC themselves (e.g. in their own vehicle), or
- the seller contracts with a third party (e.g. a courier) to have the goods shipped to a location outside BC. The third party must be hired by the seller and cannot be a relative, friend, employee or other person sent or contracted by the purchaser to pick up or deliver the goods to a location outside BC.

Please note: If you later bring or send the goods into BC, or receive delivery of the goods in BC, you must self-assess PST, unless a specific exemption applies.

To support the exemption, the seller must keep documentation that shows they delivered the goods outside the province, such as a bill of lading, third-party delivery documents or shipping invoices. Sellers may also use the *Out-of-Province Delivery Exemption* form (**FIN 462**) to record the goods they delivered to a location outside BC. The FIN 462 is an optional form that may be used in addition to the required documentation described above.

Exemption – Contracts With Persons Exempt from PST

As a contractor, you are exempt from PST if you purchase goods in BC to fulfil a **written** contract if the contract is with certain persons who are exempt from PST (e.g. the Government of Canada, First Nations individuals or bands), even if the real property where you will affix or install the goods is situated outside BC.

For more information on this exemption, see [Bulletin PST 501](#), *Real Property Contractors*.

Refund – Goods Shipped Outside BC

If you paid PST on the purchase of goods for business use, you may be eligible for a refund of PST if:

- the goods were shipped outside BC for use outside BC (including in your own vehicle), and
- no use of the goods was made while they were in BC, except to store and ship the goods outside BC.

Example:

You are a log home builder located in BC, and you enter into a contract with a customer in Alberta to supply and install a new log home on Alberta land. You purchase the building materials you need to build the log home in BC and you bring the materials to the job site in Alberta. You do not perform any preliminary work on the building materials in BC or use the materials in any other way while they are in BC, except storing them.

You must pay PST when you purchase the building materials. However, you may be eligible for a PST refund because you shipped those materials outside BC **and** did not use the materials in BC.

Please note: This refund does not apply if you make **any** use of the goods while they are in BC, except storing them. Use includes performing any preliminary tasks on the goods in BC before their removal from BC.

For example, if the log home builder in the example above had notched or stripped the logs in BC before bringing the logs to the job site in Alberta, the log home builder would not be eligible for a refund of PST paid on these logs.

Applying for the Refund

To apply for this refund, complete an *Application for Refund – General* ([FIN 355](#)) and provide:

- a fully completed refund claim schedule (as described in the instructions to the application form),
- a copy of your purchase invoices for the goods (**note:** if an invoice lists goods that were not shipped outside BC, you must clearly indicate on the invoice the goods for which you are claiming a refund),
- a written statement describing what use, if any, you made of the goods while the goods were in BC,
- a written statement that explains the method by which you shipped the goods outside BC and provides the date you shipped the goods outside BC, and
- evidence that shows you shipped the goods outside BC (e.g. bills of lading, accounting records and corresponding receipts for shipping costs, or fuel receipts if shipped in your own vehicle).

We may request additional documentation when processing your refund claim.

Please note: If the goods shipped outside BC were promotional materials, additional criteria apply (see [Bulletin PST 311](#), *Promotional Materials and Special Offers*).

Refund – Sales Tax Paid to Another Jurisdiction

If you paid PST on goods that you purchased in BC, brought or sent into BC or received delivery of in BC, you may be eligible for a refund of PST if:

- the goods were processed, fabricated, manufactured, or incorporated into, or attached to, other goods,
- you shipped the other goods outside BC for the purpose of fulfilling a contract outside BC,
- under the terms of the contract, the other goods were used so that they became part of real property upon installation, and
- you paid sales tax to another jurisdiction on the other goods you shipped outside BC and used for the purpose of fulfilling the contract, and you have not received and are not entitled to receive a refund, credit or rebate of the sales tax.

Example:

You are a cabinet maker located in BC, and you enter into a contract with a customer in Saskatchewan to supply and install kitchen cabinets in the customer's home in Saskatchewan. You purchase the building materials you need to build the cabinets in BC, build the cabinets in BC, transport the cabinets to Saskatchewan and install the cabinets in your customer's home.

You must pay PST when you purchase the building materials in BC. However, you may be eligible for a refund of this PST if you pay sales tax to Saskatchewan on the cabinets and you are not eligible for a refund, credit or rebate of the Saskatchewan provincial sales tax you paid.

Applying for the Refund

To apply for this refund, complete an *Application for Refund – General* ([FIN 355](#)) and provide:

- a completed refund claim schedule (described in the application instructions),
- a copy of your purchase invoices for the goods (**note:** if an invoice lists goods that were not subject to sales tax to another jurisdiction, you must clearly indicate on the invoice the goods for which you are claiming a refund),
- a copy of the contract with your customer to supply and install goods that became part of real property upon installation, or a written statement describing the contract with your customer, and
- evidence that shows that you paid sales tax to another jurisdiction (e.g. receipt from other jurisdiction).

We may request additional documentation when processing your refund claim.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

Subscribe to our **What's New** page to receive email updates when new PST information is available.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

February 2015

- The following changes are proposed in Budget 2015. The changes are subject to Bill 10 - *Budget Measures Implementation Act, 2015* receiving royal assent:
 - Clarifying that PST applies to goods brought, sent or received in BC to process or attach into other goods to fulfil a contract.
 - Providing a refund for goods purchased in BC or brought, sent or received in BC that are processed into or attached to other goods to fulfil a contract in certain circumstances.
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References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “apparatus”, “improvement to real property”, “sale”, “tangible personal property”, “use”, 11, 28, 34, 37, 49, 55, 79-80, 158 and 192; Provincial Sales Tax Exemption and Refund Regulation, section 26.