

PST Overview for Real Property Contractors

Provincial Sales Tax Act

The following is a general overview of the requirement for real property contractors to pay PST.

Who is a Contractor?

You are a **contractor** if you supply and affix, or install, goods that become part of real property. This includes contractors and subcontractors in the construction industry, and businesses that:

- supply goods with installation services if the goods become part of real property upon installation
- supply goods as part of providing services to real property in which the goods become part of real property as part of that service (e.g. painters, landscapers)

The following are examples of contractors:

- Bricklayers
- Cabinet installers
- Carpenters
- Carpet layers
- Drywallers
- Excavators
- Electricians
- Fence builders
- Foundation contractors
- Framing contractors
- Glass and glazing contractors
- Heating system installers
- Home builders
- Kitchen installers
- Landscapers
- Locksmiths
- Masonry contractors
- Mechanical contractors
- Painters
- Pavers
- Plumbers
- Roofers
- Sheet metal contractors
- Siding contractors
- Sundeck builders
- Window installers

Paying PST

If you are a contractor, you must pay PST on taxable goods you obtain to fulfil a contract, unless a specific exemption applies. You do not charge your customers PST.

A **contract** means an agreement under which goods are supplied and affixed, or installed, so that they become part of real property (e.g. land and buildings).

As a contractor, you must pay PST because you are the user of the goods used to fulfil the contract. You are not selling those goods to your customer and are not eligible for the PST exemption for goods obtained for resale.

You must pay PST regardless of whether your contract is a time and materials contract or a lump sum contract.

Exceptions: As a contractor, you are exempt from PST on goods you use to fulfil a contract if you have a specific agreement with your customer that states your customer pays the PST. You may also be exempt if the contract is with certain persons who are exempt from PST.

For detailed information on these exceptions, how PST applies to goods obtained by contractors, and an explanation of what is real property, see [Bulletin PST 501](#), *Real Property Contractors*.

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