



Real Property Transitional Rules

Provincial Sales Tax Act

This bulletin explains how the provincial sales tax (PST) transitional rules apply to goods used to fulfill a contract to supply and affix, or install, goods that become part of real property.

For general information on how PST applies to goods used by contractors, see [Bulletin PST 501](#), *Real Property Contractors*. For additional information on transitional rules, see [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

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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 (for an explanation of what is real property, see [Bulletin PST 501](#), *Real Property Contractors*)

- **obtain** means:
 - purchased or leased in BC,
 - brought or sent into BC, or
 - received in BC.

PST on Goods Used by a Contractor On or After April 1, 2013

As a contractor, you must pay PST on goods you obtained prior to April 1, 2013 that you use to fulfil a contract on or after April 1, 2013, unless a specific exemption applies. You do not charge your customers PST on your charge for the contract.

You must pay PST on the purchase price you paid for the goods, **less** the total amount of the following taxes you paid on those goods (provided that you have not received and are not eligible to receive a refund, rebate or credit of the tax, including input tax credits):

- PST under the *Social Service Tax Act*,
- PST under the *Provincial Sales Tax Act*, and
- the BC portion of the harmonized sales tax (HST).

Self-Assessing the PST Due

The PST becomes payable when you use the goods so that they became affixed or installed to real property (i.e. they cease to be personal property at common law; see [Bulletin PST 501](#), *Real Property Contractors*)

Once this happens, you must self-assess the PST as follows:

- If you have a PST number, you must self-assess the PST due on your next PST return.
- If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return (FIN 405)* on or before the last day of the month following the month in which the goods became affixed or installed to real property.

Contracts With Persons Exempt from PST

As a contractor, you are exempt from the PST on goods you use to fulfil a **written** contract if the contract is with:

- the Government of Canada (unless the Government of Canada has agreed to pay PST), or
- one of the following persons who would be exempt from PST if they had obtained the goods instead of the contractor:
 - a First Nation individual or band (see [Bulletin PST 314](#), *Exemptions for First Nations*)
 - a person eligible for the production machinery and equipment (PM&E) exemption (see [Bulletin PST 110](#), *Production Machinery and Equipment Exemption*)
 - a qualifying aquaculturist (see [Bulletin PST 103](#), *Aquaculturists*)
 - a qualifying farmer (see [Bulletin PST 101](#), *Farmers*)
 - a member of the diplomatic or consular corps (see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*)

For information on requirements for contracts with persons exempt from PST, see [Bulletin PST 501](#), *Real Property Contractors*.

Agreements that Specifically Require the Customer to Pay PST

As a contractor, you are exempt from PST on goods you use to fulfil a contract to supply and affix, or install, goods that become part of real property in BC on or after April 1, 2013 if you and your customer enter into an agreement that specifically states that the customer is paying PST

on the goods and the agreement states the purchase price of the goods. However, you must be registered for PST and you must charge PST. For more information, see [Bulletin PST 501, Real Property Contractors](#).

PST on Goods Incorporated into Certain Residential Homes

If you obtained goods that are incorporated, on or after April 1, 2013, into property that could be the subject of a taxable sale or taxable self-supply under the *New Housing Transition Tax and Rebate Act*, you must pay PST on the purchase price of the goods, unless a specific exemption applies.

You must pay PST on the purchase price you paid for the goods, **less** the total amount of the following taxes you paid on those goods (provided that you have not received and are not eligible to receive a refund, rebate or credit of the tax, including input tax credits):

- PST under the *Social Service Tax Act*,
- PST under the *Provincial Sales Tax Act*, and
- the BC portion of the harmonized sales tax (HST).

Self-Assessing the PST Due

The PST becomes payable when the goods are incorporated into the property (i.e. they became affixed or installed).

Once this happens, you must self-assess the PST as follows:

- If you have a PST number, you must self-assess the PST due on your next PST return.
- If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return (FIN 405)* on or before the last day of the month following the month in which the goods were incorporated into the property.

The transitional PST on these goods will be eliminated on April 1, 2015.

PST on Mobile Homes Affixed to Real Property On or After April 1, 2013

Unless a specific exemption applies, you must pay PST on the purchase price of a mobile home if:

- you acquired or manufactured a mobile home as defined in the *Excise Tax Act (Canada)* before April 1, 2013, and
- the mobile home is affixed to land in BC for use as an individual's residence.

You must pay PST on the purchase price you paid for the mobile home, **less** the total amount of the following taxes you paid on those goods (provided that you have not received and are not eligible to receive a refund, rebate or credit of the tax, including input tax credits):

- PST under the *Social Service Tax Act*,
- PST under the *Provincial Sales Tax Act*, and
- the BC portion of the harmonized sales tax (HST).

Self-Assessing the PST Due

The PST becomes payable when the mobile home is affixed to land in BC.

Once this happens, you must self-assess the PST as follows:

- If you have a PST number, you must self-assess the PST due on your next PST return.
- If you do not have a PST number, you must self-assess the PST due using a *Casual Remittance Return* (**FIN 405**) on or before the last day of the month following the month in which the mobile home is affixed to land in BC.

The transitional PST on these mobile homes will be eliminated on April 1, 2015.



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.

References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “band”, “collector”, “*Excise Tax Act*”, “First Nation individual”, “improvement to real property”, “registrant”, “tangible personal property”, “use”, 11, 28, 34, 37, 49, 55, 80.5-80.8, 170, 179 and 192; *Provincial Sales Tax Regulation*, sections 44-46 and 79.