

Oil and Gas Industry – Producers and Processors

Social Service Tax Act

Do you qualify for the production machinery and equipment (PM&E) exemption or other exemptions?

Do you know when you must pay tax?

This bulletin provides specific tax information to help producers and processors in the oil and gas 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 \(PST\)](#).

You will find specific tax information for other sectors of the oil and gas industry in the following bulletins:

Bulletin SST 126, *Oil and Gas Industry—Service Providers and Contractors*

Bulletin SST 127, *Oil and Gas Industry—Exploration, Discovery and Development*

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

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Qualifying as a Manufacturer

If you are involved in the production or processing of petroleum or natural gas, you may qualify as a manufacturer. If you qualify as a manufacturer, you can receive the production machinery and equipment (PM&E) exemption.

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

- the petroleum or natural gas that you produce is for sale and it is expected that the total value of sales for that class of product will exceed \$30,000 per year,
- the petroleum or natural gas that you produce is 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 petroleum or natural gas that you produce is 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 that class of product will exceed \$30,000 per year.

To qualify as a manufacturer, the expected total sales or your own personal use should exceed \$30,000 per year for each class of tangible personal property (goods).

For example, if you process natural gas for distribution and then decide to open a polyurethane foam plant, each plant must qualify separately as they produce a different class or type of product.

For more general information, please see [Bulletin SST 054](#), *Manufacturers*.

When Does Machinery and Equipment Qualify

Generally, if you are a producer or processor who qualifies as a manufacturer, you may purchase or lease machinery and equipment tax-exempt provided the machinery and equipment is located at an eligible manufacturing site and used:

- primarily and directly in the extraction or processing of petroleum or natural gas, or
- primarily in the transportation or distribution of the material inputs into the processing of petroleum or natural gas, within a well site, processing plant or refinery.

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.

In processing petroleum or natural gas, the PM&E exemption applies to the machinery or equipment used at a processing plant or refinery, up to the point where the petroleum or natural gas is a marketable product. The marketable product may be for storage or sale, or for further processing into a different product.

If you process multiple products or have multiple production lines, the machinery or equipment may be eligible for the PM&E exemption if each product or production line meets the exemption criteria on its own merits.

Marketable product means a naturally occurring or processed petroleum or natural gas that is available for sale for direct consumption:

- as a domestic, commercial or industrial fuel,
- as an industrial raw material, or
- when it is delivered to a storage facility.

Petroleum or natural gas does not have to be used as a fuel for it to be a marketable product. It must be available for sale, but it may be used for another purpose, for example, as an input for a different marketable product.

Processing Plant

A processing plant for the PM&E exemption is a facility where natural gas is treated, by removing water or other impurities, or by separating different types of gases.

Activities, such as blending, grading, combining, grouping, mixing, sorting, testing, packaging or repackaging are excluded from the PM&E exemption unless they occur at the plant and are one step in or occur immediately after processing.

Effective July 31, 2001, the generation of heat is excluded from the PM&E exemption unless it occurs at the plant as one step in the processing of natural gas.

Processing plants may, depending on the configuration of the plant, include the following.

- A building or series of buildings which may include a compressor, dehydrator, separator, sweetener, treator unit or related facilities where all the buildings are within a single area, such as within one gate.
- Groupings consisting of a compressor, dehydrator, separator, sweetener or treator unit, or a combination, located together may be considered a processing plant.

The following are not processing plants.

- Machinery or equipment transporting or distributing petroleum or natural gas from the well site, to the processing plant or refinery, between processing plants.
- Machinery or equipment transporting a marketable product.
- Stand alone compressors on gathering lines.

Qualifying PM&E

The following machinery and equipment qualify for the exemption when used for qualifying purposes as outlined in the previous sections.

Please note: The term well head has been replaced with well site to clarify the eligibility for the production machinery and equipment exemption. A well site is the area identified as such in the application for approval for drilling submitted to the Oil and Gas Commission. The well site is identified by a survey map or similar description provided by the well site operator.

- Machinery and equipment used in processing plants or refineries up to the point where the petroleum or natural gas is a marketable product, including transportation and distribution equipment, compressors, gas dehydration equipment and sulphur recovery equipment.
- Pipes, regulators, compressors and other related equipment dedicated to the transmission of waste gas, composed primarily of hydrogen sulphide and carbon dioxide, within a gas processing plant, or from a gas processing plant, to a well site for the sole purpose of injecting waste gas into a depleted well for permanent disposal.

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 for Exempt Machinery and Equipment

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, you self-assess 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](#)).

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*.

PM&E Exemption Area and Limitations

The exemptions for PM&E are site specific and limited in scope. The exemptions for oil and gas producers exist only at the well site or at processing plants. (For information on what is a processing plant, see the section above, Processing Plants.)

Items involved in the distribution or transportation system outside of the well site, processing plant or refinery are taxable as they are outside the allowed exemption site. For example, gathering lines are taxable as they are used for transportation.

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, regulators or coiled tubing, 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 or seals used on a circulating system” not only “filters or seals”.

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 your 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*.

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

Taxable Goods

Unless exempt, your purchase 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 goods 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.

You pay PST when you buy equipment or supplies that you use in your business.

For example, you pay PST on the items listed below. Included within each category are examples of taxable equipment.

- A vehicle designed for public highway use, including:
 - transport trucks, and
 - automotive units on which well servicing equipment or cementing and fracturing equipment (e.g. mobile welders) is mounted, but not a truck-mounted well service rig.
- Pipelines used to transport or distribute petroleum or natural gas from the well site to the processing plant or refinery, between processing plants, or those lines used to transport marketable products, including:
 - pipes, valves, fittings, pumps, compressors, regulators and equipment ancillary to any machinery and equipment on these pipelines.
- Furnishings, or machinery or equipment related to the use of a building, including:
 - general and administrative equipment and supplies, such as desks or the accounting department's computers.
- Machinery and equipment used in construction, including:
 - backhoes, bulldozers, air hammers and excavators.
- Storage tanks, including:
 - terminal or refinery storage tanks, and
 - fuel storage tanks.

The degree to which the fuel storage tank is integrated with exempt equipment is a factor in determining if it may be exempt. For example, if the fuel storage tank is fully integrated with other exempt components, and serves as the direct fuel supply, the fuel tank could qualify as a component of the processing plant and would be exempt.

- Telecommunication equipment, including:
 - satellite equipment for communications, cell phones and radio antennas.
- Vessels, rail cars, locomotive engines and non-turbine aircraft.
- Consumable supplies, including:
 - propane used in heating, oils, lubricants, grease, heating fuel, cleaning supplies and pipe dope.

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.

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.
- Consumables may be materials or substances actually used or consumed in the servicing process. Examples are KCL fluid added to drilling mud to control pressure or materials, and acid, sand or nitrogen purchased from a reservoir stimulation contractor.
- Diesel or gasoline not used in an internal combustion engine. Examples are gasoline used as a cleaning agent or diesel used as a lubricant.
- Oxygen or acetylene gas and pipe dope.
- Additives for raw petroleum or natural gas.

Consumables are taxable unless they qualify for another exemption. Two examples of exempt consumables are water, which is exempt to everyone, or an additive to raw petroleum or natural gas that is a catalyst or direct agent. You will find more about exemptions in the section below, Other Exemptions.

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

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*.

Other Exemptions

Geophysical Surveying

If you engage in petroleum or natural gas exploration and development, you may be eligible for the PM&E exemptions for geophysical surveying equipment. For more information, please see [Bulletin SST 127](#), *Oil and Gas Industry – Exploration, Discovery and Development*.

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 catalysts, direct agents and chemical substances 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). 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 catalyst, direct agent or chemical substance 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 petroleum and natural gas processors 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 an eligible site. For processors, eligible sites are the natural gas processing plant or the petroleum refinery.
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 plant 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 well site, processing plant or refinery, and used exclusively (over 90%) in the transmission or distribution of electricity within that site, and
- more than 50% of the electricity is used to power exempt machinery or equipment, or is used as an integral component of the extraction or processing of petroleum or natural gas.

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.

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: Your 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. Your service provider may purchase these items without paying tax by giving their PST registration number to the supplier.

For more information, 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. You do not pay PST on sales and leases of real property, or on services to real property. However, the materials and equipment that become improvements to real property are taxable.

Fixtures may be improvements to real property if they meet certain conditions that relate to size, degree of affixation and use. For example, all compressors installed in a pipeline are fixtures. However, the compressor may or may not qualify as an improvement to real property.

A compressor that is assembled in a shop and skid mounted for ease of movement among various locations, and then transported and attached to a pipeline qualifies as a fixture. However, it does not qualify as an improvement to real property due to its ease of movement.

Larger compressors constructed on-site are fixtures that may qualify as improvements to real property if they meet all the requirements. For more information on fixtures, please see [Bulletin SST 078](#), *Fixtures*.

The following are some examples of improvements to real property.

- Natural gas compressors are an improvement to real property if they were purchased prior to April 1, 2000, installed in pipelines that are affixed, and are intended to remain affixed.
- Storage tanks that are set on real property may be an improvement to real property. The size and use of tanks determine whether they are improvements to real property or whether they are taxable goods.
- Process tanks of a size that cannot be transported in one piece, but are assembled and erected on the site, are improvements to real property when set on real property. However, process tanks of a size that can be transported to the site in one piece are goods. PST applies to them regardless of whether they are set on real property.

For more information on tanks, please see the taxable and non-taxable lists for the oil and gas industry on our website at www.sbr.gov.bc.ca/industry_specific/oil_and_gas/oil_and_gas.htm

If you are unsure about what is an improvement to real property, please [contact us](#).

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.

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

Contractors may qualify for an exemption on the machinery and equipment that they supply and install on behalf of an eligible customer. For more information, please see [Bulletin SST 054](#), *Manufacturers*.

Asset Sales

Some assets of producing oil and gas properties are considered real property. PST does not apply on the purchase of the following assets as they are considered real property:

- downhole equipment, includes casing, pumps, rods and tubing which are affixed and intend to remain affixed,
- surface equipment, includes wellheads, pumpjacks, lineheaters, valves and meters, and separators and pipelines for gathering oil and gas, and
- crude oil storage tanks.

However, you pay PST if these assets are bought separately and apart from the land or buildings, or bought for removal (for example, as part of a demolition or plant closure) as this is a sale of goods and PST applies.

You pay PST on the purchase of assets, such as, equipment used in repair shops, office furniture and equipment, including computers and computer software, communications equipment, and vehicles. You do not pay PST on items that are exempt under the production machinery and equipment exemption.

For more information, please see [Bulletin SST 092](#), *Transfer of Business Assets Between Closely Related Parties* and [Bulletin SST 078](#), *Fixtures*.



Need more info?

Oil and Gas website: www.sbr.gov.bc.ca/industry_specific/oil_and_gas/oil_and_gas.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

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References: *Social Service Tax Act*, Sections 1, 5, 6, 9, 11, 68.01, 70(b), 71(k), 76(1)(b), 76(1)(c), 76(1)(c.1), 76(1)(h), 76(1)(j.1), 76(1)(k), 76(2), 76(5), 76(6), 76(7) and 77(c), and Regulations 2.10, 2.52, 3.14, 3.38, 13.1, 13.2, 13.7, 13.8, 13.9, 13.10, 13.10.2(1), 13.10.2(2), 13.10.3, 13.13, 13.14, 17.1, 17.2 and 17.3; *Budget Measures Implementation Act*, 2009