

Concrete

Provincial Sales Tax Act

This bulletin explains how the provincial sales tax (PST) applies to ready-mixed concrete and precast concrete.

If you operate a concrete truck, you should also read [Bulletin MFT 013](#), *Refunds for the Ready-Mixed Concrete Industry*.

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PST and Concrete

This section applies to ready-mixed concrete and precast concrete that is purchased in BC **without** services to affix or install the concrete to real property. For information on how PST applies to concrete that is supplied with services to affix or install the concrete to real property, see the section below, Improvements to Real Property.

Purchases of Ready-Mixed Concrete and Precast Concrete

PST applies to the purchase price for ready-mixed concrete and precast concrete purchased in BC.

Purchase Price of Ready-Mixed Concrete

The purchase price of ready-mixed concrete is the total of the following:

- the total amount paid to purchase the ready-mixed concrete, including charges for:
 - the mix,
 - additives (e.g. colouring),
 - heating,
 - mixing,
 - environmental levies, **and**
- delivery charges for the ready-mixed concrete if the ready-mixed concrete is delivered by or on behalf of the seller to the place where the purchaser intends to use the ready-mixed concrete, including:
 - less-than-load / underload charges,

- fuel surcharges, and
- winter premiums.

These delivery charges form part of the purchase price even if title to the ready-mixed concrete passes to the purchaser before delivery.

The following charges do not form part of the purchase price of ready-mixed concrete and are not subject to PST:

- standby or waiting time charges (at the job site)
- pumping charges

Ready-Mixed Concrete Bundled With Non-Taxable Pumping Charges for a Single Price

If taxable ready-mixed concrete is purchased with non-taxable pumping charges for a single price, PST is charged based on the rules for bundled sales of taxable and non-taxable goods and services.

The general rule for charging PST on a bundled sale is that PST applies only on the fair market value of the taxable portion, unless a specific exemption applies. The fair market value is the price that a good or service would normally sell for in the open market.

For more information on bundled sales, please see [Bulletin PST 316](#), *Bundled Sales: Taxable and Non-Taxable Goods or Services Sold Together for a Single Price*.

Purchase Price of Precast Concrete

The purchase price of precast concrete is the total amount paid to purchase the precast concrete.

If concrete is first pumped into a precast form, and then that precast concrete is sold (without being installed into real property) to a customer, the purchase price includes pumping charges. In this case, the customer is not purchasing a pumping service; the pumping forms part of the process to manufacture the product that is being purchased by the customer.

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 are a real property contractor if you supply and affix, or install, goods that become improvements to real property.

Real property contractors are required to pay PST on the goods they obtain for the purposes of fulfilling a contract for the supply and installation of improvements to real property, unless a specific exemption applies. When a contractor pays PST, they do not charge their customers PST on their contracts to improve real property.

For more information, please see [Bulletin PST 104](#), *Real Property Contractors*.

Please note: If you sell goods **without** services to affix or install those goods to real property, you charge and collect PST on the sale of those goods, unless a specific exemption applies. For example, if you sell ready-mixed concrete and only deliver that concrete to a job site (where a contractor will be making separate arrangements for its installation), you must charge and collect PST on the purchase price for the ready-mixed concrete. This applies even if you pump the ready-mixed concrete for the contractor, provided that the contractor arranges for the installation of the concrete into real property.

Production Machinery and Equipment Exemption

If you manufacture ready-mixed concrete or precast concrete, you may qualify as a manufacturer and be eligible for the production machinery and equipment (PM&E) exemption. If you qualify as a manufacturer, you may obtain machinery and equipment used in the manufacturing of these products exempt from PST.

Please note: To qualify as a manufacturer, you must have a reasonable expectation that your sales of manufactured products or your manufacturing costs will exceed \$30,000 per year.

For more information, please see [Bulletin PST 110](#), *Production Machinery and Equipment Exemption*.

Mixer Drums

The mixer drum of a concrete truck manufactures concrete and qualifies for the PM&E exemption, provided the criteria of the exemption are met. Components of the delivery system may also qualify for the PM&E exemption (up to the point that the mixer reaches the job site and discharges the concrete), including power take-off systems, control systems (both in and out of the cab), chutes, as well as storage tanks for water and chemicals.

The PM&E exemption applies to the purchase or lease of the mixer drum and delivery system, and qualifying parts, materials and services for those items.

However, the following are subject to PST:

- the automotive unit of a concrete truck (taxable because generally, vehicles designed for public highway use do not qualify for the PM&E exemption)
- equipment for washing out chutes (e.g. hoses)
- concrete pump units
- parts, materials or services for the items in this list

If the mixer drum and delivery system components are purchased or leased together with the automotive unit of a concrete truck, the PM&E exemption only applies to the portion of the purchase price or lease price that is reasonably attributable to the mixer drum and delivery system.



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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 “fair market value”, “lease”, “non-taxable component”, “purchaser”, “sale”, “taxable component”, “use”, 9, 10, 26, 34, 37, 137 and 145; Provincial Sales Tax Exemption and Refund Regulation, sections 90-120.