



## Interior Designers and Home Stagers

### Provincial Sales Tax Act

Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this bulletin dated March 2016. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides information to help interior designers, decoration consultants and home stagers understand how the PST applies to the services and goods they provide to their customers.

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### Overview

How PST applies to interior design and home staging services depends on the type of service or product provided to the customer. Services provided may include consulting and design services (non-taxable services), services to goods and services to real property. Products provided may include sales and leases (rentals) of goods, and incidental sales.

Generally, you charge PST on the sale or lease of goods to your customer. You do not charge PST on goods you supply and install that become improvements to real property; however, you must pay PST on those goods.

### Registration

If you sell or lease taxable goods, or provide related services in the ordinary course of business, you must register to collect PST. If you only provide non-taxable services (e.g. consulting services or services to real property), you are not required to register to collect PST. However, if you also provide related services or sell taxable goods with

non-taxable services, you must register. For more information, see [Bulletin PST 001](#), Registering to Collect PST.

**Note:** Registration is optional if you qualify as a small seller. For more information, see [Bulletin PST 003](#), Small Sellers.

## Services

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### Design and Consulting Services

If you consult with a customer or create a design concept, you are providing a non-taxable service. You do not charge PST on fees for design services that do not include the production, sale or lease (rental) of goods. However, you pay PST on the materials used to provide the service.

### Installation of Goods and Servicing Goods (Related Services)

Related services are services to goods (e.g. repair, restoration, maintenance) or services to install goods. You must charge PST on related services you provide, such as:

- re-upholstering, refinishing and repairing furniture
- custom framing
- installing or setting up portable display models

You do not charge PST on exempt related services, such as:

- moving (e.g. re-arranging furniture)
- cleaning, unless a taxable related service is also provided to the good (e.g. you do not charge PST if you charge a fee to dust furniture; however, you must charge PST if you also apply a protective coating to the furniture)
- disposal (e.g. garbage removal)

For more information, see [Bulletin PST 301](#), *Related Services*.

### Installation of Goods that Become Real Property

Real property is land and anything that is attached to the land so it becomes part of real property upon installation (i.e. ceases to be personal property at common law). Generally, goods that are attached to real property, even minimally (except simply being plugged in), become part of real property.

Generally, if you provide renovations where you supply and install improvements to real property (e.g. wall-to-wall carpet, wall painting or light fixtures), you are considered to be a real property contractor. This applies whether you install the goods yourself or subcontract the work to another business. As a contractor, you do not charge your customer PST on your real property contracts (e.g. a contract to supply and install window blinds in a customer's home). Instead, you (the interior designer acting as a real property contractor) must pay PST on all the goods you obtain to fulfill your contract.

## Example

You provide a kitchen design concept to your customer. You hire a contractor to install cabinets and countertops according to the design concept.

- You do not charge your customer PST on the design concept or the service to real property.
- The contractor you hire does not charge you or your customer PST. The contractor pays PST on the cabinets and countertops.

**Exceptions:** You are exempt from PST on goods you use to fulfil a contract if the contract is with certain persons who are exempt from PST. You may also be exempt if you have an agreement that states your customer agrees to pay the PST on the goods and that agreement meets specific conditions.

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

## Services to Real Property

Services to real property (e.g. landscaping) are not subject to PST. However, you must pay PST on the goods you use to supply the service and on any landscaping materials (e.g. landscaping fabric, plants, shrubs, trees, mulch) you incorporate into the property.

## Sales and Leases of Goods

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### Sales

If you sell goods (e.g. furniture and accessories) to your customer, you must charge PST on the total purchase price. Generally, this includes charges for delivery, set up and fuel surcharges.

For information on how PST applies to delivery charges, see [Bulletin PST 302](#), *Delivery Charges*.

### Leases

If you lease goods to your customer, you must charge PST on the total lease price. Generally, this includes charges for delivery, set up, removal and pick-up.

For information on what is subject to PST as part of the lease price, see [Bulletin PST 315](#), *Rentals and Leases of Goods*.

## Example

You provide a home staging plan to your customer. You rent pictures and furniture to your client according to the staging plan.

- You charge PST on the rentals of the pictures and furniture.
- You do not charge PST on the staging plan.

# **Combinations of Goods and Services**

## **Goods Sold or Leased with Design Services**

Generally, if you provide design services and, as a result of those services, you sell or lease goods to your customers, you only charge PST as follows.

- If the charge for the goods is separate from the charge for the design services, you charge PST on the charge for the goods you sell or lease and not to the charge for the design services.
- If the charge for the goods is **not** separate from the charge for the design services, you charge PST based on the rules described in the sections below, Bundled Sales and Bundled Leases.

There are two exceptions to this general rule.

### **Exception 1: Incidental Goods**

If you provide goods without a separate charge to your customer when you provide a non-taxable service (e.g. interior design services), you do not charge PST on the goods if:

- the main purpose of the contract is your service and not the goods,
- there is no separate charge for the goods, and
- the total price for the service, including the goods is the same as or only marginally different from the price you would charge if the goods were not provided.

You do not charge PST because the goods are not being sold and are only incidental to the service you are providing. However, you must pay PST when you acquire the goods.

### **Example**

You provide your customer with an interior design for a kitchen. You provide a design concept for the kitchen on paper to your client. You do not charge your customer PST for the paper because the paper is incidental to the provision of your design service. You must pay PST when you purchase the paper.

### **Exception 2: Services Form Part of the Taxable Purchase Price of the Goods**

In some situations, your design services may be subject to PST as part of the total amount your customer must pay to purchase or lease taxable goods. For example, you design custom goods (e.g. custom furniture) that you manufacture to your customer's specifications. In this case, the design services are taxable because the fundamental purpose of the transaction is the purchase of the custom goods. The design services support that purpose and cannot be separated from the taxable purchase price of the goods.

### **Example**

You design and produce a custom set of cushions. You must charge PST on the total charge for the cushions including the charge for the design of the cushions.

## Bundled Sales

Bundled sales occur when you sell taxable and non-taxable goods, software, services or real property together for a single price. The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion of the sale.

### Example

You provide an interior design service to your customer. You advise your client on the colour scheme and desired decorations for a room as well as provide potted plants and pillows. You provide the service for a single price. Unless the bundled sales exemption applies (see [Bulletin PST 316](#), *Bundled Sales and Leases*), you must charge PST on the fair market value of the sale of the potted plants and pillows.

## Bundled Leases

Bundled leases occur when you lease taxable and non-taxable goods or real property together for a single price. The rule for charging PST on a bundled lease is that you charge PST only on the fair market value of the taxable portion of the lease.

### Example

You provide a staging service to your customer. You advise your customer on the layout of a room and rent your customer tables and chairs for the room. You provide the service for a single price. You must charge PST on the fair market value of the lease of the tables and chairs.

For more information, see [Bulletin PST 316](#), *Bundled Sales and Leases*.

## Other Combinations

### Goods Sold or Leased with Unrelated Design Services

If your design services contract includes the sale of goods that are **not** related to your design services, you only charge PST on the goods.

### Example

You create a design concept for \$4,000 and also design and sell office furniture for \$10,000. In this case you are selling two separate items – the design concept and the office furniture. Therefore, you charge PST only on the \$10,000 for the office furniture.

### Other Sales of Goods with Services

If you provide taxable related services and taxable goods (e.g. you provide repairs to curtains and sell artwork), you must charge PST on the entire price.

If you provide non-taxable or exempt services and exempt goods (e.g. you provide staging services consisting of cleaning and the provision of non-alcoholic refreshments), you do not charge PST.

# Purchases

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## Taxable Goods

You must pay PST on the purchase or lease of new or used taxable goods you use in your business, such as:

- advertising materials, such as flyers and brochures
- energy for heat and light
- equipment you use to perform your services, such as tools, computers, printers and cameras
- goods, such as a CD, on which you provide your client an original interior design as part of your service
- items you purchase to give away or sell as promotional material (see [Bulletin PST 311](#), *Promotional Materials and Special Offers*)
- shelving and display equipment
- stationery, furniture and office equipment
- supplies, such as pencil, ink, toner and paper, for your own use (e.g. for draft concept designs)

You must also pay PST on the following.

- Software, unless a specific exemption applies (e.g. custom software). For more information, see [Bulletin PST 105](#), *Software*.
- Related services you purchase for your own equipment, such as repairs to your office equipment or furniture. For more information, see [Bulletin PST 301](#), *Related Services*.

If your supplier does not charge you PST on taxable items, you must self-assess (pay directly to us) 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 you obtained the taxable items. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

## Goods Brought Into BC

You must pay PST if you purchase or lease taxable goods outside BC and bring, send or receive the goods in BC. You must pay PST on the total amount you pay to bring the goods into BC, 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 at the time of the sale or lease, 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 the *Casual Remittance Return (FIN 405)* on or before the last day of the month following the month you brought, sent or received goods into BC.

For more information, see [Bulletin PST 310](#), *Goods Brought Into BC*.

## Exempt Purchases

### Goods for Resale or Lease

You are exempt from PST on goods you obtain solely for resale or lease to your customers. To purchase these goods exempt from PST, give the supplier your PST number or, if you do not have a PST number, a completed *Certificate of Exemption – General* ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), *Goods for Resale*.

If your supplier charges PST on your purchase of goods for resale, you may apply to us for a refund of the PST you paid. For more information on how to apply for a refund, see [Bulletin PST 400](#), *PST Refunds*.

**Note:** This exemption does not apply to goods you purchase that are incidental to the service you are providing (see Exception 1: Incidental Goods above).

### Change in Use

If you take taxable goods from your resale inventory for business or personal use, you must self-assess PST on your cost of the goods.

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 you used the goods for a taxable purpose.

If you purchase both exempt goods for resale and taxable goods you will use in your business as a single purchase, you need to tell your supplier which goods are exempt and which goods are taxable.

If you take taxable goods from your lease inventory for business or personal use, you must self-assess PST as explained in [Bulletin PST 315](#), *Rentals and Leases of Goods*.



## Need more info?

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free in Canada: 1 877 388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

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

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### Latest Revision

April 2016

- Corrected an error in the section for Change in Use for goods removed from lease inventory.
  - Clarified the section on Goods Brought Into BC.
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References: *Provincial Sales Tax Act*, sections 1 “fair market value”, “non-taxable component”, “related service”, “sale”, “software”, “taxable component”, “taxable service”, “use”, 9, 10, 12, 13, 26, 29, 34-35, 37, 39, 49, 79, 81, 83, 119, 120, 137, 141, 142, 152, 168, 169, 192 and 193; *Provincial Sales Tax Exemption and Refund Regulation*, sections 73 and 77; *Provincial Sales Tax Regulation*, sections 7, 48 and 52.