



Provincial Sales Tax (PST) Bulletin

Bulletin PST 136

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Concrete

Provincial Sales Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated February 2014. For a summary of the changes, see Latest Revision at the end of this document.

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 B.C. 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 Improvements to Real Property below.

Purchases of Ready-Mixed Concrete and Precast Concrete

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

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

Standby or waiting time charges are essentially delivery surcharges because the ready-mixed concrete is at the delivery site and waiting to be unloaded. As such, the charges form part of the purchase price as part of the delivery charge, unless a specific exemption applies.

Pumping charges do not form part of the purchase price of ready-mixed concrete and are not subject to PST.

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 of the sale 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, see [Bulletin PST 316](#), Bundled Sales and Leases.

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 anything that is permanently attached to the land (e.g. buildings and structures) so it becomes part of real property after installation. Materials and equipment that become permanently attached to the land or buildings are called improvements to real property or affixed machinery.

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

Real property contractors must pay PST on taxable goods they obtain to fulfil a contract to supply and affix, or install goods to real property, unless a specific exemption applies. When a contractor pays PST, they do not charge their customers PST on those goods.

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

Note: If you sell goods **without** installation to real property, you must 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.

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, 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)
- Concrete pump units
- Equipment for washing out chutes (e.g. hoses)
- 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.

Latest Revision

October 2022

- Corrected information to reflect that standby or waiting time charges are included in the purchase price of ready-mixed concrete as taxable delivery-related charges
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References: Provincial Sales Tax Act, sections 1 “fair market value”, “lease”, “non-taxable component”, “purchaser”, “sale”, “taxable component”, “use”, 9, 10, 11, 26, 26.2, 34, 37, 137 and 145; Provincial Sales Tax Exemption and Refund Regulation, sections 90-120.