



## Oil and Gas Industry – Service Providers

### Provincial Sales Tax Act

---

Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated July 2018. For a summary of the changes, see Latest Revision at the end of this document.

---

This bulletin provides information to help service providers in the oil and gas industry understand how the PST applies to their businesses.

You will also find information for the oil and gas industry in [Bulletin PST 113](#), Oil and Gas Industry - Producers and Processors and [Bulletin PST 114](#), Oil and Gas Industry - Exploration, Discovery and Development.

### **Table of Contents**

Definitions and Overview .....	2
PM&E Exemption.....	3
Providing Services to Your Customers.....	4
Machinery, Equipment and Software Used to Operate, Control or Monitor Exempt PM&E .....	7
Parts, Materials and Services for PM&E .....	7
Claiming the PM&E Exemption .....	9
Other Exemptions .....	11
Refunds .....	12
Taxable Goods .....	13
Goods Brought Into B.C.....	16
Real Property Contracts and Affixed Machinery .....	17
Tax Payment Agreements .....	18

## **Definitions and Overview**

### **Definitions**

In this bulletin:

- **Goods** mean tangible personal property as defined in the Provincial Sales Tax Act. Tangible personal property is personal property that can be seen, weighed, measured, felt or touched, or that is in any other way perceptible to the senses, and includes:
  - natural or manufactured gas,
  - heat,
  - affixed machinery, and
  - an improvement to real property or part of an improvement to real property that is removed from the site at which it is affixed or installed, while it is removed from that site.
  
- **Obtain** means:
  - purchase or lease in B.C.,
  - bring or send into B.C.,
  - receive in B.C., or
  - receive as a gift.
  
- **Substantially** means more than 90%.

### **Overview**

You must pay PST when you purchase or lease goods in B.C., unless a specific exemption applies. This applies even if you are a service provider or contractor who does not ordinarily conduct business in B.C.

You must also pay PST when you bring or send taxable goods into B.C., or receive delivery of goods in B.C., for use in the course of your business, whether or not your business is located in B.C. For information on how to calculate and self-assess (pay directly to us) the PST due, see [Bulletin PST 310](#), Goods Brought Into B.C.

### **Production Machinery and Equipment Exemption**

If you qualify for the production machinery and equipment exemption (PM&E exemption), you may obtain certain machinery and equipment (PM&E) exempt from PST.

The PM&E exemption includes replacement parts, materials and services for qualifying PM&E, parts and materials to assemble qualifying PM&E, and certain PM&E used by service providers.

## **PM&E Exemption**

As a service provider to the oil and gas industry, the PM&E exemption can apply to you in two different ways.

1. If you are eligible for the PM&E exemption, you are exempt from PST on qualifying machinery and equipment.
2. If your customer is eligible for the PM&E exemption, you do not charge PST for services you perform on qualifying machinery and equipment (see Providing Services to Your Customers below).

## **When You are Eligible for the PM&E Exemption**

Machinery and equipment you use to provide a service to an oil and gas producer qualify for the PM&E exemption if:

- the service consists of:
  - manufacturing goods for the oil and gas producer in B.C. and is provided to, or results in the creation of, goods that will be, or will become part of, the oil and gas producer's qualifying petroleum or natural gas, or
  - extracting or processing petroleum or natural gas for the oil and gas producer in B.C. that will be, or will become part of, the oil and gas producer's qualifying petroleum or natural gas,
- the machinery and equipment are obtained for use primarily and directly in providing the service,
- the service is provided substantially at either:
  - the well site or the qualifying part of the oil and gas producer's processing plant or refinery, or
  - the qualifying part of the service provider's manufacturing site, processing plant or refinery, and
- there is a reasonable expectation that the total value of sales of the service will exceed \$30,000 per year.

**Primarily** means used over 50%. How you make the measurement of primarily depends on the nature of the PM&E. You may measure it in terms of time, volume, production value or some other measurement that is appropriate for that particular type of PM&E.

In some cases, you may use the PM&E seasonally or during specific production phases. When this happens, the time when the PM&E is idle or in storage is not considered use. You calculate primarily based on the actual usage.

**Directly** means PM&E must be a part of, or an integral component of, the process that transforms the raw material into the finished product.

For more information on who qualifies as an oil and gas producer, what is qualifying petroleum or natural gas, and what is the qualifying part of a processing plant or refinery, see [Bulletin PST 113](#), Oil and Gas Industry – Processors and Producers. For information on what is the qualifying part of a manufacturing site, see [Bulletin PST 110](#), Production Machinery and Equipment Exemption.

## **Exploration, Discovery or Development of Petroleum or Natural Gas**

If you are a service provider who, for commercial purposes, regularly engages in the exploration, discovery or development of petroleum or natural gas, you may be eligible for exemption when you obtain qualifying PM&E for use substantially in such activities. For example, if you provide drilling services to an owner of an exploratory well, you may qualify for the exemption on the purchase or lease of your drilling rig.

For more information, see [Bulletin PST 114](#), Oil and Gas Industry - Exploration, Discovery and Development.

## **Providing Services to Your Customers**

**Related services** are services provided to goods or services provided to install goods.

You charge PST on related services you provide in B.C., unless a specific exemption applies.

Generally, if a good is taxable when purchased, related services provided to that item are also taxable, unless a specific exemption applies.

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

## **Related Services Provided to Customers Eligible for the PM&E Exemption**

If your customer is eligible for the PM&E exemption, your customer is exempt from PST on related services you perform to their qualifying PM&E.

Your customer may be eligible for the PM&E exemption if:

- for commercial purposes, they regularly engage in the exploration, discovery or development of petroleum and natural gas, or
- they qualify as an oil and gas producer.

For examples of qualifying PM&E for persons who qualify for these exemptions, and information on the criteria for these exemptions, see [Bulletin PST 113](#), Oil and Gas Industry - Producers and Processors and [Bulletin PST 114](#), Oil and Gas Industry - Exploration, Discovery and Development.

### **Determining eligibility for PM&E**

You may not always know if your customer is eligible for the PM&E exemption, or if they use PM&E for a qualifying use.

Therefore, if we determine later that your customer should have paid PST, you will not be liable for not charging PST if:

- you keep a completed certification from the purchaser/lessor on file (i.e. a Certificate of Exemption—Production Machinery and Equipment ([FIN 492](#)) or an alternative certification; see Alternative to the Exemption Certificate below),
- the PM&E that you serviced is clearly identified on the certification document, and
- the PM&E you serviced could be eligible for the PM&E exemption. For example, PM&E used to manufacture goods or process natural gas or petroleum could be eligible for the PM&E exemption. However, cell phones and office furniture could never be eligible for the exemption.

## Exemptions for Parts, Materials and Other Goods

### Goods Used by Service Providers

If you provide related services to your customer's exempt PM&E, you are exempt from PST on parts, materials and other goods that you use in the course of providing the service as long as those goods remain part of, or attached to, the exempt PM&E after the service is provided.

To obtain the exemption, you must provide your PST number to your supplier or, if you do not have a PST number, a Certificate of Exemption – General ([FIN 490](#)).

**Note:** This exemption does not apply to:

- goods obtained for use to produce energy, or as a source of energy, other than electricity used in an electrolytic process, or
- goods that you (the service provider) retain an interest in after they have become part of, or attached to, the exempt PM&E.

### Parts and Materials Sold to Your Customers

If your customer is eligible for the PM&E exemption, they are exempt from PST on:

- parts they obtain for use on exempt PM&E, or to assemble exempt parts or exempt PM&E, and
- materials they obtain for use to repair, maintain or modify exempt PM&E, or to assemble exempt parts or exempt PM&E, provided that the materials remain part of, or attached to, the exempt parts or exempt PM&E. Materials eligible for exemption include sheet metal and bulk wire.

Even if your customer is eligible for the PM&E exemption, they are not eligible to purchase the following parts and materials exempt from PST.

- Gases, liquids or consumable solids (e.g. sealants, lubricants such as grease)
- Parts and materials that remain part of, or attached to, taxable goods (e.g. goods not eligible for the PM&E exemption)
- Parts and materials used to self-manufacture qualifying PM&E for their own use
- Parts and materials obtained for use primarily for repairing, maintaining, modifying or assembling:
  - scaffolding, walkways, catwalks and similar structures, unless these items are an integral part of exempt PM&E and were obtained as part of the exempt PM&E
  - bases and foundations that are, or become a part of, real property, for exempt PM&E

## **Goods Supplied With an Operator**

If you supply taxable goods with a person to operate the goods, you are not considered to be leasing the goods. In this situation, you are providing a non-taxable service to your customer and you do not charge your customer PST. However, you must pay PST when you obtain taxable goods that you will supply with an operator unless you qualify for the exemption for goods **occasionally** supplied with an operator, or another exemption applies.

For more information, see [Bulletin PST 315](#), Rentals and Leases of Goods.

## **Machinery, Equipment and Software Used to Operate, Control or Monitor Exempt PM&E**

If you are eligible for the PM&E exemption, you are exempt from PST on:

- Machinery and equipment used substantially at a well site or the qualifying part of a processing plant or refinery and used primarily to operate, control or monitor exempt PM&E
- Software used primarily to operate, control or monitor exempt PM&E
- Software used to operate machinery or equipment used substantially at a well site or the qualifying part of a processing plant or refinery and used primarily to operate, control or monitor exempt PM&E.

**Note:** Because software is neither machinery nor equipment, it cannot qualify for the PM&E exemption as machinery or equipment. Software qualifies for the PM&E exemption only if it is software as described above. For more information, see [Bulletin PST 105](#), Software.

## **Parts, Materials and Services for PM&E**

### **Parts for PM&E**

If you are eligible for the PM&E exemption, you are exempt from PST on parts you obtain for use on exempt PM&E, or to assemble exempt parts or exempt PM&E.

## Materials for PM&E

If you are eligible for the PM&E exemption, you are exempt from PST on materials you obtain if they:

- are used to repair, maintain or modify exempt PM&E, or to assemble exempt parts or exempt PM&E, and
- remain part of, or attached to, the exempt parts or exempt PM&E.

Materials eligible for exemption include sheet metal and bulk wire.

## Taxable Items

The following are not exempt parts or materials for PM&E.

- Gases, liquids or consumable solids (e.g. sealants, lubricants such as grease)
- Parts and materials used to self-manufacture qualifying PM&E for own use
- Parts and materials obtained for use primarily for repairing, maintaining, modifying or assembling:
  - scaffolding, walkways, catwalks and similar structures, unless these items are an integral part of exempt PM&E and were obtained as part of the exempt PM&E
  - bases and foundations that are, or become a part of, real property, for exempt PM&E

## Inventory of Parts and Materials

If you use the same parts and materials for both taxable and exempt purposes, you **must not** purchase all the parts and materials exempt from PST (unless you have a tax payment agreement – see Tax Payment Agreements below).

However, you may make a reasonable estimate of the portion used on exempt PM&E and obtain that portion exempt from PST. Reconcile this estimate to your actual usage. If the reconciliation shows you used more parts or materials for taxable purposes than estimated, you must self-assess the PST owing on the portion obtained exempt but used for taxable purposes.

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 you used the parts or materials for a taxable purpose.

If the reconciliation shows you used more parts or materials for exempt purposes than estimated, you can claim a refund from us for the PST paid on the portion used for exempt purposes. For more information, see [Bulletin PST 400](#), PST Refunds.

## **Related Services for Exempt PM&E**

If you are eligible for the PM&E exemption, you are exempt from PST when you purchase related services provided to exempt PM&E. For details on how to claim the exemption, see Claiming the PM&E Exemption below.

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

## **Claiming the PM&E Exemption**

You must, at or before the time of sale or lease, provide your supplier with a completed Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#)) when claiming the following exemptions.

- Purchases or leases of exempt PM&E
- Purchases or leases of exempt parts or materials for exempt PM&E
- Purchases of related services for exempt PM&E

This requirement applies whether or not you have a PST number (i.e. you cannot use your PST number instead of the Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#))). However, you do have the option of using an alternative certification (see below in this section).

You must complete all parts of the certificate. Where a description of the items purchased or leased is required, you list each type of machinery, equipment, parts and materials. 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 related services for PM&E, specify what PM&E the related service will be provided to. For example, state “repair services for a separator” and not just “repairs”.

When you purchase or lease a large quantity of PM&E, you may attach an itemized list or a copy of the purchase order to the completed certificate.

The purchase order must clearly describe the PM&E being purchased or leased and it must indicate which is exempt.

You are generally required to provide a completed certificate to the supplier for each purchase or lease. However, when you are making frequent purchases or leases of the same item(s) from the same supplier, you may provide one completed certificate to the supplier along with a list of item(s) you are claiming an exemption for. You can make future exempt purchases or leases of the same item(s) from that supplier based on the one certificate, provided the information on the certificate is still correct. You must complete a new exemption certificate if the information has changed.

You only use the Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#)) for claiming an exemption under the PM&E exemption (i.e. for PM&E and related parts, materials and related services). This certificate does not replace the Certificate of Exemption - General ([FIN 490](#)).

## Suppliers

If you do not obtain a completed Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#)) or an alternative to the exemption certificate (see below) at or before the time of the sale or lease, you must charge and collect the PST on that sale or lease and remit it to us with your return for the reporting period. If your customer provides the required information after the sale or lease but within 180 days from the sale or lease, you may refund or credit the PST you charged. For more information on providing refunds and credits to your customers, see [Bulletin PST 400](#), PST Refunds.

**Note:** If your customer claims this exemption with an exemption certificate and it is later found they did not qualify for the exemption, your customer is liable for any tax, interest and penalties associated with the purchase or lease. However, if you had reason to believe your customer was not entitled to the exemption (e.g. the item purchased was not eligible for the PM&E exemption or your customer mentioned the equipment was actually for personal use) and you provided the exemption, you may also be subject to an assessment.

## Alternative to the Exemption Certificate

As an alternative to using the Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#)), you may develop your own certification, provided all the required information and the declaration statement from the exemption certificate are included.

Providing the required information and the declaration statement in an electronic format is acceptable if the format includes an electronic signature. An electronic signature may include an electronic acceptance or agreement of the declaration statement, or a statement indicating that transmitting the information and declaration electronically by the purchaser or lessee is agreement of the declaration.

## **Other Exemptions**

### **Goods for Resale or Lease**

You are exempt from PST on goods you obtain solely for resale or lease to your customers. To purchase or lease 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.

### **Change in Use**

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

### **Goods Incorporated into Other Goods for Resale or Lease**

You are exempt from PST on goods you obtain solely for processing, fabricating, manufacturing, attaching or incorporating into other goods for resale or lease. To purchase these items exempt from PST, give the supplier your PST number. If you

do not have a PST number and you qualify, give the supplier a completed Certificate of Exemption – General ([FIN 490](#)).

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

## **Containers and Packaging Materials**

You are exempt from PST on containers and packaging materials (except reusable containers) you obtain solely for packaging goods for sale or lease, or if you provide them to your customers with their purchases of goods. However, you must pay PST on containers and packaging materials if you use them for other purposes, such as storing, handling or shipping goods, or you use them to provide a service.

Generally, you are not required to charge PST on the containers and packaging materials you provide with goods and services, unless you separately charge your customers for them. However, in limited circumstances, you may be required to charge PST on the fair market value of the containers and packaging materials.

For more information, see [Bulletin PST 305](#), Containers and Packaging Materials.

## **Safety Equipment and Protective Clothing**

The following safety equipment and protective clothing are exempt from PST:

- Work-related safety equipment and protective clothing designed to be worn by, or attached to, a worker if required under specified provincial work safety legislation and purchased or leased by an employer, self-employed person or educational institution
- Specifically listed work-related safety equipment and protective clothing designed to be worn by a worker, including safety goggles and steel-toed boots
- Specifically listed general safety equipment and protective clothing

For more information, see [Bulletin PST 100](#), Safety Equipment and Protective Clothing.

## **Refunds**

If you are eligible for the PM&E exemption and you paid PST on exempt PM&E, or on exempt parts, materials or related services for exempt PM&E, you may be eligible for a refund.

## **Requesting a Refund from your Supplier**

If you paid PST to your supplier on exempt PM&E because you did not provide a completed Certificate of Exemption - Production Machinery and Equipment ([FIN 492](#)) at the time of sale or lease, your supplier may provide you with a refund or credit of the PST paid if you provide a completed certificate within 180 days from the date the PST was charged.

## **Requesting a Refund from Us**

To apply for a refund from us, please provide us with a completed Application for Refund of Provincial Sales Tax (PST) Paid on Production Machinery and Equipment ([FIN 355/PME](#)) and the required supporting documentation listed in the form instructions. Send your refund application and supporting documents to the address provided on the application form.

We must receive your refund claim within four years from the date you paid the PST. If you receive a refund from your supplier, you cannot also apply for a refund from us.

## **Taxable Goods**

Unless an exemption applies, you must pay PST when you purchase or lease machinery, equipment or other goods in B.C. 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.

## **What is Included in the Purchase Price**

PST must be calculated on the total purchase price paid by the purchaser for taxable goods, unless a specific exemption applies. The total purchase price includes:

- The value of all services accepted by the seller on account of the purchase price.
- Any charges for financing, interest, customs and excise.
- Any delivery or other transportation charges (including shipping and handling) incurred at or before the time that title to the goods passes to the purchaser. This applies whether or not the charges are shown separately on the sales invoice. For more information on delivery charges, see [Bulletin PST 302](#), Delivery Charges.

## Change in Use

If you obtain PM&E, parts, materials or other goods exempt and later use them for a taxable purpose, PST applies as of the date you use the item for a taxable purpose.

You calculate and self-assess PST on the greater of the **depreciated value** or 50% of the original purchase price. This calculation must be done separately for each item.

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 you used the PM&E, parts, materials or other goods for a taxable purpose.

## Calculating Depreciation

The **depreciated value** is determined on a straight-line basis as follows:

$$\text{Depreciated value} = \text{Purchase price} - [\text{purchase price} \times \text{depreciation rate}]$$

You may only calculate the depreciated value on the following types of equipment using the depreciation rates listed below. Goods not listed below **cannot** be depreciated.

Type of Equipment	Depreciation Rate
Vehicles, including all trailers and self-propelled equipment, and equipment mounted on a vehicle	30% per year, plus 2.5% per 30-day period for partial years
Aircraft	25% per year, plus 2.0833% per 30-day period for partial years
Vessels, and equipment mounted on a vessel	15% per year, plus 1.25% per 30-day period for partial years
Railway rolling stock	10% per year, plus 0.8333% per 30-day period for partial years
Other equipment, furnishings and affixed machinery	20% per year, plus 1.667% per 30-day period for partial years

To calculate the depreciation rate, follow these steps:

1. Calculate the number of whole years between the date you acquired the goods and the date you used them for a taxable purpose.
2. After calculating #1 above, calculate the number of days remaining in the partial year (if any) between the date you acquired the goods and the date you used them for a taxable purpose. Both the first and last days should be counted.
3. Divide the number of days calculated under #2 by 30 and round to the nearest whole number (0.5 and above is rounded up to 1). This is the number of 30-day periods.
4. Calculate the depreciation rate by multiplying the applicable rates in the table above by the number of years and 30-day periods.

## **Examples of Goods That do Not Qualify for the PM&E Exemption**

The following are taxable machinery, equipment or other goods used in the oil and gas industry.

- Boats, trains and aircraft.
- Buildings, furnishings, camp equipment or machinery and equipment related to the use of a building as a building (except shelters that are exempt under the PM&E exemption for PM&E obtained for use in the exploration, discovery or development of petroleum or natural gas).
- Cleaning supplies, such as cleaning solution and rags.
- Gases, such as oxygen and acetylene.
- General, administrative and office machinery or equipment and supplies, such as desks, phones, computers, photocopiers and fax machines.
- Machinery and equipment obtained for use in:
  - the construction of buildings,
  - the construction or maintenance of roads, or
  - site preparation (except machinery and equipment exempt as PM&E obtained for use in the exploration, discovery or development of petroleum or natural gas).
- Machinery and equipment used to generate heat, such as a boiler.
- Machinery and equipment used to repair, maintain or service exempt PM&E.

- Portable or mobile generators and alternators (except specified exempt generators located at a well site). This includes stand-by and electric generators and alternators and drive motors for them.
- Scaffolding, walkways, catwalks and similar structures, unless these items are an integral part of exempt PM&E, and are sold or leased as part of exempt PM&E.
- Software, except software used primarily to operate, control or monitor certain PM&E (see Machinery, Equipment and Software Used to Operate, Control or Monitor Exempt PM&E above).
- Storage tanks, including terminal or refinery storage tanks, and fuel storage tanks.
- Telecommunication equipment, such as satellite equipment, cell phones and radio antennas.
- Vehicles designed for public highway use, such as:
  - transport trucks and ATVs, and
  - automotive units on which well servicing equipment or cementing and fracturing equipment (e.g. mobile welders) is mounted, but not a truck-mounted service rig.

See Appendix 2 in [Bulletin PST 113](#), Oil and Gas Industry – Producers and Processors for additional examples of taxable machinery, equipment or other goods used in the oil and gas industry.

## **Goods from Out-of-Province Suppliers**

If you purchase or lease taxable goods from an out-of-province supplier, you must pay PST on the total amount you pay to bring the goods into B.C., including charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

If your supplier does not charge you PST and 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 brought, sent or received goods into B.C.

## **Goods Brought Into B.C.**

Generally, PST applies if you bring or send goods into B.C., or receive delivery of goods in B.C., for use, unless a specific exemption applies.

If you own the goods and you brought or sent the goods into B.C., or received delivery of the goods in B.C. for **temporary use** in B.C., see [Bulletin PST 307](#), Goods Brought Into B.C. for Temporary Use.

If you own the goods and they are not for temporary use in B.C., see [Bulletin PST 310](#), Goods Brought Into B.C.

If you lease the goods, see [Bulletin PST 315](#), Rentals and Leases of Goods.

## **Real Property Contracts and Affixed Machinery**

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). This would normally include buildings, structures and things, such as machinery or equipment, that are attached to the land (or to buildings or structures) by some means other than their own weight.

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. They do not charge their customers PST on the charge for the contract.

**Exception:** Contractors are exempt from PST on goods they use to fulfil a contract if the contract is with certain persons who are exempt from PST. They may also be exempt if they have an agreement that states their 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.

### **Affixed Machinery**

Affixed machinery is machinery, equipment or apparatus that is:

- used directly in the manufacture, production, processing, storage, handling, packaging, display, transportation, transmission or distribution of goods, or in the provision of software or a service, and
- affixed to, or installed in, a building, a structure or land so that it becomes part of real property.

Certain machinery, equipment and apparatus are excluded from the definition of affixed machinery. For more information on what is excluded, see [Bulletin PST 503](#), Affixed Machinery.

For the purpose of the PST, affixed machinery that is already installed is tangible personal property (goods). This means if you purchase or lease real property in which affixed machinery is already installed, you are purchasing or leasing goods (the affixed machinery) and must pay PST on the purchase price or lease price of that affixed machinery, unless a specific exemption applies.

Generally, compressors installed in a pipeline are affixed machinery.

For more information, see [Bulletin PST 503](#), Affixed Machinery.

## **Tax Payment Agreements**

Eligible businesses may apply to enter into a **voluntary** tax payment agreement (TPA) with us.

A TPA allows eligible businesses to defer paying PST when they acquire or lease certain items for business use, and to self-assess (pay directly to us) the PST due on any items later used for a taxable purpose.

For more information, see [Bulletin PST 317](#), Tax Payment Agreements.



## Need more info?

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

Toll free: 1-877-388-4440

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

[Subscribe](#) to receive email notifications when B.C. tax information is updated.

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

---

### Latest Revision

October 2022

- Revised the Definitions and Overview section to reflect that, effective April 1, 2019, electricity is fully exempt from PST for all purchasers
  - Clarified the section on Machinery, Equipment and Software Used to Operate, Control or Monitor Exempt PM&E
  - Clarified that aircraft do not qualify for the PM&E exemption
  - Other minor revisions
- 

References: Provincial Sales Tax Act, sections 1 “affixed machinery”, “lease”, “related service”, “software”, “substantially”, “use”, 10, 25, 41, 49, 51, 79, 80.1, 82, 82.1, 140.1, 141, 142, 145, 147, 148 and 153; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “mineral”, “obtain”, 32-35, 60.3, 90-120 and 124.2; Provincial Sales Tax Regulation, section 10.