



Affixed Machinery

Provincial Sales Tax Act

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

This bulletin explains how the PST applies to purchases and leases of affixed machinery, and services to affixed machinery.

Table of Contents

What is Affixed Machinery?	1
Purchases and Leases of Affixed Machinery	2
Exemptions	3
Services to Affixed Machinery	5
Examples of Affixed Machinery.....	6

What is 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
- is affixed to, or installed in, a building, a structure or land so that it becomes part of real property.

For information on what is real property, see [Bulletin PST 501](#), Real Property Contractors.

Excluded Machinery, Equipment and Apparatus

The following machinery, equipment and apparatus are excluded from the definition of affixed machinery above and are considered improvements to real property. If you purchase or lease real property in which the following are installed, you are purchasing or leasing real property and you do not pay PST.

- Machinery, equipment or apparatus that is affixed to, or installed in, a building, structure or land for the purpose of:
 - heating, air conditioning or lighting a building or structure,
 - sewage disposal for a building or structure, or
 - lifting persons or freight within a building or structure by elevator or escalator.
- Machinery, equipment or apparatus that:
 - is of such a size that it must be constructed on the site where it is to be used,
 - by its nature or design, would normally be expected to remain, for its useful life, on the site at which it is constructed,
 - does not run on rails or tracks, or does not otherwise move around on or from the site at which it is constructed, and
 - cannot be moved from the site at which it is constructed without
 - dismantling the machinery, equipment or apparatus, or
 - dismantling or causing substantial damage to the building or structure to which it is affixed or in which it is installed.

Purchases and Leases of Affixed Machinery

Contracts to Supply and Affix, or Install, Goods That Become Affixed Machinery After Installation

Generally, if you enter into a contract to have a contractor supply and affix, or install, goods that become affixed machinery after installation, you do not pay PST. The contractor must pay PST on the goods they acquire to fulfil these contracts, unless a specific exemption applies.

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

Purchases and Leases of 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.

Bundled Sales and Bundled Leases

If you purchase affixed machinery and real property together for a single price, generally, you must pay PST on the fair market value of the affixed machinery.

If you lease affixed machinery and real property together for a single price, generally, you must pay PST on the fair market value of the lease of the affixed machinery.

For example, you lease taxable restaurant equipment that is affixed machinery together with a non-taxable commercial lease of real property. You must pay PST on the fair market value of the lease for the taxable restaurant equipment.

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

Paying the PST

If you purchase or lease the affixed machinery from a person who is registered to collect PST, that person must charge any PST payable on the purchase or lease. In all other cases, or if the seller or lessor does not charge the PST as required, you must self-assess (pay directly to us) the PST due.

If you have a PST number, you must self-assess the PST 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 purchased or leased the affixed machinery.

Exemptions

Affixed Machinery Purchased or Leased Solely for Resale or Lease

You are exempt from PST on affixed machinery you purchase or lease solely for resale or leasing to other persons. For example, you are exempt if you purchase or lease real property in which affixed machinery is already installed for the sole purpose of reselling or leasing to other persons.

To claim these exemptions, give the supplier or service provider your PST number or, if you are not registered, a Certificate of Exemption – General ([FIN 490](#)).

Production Machinery and Equipment Exemption

If you qualify for the production machinery and equipment (PM&E) exemption, you may be eligible to purchase or lease certain affixed machinery exempt from PST if you use the affixed machinery as qualifying PM&E.

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

Change in Use

If you qualify for a PST exemption when you purchase or lease affixed machinery, and you later use the affixed machinery for a taxable purpose, you must self-assess PST.

Change in Use for Purchased Affixed Machinery

If you purchase the affixed machinery, you self-assess as follows:

- If you take the affixed machinery from your resale inventory for business or personal use, you self-assess PST on your cost of the affixed machinery.
- In all other situations, you calculate the PST due on the depreciated value of the affixed machinery or 50% of the purchase price, whichever is greater.

The **depreciated purchase price** of affixed machinery is the greater of:

- the depreciated value (as calculated below), and
- 50% of the purchase price.

The **depreciated value** is determined as follows:

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

The depreciation rate for affixed machinery is the total of the following:

- 20% for each full year (12 consecutive months; **not** calendar year) since you purchased the affixed machinery, plus
- 1.667% per 30-day period in a partial year (**note**: periods of less than 30 days must be computed to the nearest 30-day period; i.e. 15 days or more is counted as one 30-day period and periods of less than 15 days are not counted).

Change in Use for Leased Affixed Machinery

If you lease affixed machinery for a specific exempt purpose, and later use the affixed machinery for a taxable purpose, you must self-assess PST.

You self-assess PST on:

- a prorated portion of the lease payment for the rental period in which the change in use occurs, and
- the full amount of all remaining lease payments.

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

Other Exemptions

Other exemptions may also apply to affixed machinery purchased or leased by a specific person in specific situations, including by:

- members of the diplomatic or consular corps (see [Bulletin CTB 007](#), Exemption for Members of the Diplomatic and Consular Corps)
- First Nations individuals or bands (see [Bulletin PST 314](#), Exemptions for First Nations)
- the federal government (see [Bulletin CTB 002](#), Sales and Leases to Governments)

Services to Affixed Machinery

Related services are services provided to goods (which includes affixed machinery) or services provided to install goods. Related services provided in B.C. are subject to PST, unless a specific exemption applies.

However, related services do not include services provided to install goods that will become affixed machinery or an improvement to real property upon installation. Goods that become affixed machinery upon installation include goods that are installed into affixed machinery (e.g. parts and materials). Therefore, services to install parts and materials into affixed machinery are not related services and are not subject to PST. The contractor supplying and installing the parts and materials must pay PST on the parts and materials (see [Bulletin PST 501](#), Real Property Contractors).

Services to Most Affixed Machinery are Exempt from PST

Related services provided to affixed machinery are exempt from PST, except related services provided to:

- travelling cranes and hoists that run on rails or tracks that are attached to a building and are attached to the rails or tracks by flanged wheels, or rest on the rails or tracks by their own weight, and
- affixed machinery, or parts of affixed machinery, that have been removed from the site at which they were affixed or installed.

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

Examples of Affixed Machinery

For the purpose of the PST, the following are examples of items that generally become affixed machinery **if** they become part of real property upon installation (see [Bulletin PST 501](#), Real Property Contractors). This is not a complete list.

- Automatic teller machines built into the wall of a bank building or shopping mall
- Liquor/draught beer dispensers that are affixed to a cabinet or counter in a bar
- Ovens and barbeque chicken machines used in supermarkets or restaurants, provided they are bolted to the floor, walls or countertops
- Pizza ovens bolted into place as additions to buildings



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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

May 2024

- Updated for language consistency
 - Other minor revisions
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References: Provincial Sales Tax Act, sections 1 “affixed machinery”, “apparatus”, “band”, “collector”, “First Nation individual”, “improvement to real property”, “related service”, “sale”, “tangible personal property”, “use”, 11, 25, 26, 28, 34, 37, 79-80.61, 137, 141.1, 170 and 192; Provincial Sales Tax Exemption and Refund Regulation, sections 73 and 90-120; Provincial Sales Tax Regulation, sections 10, 47, 48 and 48.1; Consular Tax Exemption Regulation.