



Real Property Situated Outside BC

Provincial Sales Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated February 2015. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains how PST applies to goods used by contractors to supply and affix, or install, goods so that they become part of real property situated outside BC.

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Definitions

In this bulletin:

- **contract** means an agreement under which goods are supplied and affixed, or installed, so that they become part of real property
- you are a **contractor** if you supply and affix, or install goods that become part of real property (for an explanation of what is real property, see [Bulletin PST 501](#), *Real Property Contractors*)

Goods Purchased Outside BC

If you are a contractor, you do not pay PST if you purchase goods outside BC for use outside BC. However, generally, if you bring or send the goods into BC, or receive delivery of the goods in BC, you must self-assess PST (see Goods Brought or Sent Into BC or Received in BC below).

Goods Purchased in BC

If you are a contractor, you must pay PST on taxable goods (e.g. building materials) you purchase in BC to fulfil a contract, unless a specific exemption applies. You must pay PST even if the real property where you will affix or install the goods is situated outside BC. However, you may be eligible for a refund of PST if:

- you ship the goods out of BC **and** make no use of the goods in BC (see Refund – Goods Shipped Out of BC Without Being Used in BC below), or
- you ship the goods out of BC, even if the goods are processed, fabricated, manufactured into, attached to or incorporated into other goods, and the goods themselves or the resulting goods are affixed or installed so that they become part of real property situated outside BC (see Refund – Goods Shipped Out of BC to Be Affixed or Installed below)

Note: If you supply and affix, or install, goods that become part of real property situated outside BC, you cannot transfer the PST liability to your customer by using the exception described in [Bulletin PST 501](#), *Real Property Contractors*.

Goods Brought or Sent Into BC or Received in BC

You must pay PST on taxable goods you bring or send into BC, or receive delivery of in BC, for business use, unless a specific exemption applies. In most cases, you must self-assess the PST due. For more information, see [Bulletin PST 310](#), *Goods Brought Into BC*.

PST applies to goods you bring or send into BC, or receive delivery of in BC, to fulfil a contract. You pay PST even if the real property where you will affix or install the goods is situated outside BC. However, you may be eligible for a refund of PST if you ship the goods out of BC, even if the goods are processed, fabricated, manufactured into, attached to or incorporated into other goods, and the goods themselves or the resulting goods are affixed or installed so that they become part of real property situated outside BC (see Refund – Goods Shipped Out of BC to be Affixed or Installed below).

Exception: You do not have to pay PST on goods you bring or send into BC, or receive delivery of in BC, **solely** for **any** of the following purposes:

- transporting those goods out of BC for use outside BC,
- processing, fabricating, manufacturing into, or attaching to or incorporating those goods into other goods, that will be transported out of BC for use (**note:** you must use the other goods solely outside BC and you cannot use them to fulfil a contract), **or**
- repairing those goods and, after repair, transporting those goods out of BC for use outside BC.

Exemptions and Refunds

Exemption – Goods Shipped Out of BC By the Seller

You are exempt from PST if you purchase goods in BC and:

- the goods are to be shipped **by the seller** for delivery to an address outside BC, **and**
- no use is to be made of the goods by you while the goods are in BC, except storage of the goods with the seller.

We consider the goods to be shipped by the seller if:

- the seller delivers the goods out of BC themselves (e.g. in their own vehicle), or
- the seller contracts with a third party (e.g. a courier) to have the goods shipped to a location outside BC. The third party must be hired by the seller and cannot be a relative, friend, employee or other person sent or contracted by the purchaser to pick up or deliver the goods to a location outside BC.

Note: If you later bring or send the goods into BC, or receive delivery of the goods in BC, you must self-assess PST, unless a specific exemption applies.

To support the exemption, the seller must keep documentation that shows they delivered the goods out of BC, such as a bill of lading, third-party delivery documents or shipping invoices. Sellers may also use the *Out-of-Province Delivery Exemption* form ([FIN 462](#)) to record the goods they delivered to a location outside BC. The FIN 462 is an optional form that may be used in addition to the required documentation described above.

Exemption – Contracts With Persons Exempt from PST

As a contractor, you are exempt from PST if you purchase goods in BC to fulfil a **written** contract if the contract is with certain persons who are exempt from PST (e.g. the Government of Canada, First Nations individuals or bands), even if the real property where you will affix or install the goods is situated outside BC.

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

Refund – Goods Shipped Out of BC Without Being Used in BC

If you paid PST on the purchase of goods in BC for business use, you may be eligible for a refund of PST if:

- the goods were shipped out of BC for use outside BC (including in your own vehicle), and
- no use was made of the goods while they were in BC, except to store and ship the goods out of BC.

Example:

You are a log home builder located in BC, and you enter into a contract to supply and install a new log home in Alberta. You purchase building materials for this contract in BC and you bring the materials to the job site in Alberta. You do not perform any preliminary work on the building materials in BC or use the materials in any other way while they are in BC, except storing and shipping them out of BC.

You must pay PST when you purchase the building materials. However, you may be eligible for a refund of PST because you shipped those materials out of BC **and** did not use the materials in BC.

Note: This refund does not apply if you make **any** use of the goods while they are in BC, except storing and shipping them out of BC. Use includes performing any preliminary tasks on the goods in BC before their removal from BC.

For example, if the log home builder in the example above had notched or stripped the logs in BC before bringing the logs to the job site in Alberta, the log home builder would not be eligible for this refund. However, the log home builder may be eligible for the refund explained below (See Refunds – Goods Shipped Out of BC to be Affixed or Installed).

Also, this refund applies whether or not the goods are affixed or installed so that they become part of real property situated outside BC.

Applying for the Refund

To apply for this refund, complete an *Application for Refund – General* ([FIN 355](#)) and provide:

- a fully completed refund claim schedule (as described in the instructions to the application form),
- a copy of your purchase invoices for the goods (**note**: if an invoice lists goods that were not shipped out of BC, you must clearly indicate on the invoice the goods for which you are claiming a refund),
- a written statement describing what use, if any, you made of the goods while the goods were in BC,
- a written statement that explains the method by which you shipped the goods out of BC and provides the date you shipped the goods out of BC, and
- evidence that shows you shipped the goods out of BC (e.g. bills of lading, accounting records and corresponding receipts for shipping costs, or fuel receipts if shipped in your own vehicle).

We may request additional documentation when processing your refund claim.

Note: If the goods shipped out of BC were promotional materials, additional criteria apply (see [Bulletin PST 311](#), *Promotional Materials and Special Offers*).

Refund – Goods Shipped Out of BC to be Affixed or Installed

If you paid PST on goods that you purchased in BC, brought or sent into BC, or received delivery of in BC, you may be eligible for a refund of PST if:

- you shipped the goods out of BC for the purpose of fulfilling a contract outside BC, and
- under the terms of the contract, the goods were used so that they became part of real property situated outside BC.

Example:

You are a window installer located in BC, and you enter into a contract with a customer in Alberta to supply and install windows in the customer's home in Alberta. You purchase windows for this contract in BC, transport the windows to Alberta and install the windows in your customer's home.

You must pay PST when you purchase the windows in BC. However, you may be eligible for a refund of PST once you shipped the windows out of BC for the purpose of fulfilling a contract outside BC and, under the terms of the contract, the windows were used so that they became part of real property situated outside BC.

Note: This refund also applies if the goods were processed, fabricated, manufactured into, attached to or incorporated into, other goods, as long as the resulting goods are affixed or installed so that they become part of real property situated outside BC.

Example:

You are a cabinet maker located in BC, and you enter into a contract with a customer in Alberta to supply and install kitchen cabinets in the customer's home in Alberta. You purchase building materials for this contract in Saskatchewan, bring the building materials into BC, build the cabinets in BC, transport the cabinets to Alberta and install the cabinets in your customer's home.

You must pay PST when you bring the building materials into BC. However, you may be eligible for a refund of PST on the building materials you processed into the kitchen cabinets once you shipped the cabinets out of BC for the purpose of fulfilling a contract outside BC and, under the terms of the contract, the cabinets were used so that they became part of real property situated outside BC.

Applying for the Refund

To apply for this refund, complete an *Application for Refund – General* (**FIN 355**) and provide:

- a fully completed refund claim schedule (as described in the instructions to the application form),
- a copy of your purchase invoices for the goods (**note:** if an invoice lists goods that are not eligible for this refund, you must clearly indicate on the invoice the goods for which you are claiming a refund), and
- a copy of the contract with your customer or a written statement describing the contract with your customer.

We may request additional documentation when processing your refund claim.



Need more info?

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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

July 2020

This bulletin has been revised to reflect that:

- Real property contractors who supply and affix, or install, goods so that they become part of real property situated outside BC can apply for a refund of PST they paid on those goods. This refund also applies to goods that are processed, fabricated, manufactured into, attached to or incorporated into other goods, as long as the other goods are affixed or installed so that they become part of real property situated outside BC. Real property contractors are no longer required to pay sales tax to another jurisdiction to be eligible for this refund.

This change is effective February 19, 2020, subject to legislative and regulatory approval.

References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “apparatus”, “improvement to real property”, “sale”, “tangible personal property”, “use”, 11, 28, 34, 37, 49, 55, 79-80, 158, 158.1 and 192; *Provincial Sales Tax Exemption and Refund Regulation*, section 26.