

Manufactured Homes for Residential Use

Social Service Tax Act

Are you a manufacturer or a dealer of manufactured homes?

Do you know how PST applies to the sale of mobile and modular homes?

This bulletin provides specific tax information to help dealers and manufacturers who act as dealers understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

Table of Contents

Definitions.....	2
Sales	2
Furnishings and Appliances	9
Purchases	9
Manufactured Homes Brought into British Columbia	10
Services.....	11
Park Model Travel Trailers	11
Production Machinery and Equipment Exemption.....	12

The revision bar (|) identifies changes to the previous version of this bulletin dated June 2008.

Definitions

For the purposes of this bulletin, a **manufactured home** is a mobile or modular home that is used as a family residential dwelling unit.

A **mobile home** is a home that is manufactured to Canadian Standards Association Z-240 Mobile Home Series of Standards, or is a home that is similar in design and construction.

A **modular home** is a home that is constructed to the building code in effect where the home is to be located and has a CSA A-277 label that shows it was built in a certified factory.

Please note: Recreation vehicles, trailers, tents, motor homes, slide-on campers, chassis mounted campers or other similar vehicles do not qualify as manufactured homes. For information on park model travel trailers, please see the section below, Park Model Travel Trailers.

For manufactured homes that are not used as a family residential dwelling, please see [Bulletin SST 048](#), *Sales and Leases of Portable Buildings*. For houseboats and other floating buildings, please see [Bulletin SST 031](#), *Houseboats and Other Floating Buildings*.

Sales

How PST applies to new manufactured homes depends on whether there is a sale of tangible personal property or a sale of an improvement to real property.

Tangible Personal Property

Tangible personal property is personal property that you can see, weigh, measure, feel, or that is in any other way perceptible to the senses. Retail sales or leases of tangible personal property are taxable, unless there is a specific exemption.

A new manufactured home that is sold as a supply-only item, meaning that it is delivered to a site but not installed, is a sale of tangible personal property. The customer pays the PST on this type of sale. You charge PST on 50% of the total amount your customer pays if it is a mobile home or 55% of the total amount your customer pays if it is a modular home.

For supply-only contracts, you record your manufactured home sales on the *Social Service Tax Return: Boats, Aircraft and Manufactured Homes* form ([FIN 424](#)) and include this form with your *Social Service Tax Return Under the Social Service Tax Act* form ([FIN 400](#)). If you are not a registered vendor in British Columbia, you collect and send in the PST due using the *Casual Remittance Return For Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Seller Not Registered Under the Social Service Tax Act* form ([FIN 428S](#)).

Improvements to Real Property

Real property is land and any items that are permanently attached to land (buildings and structures). It also includes tangible personal property that is installed for the purpose of improving and becoming permanently part of the land. Once installed, the item becomes an improvement to real property.

Manufactured homes that become improvements to real property on installation are taxable to either you or the customer. Who pays the PST depends on the contract you have with your customer and when you entered into the contract. However, there is no PST on sales or leases of real property or on services to real property. This means you do not charge your customer PST on the labour charge to install or service a manufactured home that becomes an improvement to real property.

Please note: While we have outlined the general rules for real property contracts below, there are exceptions. For a full explanation, please see [Bulletin SST 072, Real Property Contractors](#), or contact us.

Contracts entered into before October 1, 2008

For contracts that you **enter into before October 1, 2008**, the way you structure your contract determines whether you pay PST or you charge your customer PST on the manufactured home and materials you supply and install to complete the contract.

Time and materials contracts

With a time and materials (cost-plus) contract, you identify and charge your labour separately from the charge for the manufactured home and materials you supply and install. When a contract is structured in this way, the general rule is that you, as the dealer, have sold the tangible personal property to the customer before it becomes installed as an improvement to real property. Therefore, the customer pays PST on the manufactured home and materials used for installation.

For time and materials contracts that you **enter into before October 1, 2008**, you charge PST on 50% of the price your customer pays for the home if it is a mobile home or 55% of the price your customer pays for the home if it is a modular home. You also charge PST on 100% of the price your customer pays for materials used in placing the manufactured home on the site.

The labour service provided in this contract includes the set-up and installation of the manufactured home. Once the home has been installed or permanently attached to the land, the manufactured home becomes an improvement to real property. PST does not apply to services to real property or improvements to real property. Therefore, you do not charge PST on the labour to install a manufactured home that becomes an improvement to real property.

If you regularly undertake time and materials contracts in British Columbia, you are required to register as a vendor under the *Social Service Tax Act* and to collect and send in PST on all taxable sales. Under such contracts, you purchase the manufactured home and other materials used in the installation without paying PST by giving your PST registration number to the supplier.

For time and materials contracts, you record your manufactured home sales on the *Social Service Tax Return: Boats, Aircraft and Manufactured Homes* form ([FIN 424](#)) and include this form with your *Social Service Tax Return Under the Social Service Tax Act* form ([FIN 400](#)). If you are not a registered vendor in British Columbia, you collect and send in the PST due using the *Casual Remittance Return For Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Seller Not Registered Under the Social Service Tax Act* form ([FIN 428S](#)).

For more information on time and materials contracts entered into before October 1, 2008, please see the section, Real Property Contracts – Before October 1, 2008, in [Bulletin SST 072](#), *Real Property Contracts*.

Lump sum contracts

Lump sum (fixed-price) contracts are contracts where a single charge is made for the home, set-up and installation of a new manufactured home. Your customer does not pay PST on their purchase of the home.

With this type of contract, the customer is not purchasing tangible personal property, but is purchasing an improvement to real property. The dealer is, therefore, the last purchaser of the tangible personal property and must pay tax on their total cost of the home and materials they supply and install to fulfill the contract.

For lump sum contracts that you **enter into before October 1, 2008**, you purchase the home and pay PST on 50% of the amount you pay for the home if it is a mobile home or 55% of the amount you pay for the home if it is a modular home. You also pay PST on 100% of your cost of other materials used in placing the manufactured home on the site.

If you are a manufacturer acting as a dealer, and you sell a manufactured home under a lump sum contract, you pay PST on the full cost of the materials incorporated into the home.

If your supplier does not charge you PST, you self-assess the tax due and send in the PST by using the *Social Service Tax Return Under the Social Service Tax Act* form ([FIN 400](#)). If you are not a registered vendor in British Columbia, you self-assess the PST due using the *Casual Remittance Return For Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form ([FIN 428P](#)).

For more information on lump sum contracts entered into before October 1, 2008, please see the section Real Property Contracts – Before October 1, 2008, in [Bulletin SST 072](#), *Real Property Contracts*.

Contracts entered into on, or after, October 1, 2008

Dealer is responsible for the PST

For contracts that you **enter into on, or after, October 1, 2008**, you are required to pay PST on the manufactured home and materials that you supply and install to complete the contract **unless** you and your customer agree, in writing, that your customer pays the PST.

You pay PST on 50% of the amount you pay for the manufactured home if it is a mobile home or 55% of the amount you pay for the home if it is a modular home. You also pay PST on 100% of your cost of other materials used in placing the manufactured home on the site.

Customer is responsible for the PST

For you to charge PST, the written contract or a separate written agreement **must specifically state**:

- the value of the manufactured home and materials used in the installation, and
- that the customer is responsible for paying PST on this amount.

If your customer is responsible for the PST, you charge PST on 50% of the price your customer pays for the home if it is a mobile home or 55% of the price your customer pays for the home if it is a modular home. You also charge PST on 100% of the price your customer pays for other materials used in placing the home on the site.

For more information on contracts entered into on, or after, October 1, 2008, please see the section Real Property Contracts – On, or After, October 1, 2008, in [Bulletin SST 072](#), *Real Property Contractors*, or contact us.

For contracts where you charge your customers PST, you purchase the manufactured home and other materials used in the installation without paying PST by giving the supplier your PST registration number. If you do not have a PST registration number, you use a *Certificate of Exemption* form ([FIN 453](#)).

If you regularly enter into contracts where your customers pay PST, you need to register as a vendor. For information on how to register as a vendor, please see [Bulletin SST 044](#), *Registering to Collect Provincial Sales Tax (PST)*.

Used Manufactured Homes

You do not charge PST on the sale of a used manufactured home provided:

- the home was previously sold at a retail sale and PST was paid, or
- the home was previously sold at a retail sale and no PST was charged because the buyer was eligible for an exemption.

Summary of Who Pays the PST

The following table provides a quick reference guide to the application of PST to sales of new and used manufactured homes.

Type of Sale/Contract	Who pays the PST
Sales of New Manufactured Homes	
<i>Supply-only contract</i>	Customer pays PST on 50% of the amount they pay for a mobile home or 55% of the amount they pay for a modular home
<i>Time and materials contract entered into before October 1, 2008</i>	Set-up and installation services are non-taxable
<i>Lump sum or fixed-price contract entered into before October 1, 2008</i>	Dealer pays PST on 50% of the amount they pay if it is a mobile home or 55% of the amount they pay if it is a modular home
<i>Contracts entered into on, or after, October 1, 2008</i>	<p>Dealer is responsible for the PST Dealer pays PST on 50% of the amount they pay if it is a mobile home or 55% of the amount they pay if it is a modular home unless the dealer and customer agree, in writing (see box on page 6), that the customer pays the PST</p> <p>Customer is responsible for the PST Customer pays PST on 50% of the amount they pay for the home if it is a mobile home or 55% of the amount they pay for the home if it is a modular home</p>
Sales of Used Manufactured Homes Previously sold at a retail sale where PST was paid, or no PST was paid because the buyer was exempt	Neither dealer nor customer pays PST as PST has already been paid

Sales to First Nations Customers

Tangible personal property

You do not charge PST on supply-only sales of manufactured homes to eligible First Nations customers when the sales take place on reserve land. The manufactured home must be located on reserve land at the time the sale takes place, or title to the manufactured home must pass to the purchaser when the goods are delivered to a reserve location.

Please note: There is an exception. Some First Nations coastal reserves do not have a road access or a docking area. If this is the case, title to the manufactured home may be transferred to the purchaser at the nearest docking area to the reserve, as long as the home is set-up and installed on reserve land.

Improvements to real property

For contracts that you **enter into before October 1, 2008**, to sell manufactured homes to eligible First Nations customers without charging or paying PST, you need to use a time and materials contract. If you use a lump sum contract, you pay PST on the manufactured home and other materials. For details, please see the section Real Property Contracts – Before October 1, 2008, in [Bulletin SST 046](#), *Exemption for Indians and Indian Bands*.

For contracts that you **enter into on, or after, October 1, 2008**, there are two ways to claim the PST exemption for First Nations customers, depending on the contract. For details, please see the section Real Property Contracts – On, or After, October 1, 2008, in [Bulletin SST 046](#), *Exemption for Indians and Indian Bands*.

The exemption for sales to First Nations customers applies to Indian bands and customers with a *Certificate of Indian Status* card, provided the sale meets the criteria for a PST exemption. To show why you did not charge PST, you need to keep supporting documentation from your customers.

For more information, please see [Bulletin SST 046](#), *Exemptions for Indians and Indian Bands*.

Please note: This exemption does not apply to Nisga'a Citizens or to sales made on, or delivered to, Nisga'a land. Nisga'a Citizens are Nisga'a individuals included in the Nisga'a Final Agreement and who pay provincial taxes, effective June 1, 2008. For more information, please see [Bulletin GEN 013](#), *Provincial Taxes on Nisga'a Lands*.

Sales to Other Retailers

You do not charge PST on goods sold to other retailers if they provide their PST registration number. When you sell to other retailers, you record their PST registration number on each invoice and keep it in your records to show why you did not charge PST.

Sales to Out-of-Province Customers

If you sell to out-of-province customers and ship the goods to an out-of-province location, you do not charge PST. To show why you did not charge PST, your records must show that the goods were shipped out of the province. For more information, please see [Bulletin SST 030](#), *Purchases by Non-Residents of British Columbia*.

Furnishings and Appliances

New Manufactured Homes

Draperies, free-standing furniture and appliances sold with a new manufactured home are not part of the home. You charge your customers PST on the total amount they pay for these items. You may purchase these items for resale without paying PST by giving your PST registration number to the supplier, or by providing your supplier with a completed *Certificate of Exemption* form ([FIN 453](#)).

Used Manufactured Homes

You do not charge your customers PST on draperies, free-standing furniture and appliances that are included in the sale of a used manufactured home, provided there is no separate charge for these items. If you charge separately for these items when selling a used manufactured home, you charge PST. If you install or replace such items and you do not list the items separately on the invoice, you pay PST on your cost of the items.

Purchases

When to Pay PST

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

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- goods you purchase to give away as free promotions,
- computer hardware and software (unless custom software),
- equipment and tools used to complete your contract, such as saws, hammers, nail guns and hand tools, and
- services to repair your equipment and tools.

If the supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return.

When Not to Pay PST

You do not pay PST on the following:

- containers, labels or packaging materials that are included with your sales at no extra charge to your customers, and
- new draperies, free standing furniture and appliances for resale (see the section above, Furnishings and Appliances).

To purchase the above items without paying PST, give the supplier your PST registration number.

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

Manufactured Homes Brought into British Columbia

New Manufactured Homes

When a new manufactured home is purchased from an out-of-province dealer or manufacturer who does not collect the PST, the purchaser self-assesses and sends in PST on 50% of the purchase price if it is a mobile home or 55% of the purchase price if it is a modular home.

The purchase price includes the total amount that the purchaser pays to bring the home into British Columbia, including charges for transportation, customs, excise and any other costs, except the GST.

Used Manufactured Homes

When a used manufactured home is purchased out-of-province and PST has not been paid by the previous owner, the purchaser pays PST on 50% of the purchase price if it is a mobile home or 55% of the purchase price if it is a modular home. The purchase price includes the total amount that the purchaser pays to bring the goods into British Columbia, including charges for transportation, customs, excise and any other costs, except the GST.

New residents may bring used manufactured homes into the province without paying PST if certain criteria are met. For more information, please see [Bulletin SST 075, Items Brought Into British Columbia by New Residents](#).

Services

You do not charge PST on services provided to manufactured homes that are used for residential purposes, including services to draperies, furnishings and appliances designed for household use (e.g. stoves, refrigerators, ovens, washers, dryers etc.). For more information, please see [Bulletin SST 018](#), *Taxable Services*.

If you provide real estate services, you need to apply for a licence under the *Real Estate Services Act* (RESA). Information on licensing requirements is available from the licensing department of the Real Estate Council of British Columbia at www.recbc.ca

Park Model Travel Trailers

Park model travel trailers are recreational vehicles, and do not qualify as manufactured homes. However, a park model travel trailer of any size installed for the purpose of improving and becoming permanently part of the land qualifies as an improvement to real property. Whether you or your customer pays PST depends on the contract you have with your customer and when you entered into the contract.

Contracts entered into before October 1, 2008

You do not charge PST when your customer is purchasing a park model travel trailer that is permanently installed under a lump sum contract. This purchase is an improvement to real property and you pay the PST.

You charge PST on the full purchase price if your customer is purchasing a park model travel trailer as tangible personal property under a time and materials contract. However, you do not charge PST on the labour to permanently install a trailer that becomes an improvement to real property.

You also charge PST on the full purchase price if your customer is purchasing a park model travel trailer as tangible personal property under a supply-only contract.

Contracts entered into on, or after, October 1, 2008

For contracts that you enter into on, or after, October 1, 2008, you are required to pay PST on the trailer and materials that you supply and install to complete the contract unless you and your customer agree, in writing ([see box](#) on page 6), that your customer pays the PST. You pay PST on 100% of the amount that you pay for the trailer and materials.

For contracts where you charge your customers PST ([see box](#) on page 6), you purchase the trailer and materials used for installation without paying PST by giving the supplier your PST registration number.

Production Machinery and Equipment Exemption

If you qualify as a manufacturer, you may purchase certain equipment used to produce your manufactured homes without paying PST. The homes must be manufactured at a site other than the site at which the homes are installed. For details, and to see if you qualify for the production machinery and equipment exemption, please see [Bulletin SST 054, Manufacturers](#).



Need more info?

Manufactured Homes website: www.sbr.gov.bc.ca/industry_specific/manufactured_homes/manufactured_homes.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm

References: *Social Service Tax Act*, Sections 1, 6(4.1-4.4), 11(1-2.1), 42, 70(i), 76(1)(k) and 77(b), and Regulations 2.45(d)(e)(f), 3.18.1, 3.19 and 3.30; Bill 2, *Budget Measures Implementation Act*, 2008