

Construction Industry - Tax Facts

Are you a construction or trades contractor? You need to know how British Columbia taxes apply to your business and where to find this information. For general sales tax information, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#). For specific tax information, we strongly recommend you use the resources listed below.

PST

You should be aware of the PST implications when you construct buildings, or supply and install improvements to real property, such as flooring, plumbing, wiring and roofing. The materials and equipment that you supply and install are taxable; who pays the PST depends on the contract you have with your customer and when you entered into the contract.

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 materials and equipment that you supply and install to complete the contract. For contracts that you **enter into on, or after, October 1, 2008**, generally, you are required to pay PST. However, under certain circumstances, you charge your customer PST. It is important that you read [Bulletin SST 072, Real Property Contractors](#), for detailed information. Please contact us if you are not sure how PST applies to your contract. We will provide you with an answer that applies to your particular situation.

If you regularly enter into contracts where you charge your customers PST, you need to have a PST registration number.

No matter what contract you have with your customer, you pay PST on most supplies and equipment that you use for your business, such as tools, paper and cleaning supplies. This includes goods you buy, rent or lease from outside the province. If you are an out-of-province contractor, PST applies to most taxable goods that you bring into British Columbia.

For more detailed PST information, please see:

- *Real Property Contractors* ([Bulletin SST 072](#))
- *Fixtures* ([Bulletin SST 078](#))

- *Equipment Brought into British Columbia for Temporary Use* ([Bulletin SST 098](#))
- *Exemption for Material and Equipment Used to Conserve Energy* ([Bulletin SST 011](#))
- *Registering to Collect Provincial Sales Tax* ([Bulletin SST 044](#))

Motor Fuel Tax

Certain vehicles and equipment may use lower-taxed coloured fuel. You may use coloured fuel in stationary or portable engines, such as generators or chainsaws, and in industrial machines, such as graders, bulldozers and backhoes, when you use them off-highway.

If you bring motor fuel into British Columbia, either in your commercial motor vehicle or in bulk, you generally are required to pay motor fuel tax on that fuel.

For more detailed motor fuel tax information, please see:

- *Fuel Used by the Oil and Gas Industry* ([Bulletin MFT 007](#))

Property Transfer Tax

If you are constructing a building, you should be aware of the property transfer tax (PTT) implications whenever you take title to the property. PTT is based on the fair market value of the land, including buildings, at the time of registration with the Land Title office. This means that if you register the property *before* you start construction, you pay PTT on the fair market value of the land. If you register the property *after* you have started or completed construction, you pay PTT on the fair market value of the land *and* the building.

For more detailed property transfer tax information, please see:

- *Property Transfer Tax Generally* ([Bulletin PTT 001](#))



Need more info?

Construction Industry website:

www.sbr.gov.bc.ca/industry_specific/construction/construction.htm

PST and Motor Fuel Tax

Vancouver: 604 660-4524

Toll-free: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

Property Transfer Tax

Victoria: 250 387-0604

Toll-free: 1 800 663-7867

E-mail: PTTENQ@gov.bc.ca

Web: www.sbr.gov.bc.ca/business.html