

Businesses from Outside BC

Provincial Sales Tax Act

This bulletin explains how the PST applies when businesses located outside BC do business in BC.

Table of Contents

PST and Businesses from Outside BC	1
Real Property Contractors	2
Prorate Vehicles and MJV Tax	2
Sales of Accommodation in Industrial Camps	3
Production Machinery and Equipment (PM&E) Exemption.....	3
Examples of How PST Applies to Businesses Entering BC.....	4

PST and Businesses from Outside BC

What is PST?

PST is a retail sales tax that is payable when taxable goods, software or services are purchased in BC, taxable goods are leased in BC, or taxable goods are brought, sent or received in BC for use, unless a specific exemption applies. As a business located outside of BC, you must pay PST if you purchase taxable goods, software or services, lease taxable goods in BC, or bring, send or receive goods in BC, unless a specific exemption applies. You must also keep records in relation to these goods (e.g. invoices, bills or receipts).

You may also have to register to collect PST if you sell taxable goods or services in BC, or if you lease taxable goods in BC (including entering into lease agreements in BC or delivering goods to a lessee in BC). For more information, see [Bulletin PST 001](#), *Registering to Collect PST*.

Businesses from Outside BC that May Have to Pay and Collect PST

The following are examples of the kinds of businesses that commonly enter BC to do business and may have to pay PST or collect and remit PST or both.

- Bus line and tour operators (see MJV Tax below)
- Drilling and surveying companies
- Fire and safety companies

- Freight, delivery, moving and trucking companies, including food distributors and fuel haulers (see MJV Tax below)
- Oilfield/well service providers
- Real property contractors (see Real Property Contractors below)
- Repair service providers (e.g. auto, machinery or equipment repair)
- Towing service providers
- Vacuum truck service providers

How to Pay PST

The BC tax system operates on the principle of voluntary compliance. Each taxpayer is responsible for paying, collecting and remitting taxes correctly and promptly.

If you purchase or lease goods in BC, the seller or lessor will generally collect the PST due at the time of sale.

If you bring, send or receive goods in BC from out-of-province, you must self-assess (pay directly to us) the PST due as described in the following bulletins.

- If you own the goods and you brought or sent the goods into BC, or received delivery of the goods in BC for **temporary** use in BC, see [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use*.
- If you own the goods and they are **not** for temporary use in BC, see [Bulletin PST 310](#), *Goods Brought Into BC*.
- If you lease the goods, see [Bulletin PST 315](#), *Rentals and Leases of Goods*.

Compliance Activities

We review information on business activities in BC to ensure PST is paid as required. If we believe you may owe PST (e.g. on goods, equipment or vehicles you have brought into BC for use), we may contact you to request information about your business activities in BC.

Real Property Contractors

You are a contractor if, under a contract, you supply and affix, or install, goods that become part of real property (e.g. land and buildings). A contract means an agreement under which these goods are supplied and affixed or installed.

You must pay PST on taxable goods you purchase in BC, or bring, send or receive in BC, to fulfil a contract, unless a specific exemption applies. You do not charge your customers PST.

For more information, see [Bulletin PST 501](#), *Real Property Contractors*. For more information on how PST applies to goods you bring, send or receive in BC to fulfill a contract, see [Bulletin PST 506](#), *Real Property Situated Outside BC* and [Bulletin PST 310](#), *Goods Brought into BC*.

Prorate Vehicles and MJV Tax

An **MJV** (multijurisdictional vehicle) is a vehicle that is prorate licensed under the International Registration Plan (an international prorating agreement that allows for the licence fees and taxes that apply in various jurisdictions to be collected at the time MJVs are registered and

licensed in their home jurisdiction). For information on which vehicles can be prorated licensed, contact the vehicle licensing authority in your jurisdiction.

Generally, if you use an MJV in BC, you pay MJV tax instead of PST on your MJV. The jurisdiction that issues the licence for your MJV will calculate and collect the MJV tax and forward it to BC.

If you obtain a trailer for use solely with your MJV, it is exempt from PST. However, trailers used some of the time with non-MJVs, plus any other equipment hauled by your MJV, are subject to PST, unless a specific exemption applies.

For more information on MJVs and trailers, parts and services for MJVs, see [Bulletin PST 135](#), *Multijurisdictional Vehicles*.

Note: If your vehicle is not prorated licensed, it is not an MJV and the PST rules that apply to all other vehicles apply (see [Bulletin PST 308](#), *PST on Vehicles*).

Sales of Accommodation in Industrial Camps

Industrial camps are generally located in remote areas and may provide lodging for workers. PST and the municipal and regional district tax (MRDT) do not apply to sales of accommodation provided at an industrial camp if certain criteria are met.

If you operate an industrial camp in BC, see [Bulletin PST 120](#), *Accommodation*.

Production Machinery and Equipment (PM&E) Exemption

Businesses in the manufacturing, logging, mining, and oil and gas industries may be eligible for the PM&E exemption.

If you qualify for the PM&E exemption, certain machinery and equipment you purchase or lease in BC, or bring, send or receive in BC, may be 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.

To qualify for the PM&E exemption, you must be involved in a qualifying activity and, for most activities, you need to perform the qualifying activity at a qualifying location and meet minimum levels of sales, manufacturing costs (for goods) or development costs (for software).

The following activities qualify for the PM&E exemption and are discussed in the following bulletins.

- Manufacturing – see [Bulletin PST 110](#), *Production Machinery and Equipment Exemption*
- Logging – see [Bulletin PST 112](#), *Logging Industry*
- Geophysical surveying – see [Bulletin PST 111](#), *Mining Industry* and [Bulletin PST 114](#), *Oil and Gas Industry – Exploration, Discovery and Development*
- Exploration for minerals or development of mines, or extraction or processing of minerals – see [Bulletin PST 111](#), *Mining Industry*

- Exploration for, discovery of, or development of petroleum or natural gas – see [Bulletin PST 114](#), *Oil and Gas Industry – Exploration, Discovery and Development*
Note: this exemption is limited to the PM&E listed in the appendix to Bulletin PST 114.
- Extraction or processing of petroleum or natural gas – see [Bulletin PST 113](#), *Oil and Gas Industry – Producers and Processors*

The following activities and equipment do not qualify for the PM&E exemption (this is not a complete list).

- Repairing your customer's exempt PM&E. For example, you enter BC to repair a dehydrator owned by your customer, who qualifies for the PM&E exemption. You do not charge PST on the repairs or the parts, but you must pay PST on the vehicles and equipment you bring into BC.
- Delivering goods into or within BC.
- Vehicles designed for public highway use (except truck-mounted service rigs, and bulldozers, backhoes and excavators for use in the exploration for minerals or development of mines), such as transport trucks.

Examples of How PST Applies to Businesses Entering BC

Example 1 – Well Service Provider

Milkshake Services Ltd. is an Alberta corporation that provides well servicing throughout Alberta and BC. Milkshake brings multiple vehicles, truck-mounted service rigs and pieces of equipment into BC for use. Milkshake owns all its equipment. Milkshake is not registered for PST in BC because it only provides services to real property not subject to PST and services to its customers' exempt PM&E.

Milkshake must pay PST as follows.

- **Vehicles:** All vehicles are subject to PST under the temporary use formula described in [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use*.
- **Equipment:** All equipment is subject to PST under the temporary use formula described in [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use* **unless** it specifically qualifies for the PM&E exemption – see [Bulletin PST 114](#), *Oil and Gas Industry – Exploration, Discovery and Development* and [Bulletin PST 115](#), *Oil and Gas Industry – Service Providers*.
- **Truck-mounted service rigs:** These are exempt from PST if Milkshake qualifies for the PST exemption for “Exploration for, Discovery of, or Development of Petroleum or Natural Gas” described in [Bulletin PST 114](#), *Oil and Gas Industry – Exploration, Discovery and Development*.

Example 2 – Tow Truck Operator

Bill Smith is a sole proprietor who provides towing services in BC and Alberta. Bill leases his one tow truck and owns some small tools. Bill is not registered for PST in BC because the services he provides (towing, roadside battery boosting and roadside tire changing) are exempt from PST.

When Bill brings his tow truck and tools into BC to provide towing services, he must pay PST as follows.

- **Tow truck:** For each rental period that Bill enters BC to provide his services, Bill must pay PST on his tow truck based on the amount of hours the tow truck was used in BC, as described in [Bulletin PST 315](#), *Rentals and Leases of Goods*.
- **Small tools:** Bill's small tools are subject to PST under the temporary use formula described in [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use*.

Example 3 – Real Property Contractor

YQU Developments Inc. (YQU) is an Alberta company that builds new homes. YQU enters into a contract to build a new home in northeastern BC. To complete the contract, YQU brings 3 pickup trucks (1 owned, 2 leased), several tools and other equipment into BC for use. The trucks, tools and equipment will be in BC for 4 months and will be removed from BC when the contract is completed. YQU also brings in some building supplies (e.g. lumber and paint) left over from a previous job.

YQU must pay PST as follows.

- The pickup truck and all tools and equipment owned by YQU are subject to PST under the temporary use formula described in [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use*.
- The two leased pickup trucks are subject to PST based on their use during each rental period as described in [Bulletin PST 315](#), *Rentals and Leases of Goods*.
- The building supplies are subject to PST as described in [Bulletin PST 310](#), *Goods Brought into BC* and [Bulletin PST 506](#), *Real Property Situated Outside BC*.

Example 4 – Hardware Store that Delivers Goods into BC

RAKS Building Supply (RAKS) is a hardware store located in Alberta close to the BC border. RAKS offers delivery services to their customers, including delivering goods into BC. RAKS owns the vehicles it uses to deliver its goods. The vehicles are not prorate licensed as MJVs.

RAKS must pay PST on the vehicles and any other equipment it brings into BC to deliver goods to their customers. PST applies under the temporary use formula as described in [Bulletin PST 307](#), *Goods Brought Into BC for Temporary Use*.

Additionally, RAKS delivers taxable goods to customers in BC and must register to collect and remit PST on these sales.



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

References: *Provincial Sales Tax Act*, sections 1 “affixed machinery”, “improvement to real property”, “related service”, “sale”, “software”, “tangible personal property”, “use”, 37, 41, 49, 51, 79-80.6, 168, 170 and 192; *Provincial Sales Tax Exemption and Refund Regulation*, sections 78 and 90-120; *Provincial Sales Tax Regulation*, sections 75, 77, 79, 80 and 91.