

## **TAX INTERPRETATION NUMBER: RTA 10-07-2**

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Application of Revenue Tax to Swimming Pools and Hot Tubs

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Reference:

*Revenue Tax Act*  
Regulations to the *Revenue Tax Act*

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### **Introduction**

This guide is intended to clarify the application of revenue tax (PST) to the sale, installation, repair and maintenance of various types of swimming pools and hot tubs.

The application of PST to sales of pools, hot tubs, and accessories, and to purchases of swimming pool and hot tub materials and parts, depends on whether the pool or hot tub is tangible personal property or real property.

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### **TAX APPLICATION:**

#### **TANGIBLE PERSONAL PROPERTY**

##### **Retail Sales**

In all cases, where a contractor sells goods directly to the customer and does not install the goods, PST is charged on the invoice to the customer on the GST included retail selling price. This includes goods such as chemicals, swimming pool accessories, heaters,

heat pumps, chlorine generators, automatic chlorinators, automatic controls, pool liners, skimmers, filters, pumps, etc.

### **Freestanding Above Ground Swimming Pools**

Freestanding above ground swimming pools are tangible personal property. As tangible personal property, the sale, installation, repair and maintenance of these goods are subject to PST. PST must be charged on the retail selling price of the pool including all materials and labour required to install the pool. Purchase of parts and materials for freestanding above ground swimming pools by a contractor is PST exempt.

### **Automatic Swimming Pool Cleaners**

Automatic swimming pool cleaners installed in freestanding above ground pools are tangible personal property and PST is due on the retail selling price to supply and install the cleaner. Purchase of the automatic swimming pool cleaner for freestanding above ground swimming pools by a contractor is PST exempt.

### **Solar Blankets for Swimming Pools**

Solar blankets are tangible personal property and are subject to PST on the retail selling price. The charge to install the covers in freestanding above ground pools by the contractor is also subject to PST. Purchase of solar blankets for freestanding above ground swimming pools by a contractor is PST exempt.

### **Service Calls to Repair or Maintain Freestanding Above Ground Swimming Pools**

The labour required to repair or maintain, including to start-up or winterize, a freestanding above ground pool is “repair and installation labour”. The Regulations to the *Revenue Tax Act* define “repair and installation labour” as follows:

- "repair and installation labour" means the labour expended or used to adjust, apply, clean, install, maintain, remodel, rebuild, repair, recondition and service goods which are taxable under the provisions of the Act, but not including labour expended or used in connection with
- (i) the construction, alteration, repair and installation of real property, or
  - (ii) the repair or reconditioning by vendors of goods for resale by vendors.

Therefore, PST is due on the total retail price of a contract to repair or maintain an above ground pool including all parts, materials and labour. A winter safety cover, locked-in cover or glycol that is included in the contract to winterize a freestanding above ground swimming pool is included as part of the materials and is therefore taxable on the selling price.

## **Freestanding Hot Tubs**

Freestanding hot tubs are tangible personal property. Therefore, PST is due on the retail price of the contract, including all parts, materials and labour, to supply, install, repair or maintain including start-up and winterization, freestanding hot tubs. Purchase of parts and materials for freestanding hot tubs by a contractor is PST exempt.

## **Solar Blankets for Hot Tubs**

Solar blankets are tangible personal property and are subject to PST on the retail selling price. The charge to install the covers in freestanding hot tubs by the contractor is also subject to PST. Purchase of solar blankets for freestanding hot tubs by a contractor is PST exempt.

### **NOTE**

A freestanding above ground swimming pool or hot tub installed by the contractor may subsequently be surrounded by/enclosed in a deck by the owner or a contractor working for the owner. In this case the above ground swimming pool or hot tub and surrounding deck become real property (refer to Real Property Contracts section of this guide). Any repairs and maintenance done on the pool or hot tub after being enclosed in a deck are a real property contract, and the PST application rules for an above ground swimming pool or hot tub which is surrounded by/enclosed in a deck apply.

## **REAL PROPERTY CONTRACTS**

The following types of pools and hot tubs are real property:

- In-ground swimming pools
- Above ground swimming pools enclosed by a deck structure
- Hot tubs built into deck structure
- Deck and Fence Construction

## **In-Ground Swimming Pools**

In-ground swimming pools are real property, and contracts to install or maintain these pools are real property contracts. Under the *Revenue Tax Act* contractors who undertake real property contracts are considered to be the consumer of the goods used in fulfilling the real property contract. As the consumer, the contractor is required to pay PST on its cost of materials consumed in the contract. The cost of a good consumed in a real property contract includes the price of the good, GST paid on the good and the cost of freight to bring the good into Prince Edward Island. The PST paid by the contractor then becomes part of the Contractor's costs. No PST is due on the labour component of real property contracts. When billing a customer for a real property contract, no PST should be shown on the sales invoice.

### **Above Ground Swimming Pools with a Deck Structure**

Above ground swimming pools that are enclosed by a permanent deck structure are considered to be real property. If the above ground pool is surrounded by a permanent deck structure to the degree that the pool can no longer be readily dismantled or removed, then the pool has become real property. Contracts to supply and install above ground swimming pools and the surrounding deck structure are real property contracts.

The nature of the contract will not change even if the contractor hires a subcontractor to supply and install the deck structure. The tax application for above ground swimming pools that are enclosed by a permanent deck structure is the same as for in-ground swimming pools.

### **Hot Tubs built into a Deck Structure**

Hot tubs built into a deck structure are real property. The supply and installation, repair or maintenance of hot tubs which are built into deck structures are real property contracts. The contractor is responsible for paying PST on its cost of parts and materials used in the contract. No PST is due on the labour to install, repair or maintain a built-in hot tub and the associated deck. No PST should be shown on the invoice to the customer.

### **Deck and Fence Construction**

The construction of a deck or fence is a real property contract. The contractor is responsible for paying PST on its cost of materials used in a contract to construct a deck or fence at the customer's location.

### **Automatic Swimming Pool cleaners installed by the Contractor**

If the automatic swimming pool cleaner is installed as part of the contract to supply and install an in-ground swimming pool or an above ground swimming pool that includes a surrounding deck structure, then no PST is due on the sale. However, the contractor is responsible to pay PST on its cost of the automatic swimming pool cleaner.

### **Solar Blankets installed by the Contractor**

If the solar blanket for the swimming pool or hot tub is installed as part of the contract to supply and install an in-ground swimming pool or an above ground swimming pool or hot tub that includes a surrounding deck structure, then no PST will be due on the sale. However, the contractor is responsible for paying PST on its cost of the solar blanket.

**Winter safety covers and locked-in covers for in-ground swimming pools and above ground swimming pools or hot tubs with a deck surround/enclosure**

These covers are custom made for the customer's pool or hot tub and are affixed to the pool structure when in use. A supply and install contract for a winter safety cover or locked-in cover for an in-ground swimming pool, or an above ground swimming pool, or hot tub which is surrounded by/enclosed in a deck structure, is a real property contract. The contractor is responsible for paying PST on its cost of parts and materials used in the contract. The contractor must also pay PST on any parts and materials used in a contract to repair or maintain the covers. In addition the real property contract rules also apply to the repair and maintenance of these goods.

**Service calls to repair or maintain in-ground swimming pools and above ground swimming pools or hot tubs which include a deck structure**

The work done to repair or maintain, including to start-up or winterize, an in-ground swimming pool, or an above ground swimming pool, or hot tub which is surrounded by/enclosed in a deck structure, is a real property contract. This work may also include the replacement or repair of parts and materials attached to the swimming pool or hot tub including pumps, filters, liners, pool skimmers and piping.

The contractor is responsible for paying PST on its cost of parts and materials used in the real property contract. No PST is due on the labour to repair or maintain these pools or hot tub. No PST should be shown on your invoice to your customer. Glycol that is included in the contract to winterize these pools is included as part of the materials and therefore the contractor must pay PST on its cost of the glycol.

**FURTHER INFORMATION**

This guide is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this guide and the statutes, the statutes shall prevail.

For copies of the *Revenue Tax Act* and Regulations and any inquires regarding this Revenue Tax Guide, please contact:

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