

Please note that the following Policy Statement, although correct at the time of issue, may not have been updated to reflect any subsequent legislative changes.

GST/HST POLICY STATEMENT  
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P-223           The meaning of “manufacture and assembly of which is completed or substantially completed” in the definition of “mobile home”.

DATE OF ISSUE

January 20, 1999

SUBJECT

The meaning of “manufacture and assembly of which is completed or substantially completed” in the definition of “mobile home”.

LEGISLATIVE REFERENCE(S)

Subsection 123(1) of the *Excise Tax Act* (the “Act”)

NATIONAL CODING SYSTEM FILE NUMBER(S)

11870-1, 11870-4-2 11870-5

EFFECTIVE DATE

April 24, 1996

TEXT

**Issues and Decisions:**

This policy concerns the meaning of “manufacture and assembly of which is completed or substantially completed” in the definition of “mobile home” as it relates to manufactured homes consisting of one or more three-dimensional components (hereinafter referred to as “multi-section mobile/modular homes”). In particular this policy addresses the issue of whether a multi-section mobile/modular home falls within the existing definition of “mobile home” under subsection 123(1) of the Act.

The definition “mobile home” is relevant for purposes of the definitions “builder”, “real property”, “residential unit”, “residential complex”, “residential trailer park”, “single unit residential complex”, and “trailer park”.

A mobile home is generally given the same GST/HST treatment as other residential real property. The term is defined in detail to distinguish it from recreational vehicles, campers, etc. which are recreational in nature rather than residential.

The definition of “mobile home” was amended, effective April 24, 1996, to better reflect today’s manufactured home industry while maintaining restrictions with respect to its use.

Effective, April 24, 1996, the Department's position with respect to the amended definition of "mobile home" encompassed mini-homes (a term applied to a variation of single section module housing and mobile home units for marketing purposes manufactured to either CSA A277 or Z240 building standards) and other similar buildings. Furthermore, the Department interprets the definition of "mobile home" to mean a building that is:

- (a) comprised of one or more components where
  - (i) each component consists of at least one room or living area, and
  - (ii) the manufacture and assembly of each component is completed or substantially completed prior to being moved to a site,
- (b) equipped with complete plumbing, electrical and heating facilities,
- (c) designed to be moved to a site for installation on a foundation and connection to service facilities, and
- (d) to be occupied as a place of residence,

but does not include any travel trailer, motor home, camping trailer or other vehicle or trailer designed for recreational use.

In order to be considered within the Department's interpretation of the definition of "mobile home", multi-section mobile/modular homes are to consist of three-dimensional modules with three walls and a roof/ceiling. In addition, these modules are to be in as finished condition as possible prior to leaving the manufacturer's premises, taking into consideration that they must be transported.

This interpretation of "mobile home" would permit mobile/modular home dealers to pay or credit purchasers of newly manufactured multi-section mobile/modular homes for the amount of a GST/HST New Housing Rebate in respect of these homes.

Moreover, as mobile homes are regarded as real property for GST/HST purposes by virtue of the definition of "real property" under subsection 123(1), registered purchasers of multi-section mobile/modular homes, who are not individuals, would be required to self-assess in accordance ss. 221(2) and 228(4).

However, manufactured homes that consist of multiple two dimensional panels (e.g., panelized and kit homes) delivered to a site in knockdown condition would continue to be excluded from the definition of "mobile home" as there is significant outstanding work to be done in respect of the manufacture and assembly of such homes on the construction site.

Prior to April 24, 1996, the Department's position with respect to the definition of "mobile home" excluded mini-homes, multi-section mobile/modular homes and manufactured homes that consist of multiple two dimensional panels (e.g., panelized and kit homes).

**SAMPLE RULING No. 1**  
**(Single section mobile/modular home)**

**Statement of Facts**

1. A Co. is a corporation registered for GST/HST purposes. It manufactures and sells "mobile/modular" homes that are buildings comprised of a single section consisting of at least two rooms or living areas.
2. The manufacture and assembly of these buildings are completed or substantially completed prior to being moved to a site.
3. These homes are equipped with complete plumbing, electrical and heating facilities and are designed to be moved to a site for installation on a foundation and connection to service facilities to be occupied as a place of residence and are not designed for recreational use.
4. B Co. is a corporation registered for GST/HST purposes that is a mobile/modular home retailer.
5. On May 1, 1997, B Co. purchased a "mobile/modular" home from A Co. and then subsequently sold it to Ms. X for \$50,000 who intended to occupy it as her primary place of residence.

**Ruling Requested**

1. That the homes manufactured and sold by A Co. are "mobile homes" within the definition of "mobile home" found in subsection 123(1) of the Excise Tax Act.
2. That B Co. must self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act.
3. That B Co. would be permitted to pay or credit Ms. X for the amount of a GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act.

## **Ruling Given**

1. The homes manufactured and sold by A Co. qualify as “mobile homes” under subsection 123(1) of the Excise Tax Act as these homes meet the requirements of the definition under subsection 123(1).
2. B Co. must self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act.
3. B Co. would be able to pay or credit Ms. X for the amount of a GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act. Alternatively, Ms. X could apply for the GST/HST New Housing Rebate under section 256 if she so chose.

**SAMPLE RULING No. 2**  
**(Multi-section mobile/modular home)**

**Statement of Facts**

1. A Co. is a corporation registered for GST/HST purposes. It manufactures and sells “mobile/modular” homes that are buildings comprised of two or three components where each section consists of at least one room or living area made up of three walls and a roof/ceiling.
2. In addition, these modules are in as finished condition as possible prior to leaving the manufacturer’s premises, taking into consideration that they must be transported, such that the manufacture and assembly of each component is completed or substantially completed prior to being moved to a site.
3. These homes are equipped with complete plumbing, electrical and heating facilities and are designed to be moved to a site for installation on a foundation and connection to service facilities to be occupied as a place of residence and are not designed for recreational use.
4. B Co. is a corporation registered for GST/HST purposes that is a mobile/modular home retailer.
5. On September 1, 1997, B Co. purchased a “mobile/modular” home from A Co. and then subsequently sold it to Mr. Z for \$100,000 who intended to occupy it as his primary place of residence.

**Ruling Requested**

1. That the homes manufactured and sold by A Co. are “mobile homes” within the definition of “mobile home” found in subsection 123(1) of the Excise Tax Act.
2. That B Co. must self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act.
3. That B Co. would be permitted to pay or credit Mr. Z for the amount of a GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act.

## **Ruling Given**

1. The homes manufactured and sold by A Co. qualify as “mobile homes” under subsection 123(1) of the Excise Tax Act as these homes meet the requirements of the definition under subsection 123(1).
2. B Co. must self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act.
3. B Co. would be able to pay or credit Mr. Z for the amount of a GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act. Alternatively, Mr. Z could apply for the GST/HST New Housing Rebate under section 256 if he so chose.

**SAMPLE RULING No. 3**  
**(Prefabricated (Panelized or Kit) Homes Consisting of Two-Dimensional Panels)**

**Statement of Facts**

1. A Co. is a corporation registered for GST/HST purposes. It manufactures and sells housing consisting of a series of two-dimensional factory produced panels
2. The panels are packaged and delivered in knockdown condition in a container to a building site along with all other materials and components (e.g., screws, bolts, etc.) necessary to complete a house for occupancy.
3. These homes are equipped with complete plumbing, electrical and heating facilities and are designed to be moved to a site for installation on a foundation and connection to service facilities to be occupied as a place of residence and are not designed for recreational use.
4. B Co. is a corporation registered for GST/HST purposes that is a mobile/modular home retailer.
5. On April 1, 1998, B Co. purchased a “mobile/modular” home from A Co. and then subsequently sold it to Mr. D for \$50,000 who intended to occupy it as his primary place of residence.

**Ruling Requested**

1. That the homes manufactured and sold by A Co. are “mobile homes” within the definition of “mobile home” found in subsection 123(1) of the Excise Tax Act.
2. That B Co. must self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act.
3. That B Co. would be permitted to pay or credit Mr. D for the amount of a GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act.

## **Ruling Given**

1. The homes manufactured and sold by A Co. do not qualify as “mobile homes” under subsection 123(1) of the Excise Tax Act as these homes do not meet the requirements of the definition under subsection 123(1). Manufactured housing that consist of multiple two dimensional panels (e.g., panelized and kit homes) would be excluded from the definition of “mobile home” as there is significant outstanding work to be done in respect of the manufacture and assembly of such homes on the construction site.
2. B Co. could not self-assess on the GST/HST on the purchase of the home from A Co. under subsections 221(2) and 228(4) of the Excise Tax Act as these homes are not real property until they are actually affixed to the land.
3. B Co. would not be permitted to pay or credit Mr. D for the amount of the GST/HST New Housing Rebate in respect of this home pursuant to section 254 of the Excise Tax Act as B Co. is not a “builder” for GST/HST purposes.