PST on vehicles

This information sheet is written for consumers who are acquiring a vehicle privately or importing a vehicle on or after April 1, 2013. This sheet has been prepared for your convenience and is not intended to be a replacement for the legislation. For detailed information on the new tax rules, we encourage you to speak to your Broker.

Tax on privately acquired vehicles in BC

1. When do the new PST tax rules become effective?
   BC’s Provincial Sales Tax (PST) will generally apply to a vehicle that is acquired in BC or imported into BC after March 31, 2013.

2. What are the PST tax rates?
   If you purchase a vehicle in a private sale or receive it as a gift in certain circumstances (i.e., from an individual), the PST rate is 12%.
   If you paid 5% GST at the time you purchased or imported the vehicle, but no other tax, you will have to pay 7% PST plus luxury surtax (if applicable).
   Luxury surtax applies to passenger vehicles when the value for tax exceeds:
   - $55,000 to $55,999.99: 7% plus 1%
   - $56,000 to $56,999.99: 7% plus 2%
   - $57,000 and over: 7% plus 3%
   For tax purposes, a passenger vehicle is defined as a motor vehicle designed primarily as a means of transport for individuals. For example, trucks and vans larger than three-quarter ton, camperized vans, motor homes, buses and motorcycles with engines of 250 cc or less are not passenger vehicles.
   PST is generally payable at the time the vehicle is registered with your Autoplan Broker. However, if you delay registering the vehicle, you may be required to pay PST directly to the BC Ministry of Finance.

3. If I import a vehicle from another part of Canada or the US do I have to pay PST?
   Yes, unless a specific exemption applies.
   If you purchased the vehicle from a GST registrant in Canada, you are required to pay PST at a rate of 7% plus luxury surtax if applicable. Note: The value of a trade-in does not reduce the value on which tax is payable unless the traded-in vehicle was registered in BC.
   When a vehicle is imported into BC from the US, the Canadian Border Services Agency will collect 5% GST at the border. You are required to pay PST at a rate of 7% plus luxury surtax if applicable on the value for duty, plus duty and excise tax when you register the vehicle. Note: The value of a trade-in and the federal personal allowance claimed at the border do not reduce the value on which tax is payable.
   If you purchased the vehicle in a private sale, within Canada or the US, or received it as a gift in certain circumstances (i.e., from an individual), you are required to pay PST at 12%.
   PST is calculated on the depreciated value of the vehicle. For further information consult your Autoplan Broker.

Exemptions

4. Can I give my vehicle to my friend, or to my sister?
   If you give your vehicle to a friend, your friend will have to pay PST on the fair market value of the vehicle. Gifts between related individuals, such as a sister are tax-exempt, if all other criteria are met.
   See question 5 below for more information on this exemption

5. What is the exemption for vehicles received as a gift?
   You are exempt from PST if the person who gave you the vehicle meets the criteria of a qualified related individual, and
   • paid any one of the following taxes on the purchase of the vehicle:
     - PST (under the Provincial Sales Tax Act),
     - Tax on Designated Property (under the Consumption Tax Rebate and Transition Act),
     - a provincial portion of the Harmonized Sales Tax (HST),
     - PST (under the Social Service Tax Act), or
     - sales tax of another province,
• was exempt from PST (under the Provincial Sales Tax Act), Tax on Designated Property (under the Consumption Tax Rebate and Transition Act) or PST (under the Social Service Tax Act) that would have otherwise been payable.

Note: Loan takeovers are not considered gifts. PST is payable on the outstanding amount.

6. Who is a qualified related individual?
The following relationships qualify:
• a person’s spouse, child, grandchild, great grandchild, parent, grandparent, great grandparent or sibling,
• the spouse of a person’s child, grandchild or great grandchild, or
• the child, parent, grandparent or great grandparent of a person’s spouse.
A qualified related individual also includes ‘step’ relationships.

7. What is the process for claiming gift exemptions?
To claim the exemption, both you and the person who gave you the vehicle must complete and sign the BC Ministry of Finance Gift of a Vehicle form (FIN319) prior to registering or licensing the vehicle with ICBC. Retain the completed form as it is subject to audit once the exemption has been provided. The Ministry of Finance regularly follows up on these types of transactions to confirm that the criteria for the exemption are met.

If you are unable to provide the documentation at the time of registration, you are required to pay tax on the fair market value of the vehicle. If you later have the required documentation you may apply to the Ministry of Finance for a refund of the PST you paid.

If you received a vehicle as a gift and you are not a qualified related individual or the qualifying tax has not been paid, then the applicable tax must be paid on the fair market value of the vehicle.

8. Are there other exemptions?
There are a number of other exemptions from PST that you may qualify for, including, but not limited to:
• settler’s effects;
• vehicles that are received as part of the distribution of a deceased’s estate;
• vehicles that are won as part of a lottery or prize.
Your broker can provide further information on exemptions and the documentation required to substantiate the exemption.

Refunds
9. What is the process to request a refund of tax paid?
Send an application request for a refund to the Ministry of Finance at:
Refund Section
PO Box 9628 Stn Prov Govt
Victoria BC V8W 9N6

Neither ICBC nor your Autoplan Broker can refund PST.

Note: the Ministry of Finance may only pay a refund in situations authorized under the Provincial Sales Tax Act and its regulations.

Other information
10. What documents should I bring to my ICBC Autoplan Broker?
Be sure to bring appropriate personal identification documents as well as all documentation related to the transaction or import, including the Transfer Tax form, the Bill of Sale, the vehicle registration document, and any import or customs forms.

11. How long do I need to retain the transaction documents?
Generally documentation on vehicle transactions must be retained for a minimum of five years as the transaction and supporting documents are subject to audit by the Consumer Taxation Branch.

12. What is the role of the Ministry of Finance, ICBC, and the Autoplan Broker in collecting taxes on passenger vehicle transactions?
ICBC acts on behalf of the Ministry of Finance by collecting tax through its network of Autoplan Brokers. Neither ICBC nor its Autoplan Brokers can refund tax.

13. Where can I get more information?
For additional information please see the Ministry of Finance bulletin PST on Vehicles, available online at: http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_308.pdf

If you have any questions, please consult with your Autoplan Broker or contact the Ministry of Finance, toll free at 1-877-388-4440 or e-mail your questions to CTBTaxQuestions@gov.bc.ca

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