



Canada Revenue  
Agency

Agence du revenu  
du Canada

# Harmonized Sales Tax and the Provincial Motor Vehicle Tax

## Is this guide for you?

This guide explains whether or not you have to pay tax when you register a motor vehicle in British Columbia, New Brunswick, Nova Scotia, Ontario, or Newfoundland and Labrador.

## What's new?

### **Proposed change to the place of supply rule for specified motor vehicles**

Under proposed changes, new place of supply rules may apply to sales of specified motor vehicles in certain circumstances. For more information, see "What tax do I pay?" on the next page.

If you have a visual impairment, you can get our publications in braille, large print, etext (CD), or MP3. For more information, go to [www.cra.gc.ca/alternate](http://www.cra.gc.ca/alternate) or call 1-800-959-2221.

La version française de cette publication est intitulée *La taxe de vente harmonisée et la taxe provinciale sur les véhicules à moteur*.

## Definitions

**Motor vehicle** – means any vehicle that has to be registered for highway use in your province. Examples include:

- passenger vehicles;
- trucks and other freight-transportation vehicles;
- recreational and sporting vehicles such as snowmobiles and all-terrain vehicles;
- travel and tent trailers, as well as snowmobile, boat, and other trailers or semi-trailers for on-road use;
- motorcycles, scooters, and mopeds;
- tractors; and
- special-purpose motor vehicles such as tow trucks, mobile cranes, firefighting vehicles, cement-mixer trucks, road sweepers, spraying vehicles, mobile workshops, and mobile radiology units.

**Participating province** – means the province of British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario.

**Specified motor vehicle** – means most motor vehicles, other than certain racing cars, and any prescribed motor vehicle.

## Harmonized sales tax and the provincial motor vehicle tax

### Harmonized sales tax

The participating provinces have harmonized their provincial sales tax with the goods and services tax (GST) to implement the harmonized sales tax (HST) in those provinces. The HST has the same basic operating rules as the GST and applies to the same base of supplies of goods and services that are taxable under the GST.

The Canada Revenue Agency (CRA) administers HST on behalf of the participating provinces.

If you buy a motor vehicle in a participating province or bring a motor vehicle into a participating province, you may have to pay either the provincial part of the HST or a provincial motor vehicle tax (referred to as the retail sales tax in Ontario) when you register the vehicle.

The HST rates vary depending on the province. The following chart shows the applicable GST/HST rates.

GST/HST Rates		
	Before July 1, 2010	On or after July 1, 2010
Ontario	GST at 5%	HST at 13%
British Columbia	GST at 5%	HST at 12%
Nova Scotia	HST at 13%	HST at 15%
New Brunswick	HST at 13%	HST at 13%
Newfoundland and Labrador	HST at 13%	HST at 13%
Territories and other provinces in Canada	GST at 5%	GST at 5%

### What tax do I pay?

#### Harmonized sales tax (HST)

You may have to pay the provincial part of the HST when you bring a vehicle into a participating province from another province or from outside Canada and you were not required to pay the provincial part of the HST at the rate for the participating province for the supply or taxable importation of the vehicle.

Whether the provincial part of the HST applies for a motor vehicle brought into a participating province generally depends on the place of supply of the vehicle.

Under the general place of supply rule that applies to the sale of goods, the supply of a specified motor vehicle by way of sale is made in a province if the supplier delivers the vehicle or makes it available in the province to the recipient of the supply. The application of this place of supply rule is generally based on the province in which legal delivery of the vehicle to the recipient occurs. However, for purposes of this rule, a vehicle is also deemed to be delivered in a province if the supplier ships the vehicle to a destination in the province specified in the contract for carriage of the vehicle, or transfers possession of the vehicle to a common carrier or consignee that the supplier has retained on behalf of the recipient to ship the vehicle to the province.

The Department of Finance Canada intends at the earliest opportunity to recommend a regulatory change to the place of supply rules made under the GST/HST legislation that would deem the supply of a motor vehicle by way of sale to be made in a particular province in which the vehicle is registered if that registration occurs within seven days after the day on which delivery of the vehicle to the recipient in a participating province (other than the particular province) occurs. Therefore, the CRA has begun administering the new place of supply rule, where suppliers choose to apply the rule.

For more information, see GST/HST Info Sheet GI-119, *Harmonized Sales Tax – New Place of Supply Rule for Sales of Specified Motor Vehicles*.

## Provincial Motor vehicle tax

If you did not pay any GST/HST on the vehicle (for example, you bought it through a private sale), you may have to pay the provincial motor vehicle tax when you register the vehicle. Your provincial government imposes and administers this tax, which is separate from the GST/HST. You cannot recover it as an input tax credit (ITC) even if you are a GST/HST registrant and use the vehicle for commercial purposes. Contact your provincial vehicle registration office, or local provincial tax administration office, for rules specific to your province.

### Note

If you use your vehicle for commercial purposes and have registered it in Nova Scotia and paid the provincial motor vehicle tax, you can apply for a rebate of the tax. You will have to show proof that you are registered for the GST/HST, such as your CRA Business Number. For more information and application forms, call Service Nova Scotia and Municipal Relations at 1-800-670-4357. If you paid only the GST on the vehicle (for example, you bought it from a GST/HST registrant in a non-participating province or you imported the vehicle), you may have to pay the provincial part of the HST when you register the vehicle.

In some cases, you may not have to pay the provincial motor vehicle tax. Some of these exceptions include the following:

- You purchased your vehicle in a participating province from a GST/HST registrant (for example, a fisher or farmer) who used the vehicle for commercial purposes. The registrant should have collected HST.
- You are moving from one participating province to another participating province, and you have already paid HST on the vehicle.
- You lived in a non-participating province before moving to a participating province, and owned and used your vehicle before the move. (This depends on how long you owned the vehicle and whether you paid the provincial sales tax (PST) in a non-participating province.)

### Note

If you are registering your vehicle in Nova Scotia, you do not have to show proof that you paid PST in a non-participating province.

- You are returning to Canada after an absence of at least one year, and you owned your vehicle and used it abroad for at least six months.
- You inherited the vehicle.

For more information, contact your provincial motor vehicle registration office, or local provincial tax administration office.

## When do I have to pay the provincial part of the HST?

Generally, you have to pay the provincial part of the HST when you register your vehicle. Your provincial motor vehicle registration office will collect the provincial part of the HST for the CRA. If you are not required to register the vehicle, you may still have to pay the provincial part of the HST directly to us by self-assessment. For more information, see “When do I have to self-assess the provincial part of the HST?” below.

## When do I have to self-assess the provincial part of the HST?

Generally, you have to self-assess the provincial part of the HST for a motor vehicle, or an amount for the difference in the HST rates, if you bring the vehicle from a province with a lower HST rate or a non-participating province or import the vehicle into the participating province and the provincial laws relating to motor vehicle registration do not require you to register the motor vehicle in that province.

If you are not required to register the vehicle, you self-assess and pay the provincial part of the HST, or the amount that reflects the difference in the HST rates, by using Form GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*.

## Do the provinces and the CRA calculate tax on the same value?

The participating provinces use the same value to calculate the provincial part of the HST as the CRA uses to calculate the GST.

## Can I recover the provincial part of the HST?

If you are a GST/HST registrant and are using the vehicle for commercial purposes, you can recover the provincial part of the HST as an ITC when you file your regular GST/HST return (subject to the usual ITC entitlement rules). For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

**Remember that you cannot recover the provincial motor vehicle tax as an ITC.** However, in Nova Scotia, you can apply for a rebate of the tax if you are a GST/HST registrant and you use your vehicle for commercial purposes. For more information, call Service Nova Scotia and Municipal Relations at 1-800-670-4357.

## Registering a vehicle in a participating province

The table below summarizes the type of tax you generally have to pay on a vehicle you purchased when you register your vehicle in a participating province.

Place of supply	Tax payable on purchase or importation	Tax payable on registration
In a participating province where the provincial part of the HST is the same or higher and the vehicle was purchased from a GST/HST registrant	HST at the same or higher rate	None
In a participating province where the provincial part of the HST is lower and the vehicle was purchased from a GST/HST registrant	HST at lower rate	The difference between the two HST rates
In a non-participating province where the vehicle was purchased from a GST/HST registrant	GST	Provincial part of the HST
In a participating province or a non-participating province, and the vehicle was purchased from a non-registrant	None	Provincial motor vehicle tax
Outside Canada	GST	Provincial part of the HST

## For more information

### What if you need help?

If you need help after reading this publication, go to [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) or call 1-800-959-5525.

If you need more information about the provincial motor vehicle tax, contact your local provincial tax administration office.

### Forms and Publications

To get our forms or publications, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call 1-800-959-2221.

### Our service complaint process

If you are not satisfied with the **service** that you have received, contact the CRA office you have been dealing with. If the matter is not resolved, you can choose to file a service complaint. If you are not pleased with the way the CRA handles your complaint, you can contact the Office of the Taxpayers' Ombudsman. For more information, go to [www.cra.gc.ca/complaints](http://www.cra.gc.ca/complaints) or see Booklet RC4420, *Information on CRA – Service Complaints*.

For information about the Taxpayers' Ombudsman and how to file a complaint, go to [www.oto-boc.gc.ca](http://www.oto-boc.gc.ca).

### Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



**Taxpayer Services Directorate**  
**Canada Revenue Agency**  
 750 Heron Road  
 Ottawa ON K1A 0L5