



Multijurisdictional Vehicles

Provincial Sales Tax Act

This bulletin provides information on how the multijurisdictional vehicle tax applies to multijurisdictional vehicles effective April 1, 2013.

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Overview

A multijurisdictional vehicle (MJV) is a vehicle licensed under the International Registration Plan (IRP).

The IRP is a distribution system for licence fees and taxes for MJV operators who travel in two or more member jurisdictions. Licensing under the IRP is commonly referred to as prorate licensing.

If a vehicle is not licensed under the IRP, it will be taxed using the provincial sales tax (PST) rules that apply to all other vehicles.

Taxes, Exemptions, Credits and Refunds

MJV Tax

When a licence is obtained or renewed for an MJV in BC, the person who licenses the vehicle will be required to pay the multijurisdictional vehicle tax (MJV tax). Similarly, when an MJV licensed in another jurisdiction is used in BC, the MJV tax will apply.

In BC, the MJV tax will be collected by the Insurance Corporation of British Columbia (ICBC) at the time of licensing.

The MJV tax is being re-implemented April 1, 2013, with the re-implementation of the PST. As a result, if you obtain or renew a licence for an MJV before April 1, 2013, no MJV tax will be payable. This applies even if the licence takes effect on or after April 1, 2013.

More information about the calculation of MJV tax will be provided in the near future.

Exit Tax

If a vehicle ceases to be licensed as an MJV, 7% PST (exit tax) may apply to the depreciated value of the vehicle. Generally, the exit tax will not apply if:

- the vehicle is leased;
- the vehicle, under its current ownership, has been previously licensed for use solely within BC; or
- the vehicle, when it ceases to be licensed as an MJV, is licensed for use in another jurisdiction and is not licensed for use in BC.

Exemptions

If a vehicle is purchased or leased and that vehicle will immediately be licensed as an MJV, no PST will be payable to the seller or lessor. The person who licenses the vehicle as an MJV will instead pay MJV tax when they obtain a prorated licence.

PST does not apply to:

- parts obtained for use in MJVs;
- the purchase or lease of a trailer used **solely** with MJVs, nor on parts obtained for use in such trailers; and
- related services provided to an MJV or to a trailer used **solely** with MJVs.

Credits

In some circumstances, credits that will reduce the amount of MJV tax or exit tax payable on a vehicle will be provided by ICBC. The following events may result in the generation of a credit:

- the requirement to pay exit tax;
- the transfer of an MJV from one fleet to another;
- the licensing of a vehicle as an MJV before the end of the 4th calendar year after its year of acquisition, if a BC tax (PST, tax on designated property, or the provincial portion of HST) was paid when the vehicle was acquired and the person who paid the tax has not obtained and is not entitled to obtain a refund, rebate or credit, including input tax credits; and
- the use of an MJV as a trade-in against the purchase of a new MJV.

Refunds

The ministry may provide refunds in certain circumstances, including:

- when the ratio of BC travel to total travel has been estimated, and a later reconciliation to actual travel distances results in a finding that the estimate was high;
- when an MJV licensed outside BC is transferred from one fleet to another;
- when no exit tax is payable on a vehicle that ceases to be licensed as an MJV;
- when an MJV is traded in against the purchase of a new MJV and the new vehicle is licensed outside BC;
- when tax is paid on a vehicle used in place of an MJV that is being repaired; and
- when an MJV is a short-term rental vehicle and is primarily leased to other persons, and where PST is charged and remitted on such leases.

The availability of credits and refunds is subject to conditions. More information will be provided in the near future.



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