

Ministry of Finance

Tax Notice



ISSUED: March 2011

Notice 2011-002

www.fin.gov.bc.ca/rev.htm

Gift Vehicles and the Tax on Designated Property

Consumption Tax Rebate and Transition Act

This notice provides information about the exemption from the tax on designated property for vehicles provided as a gift.

Definitions

Vehicle means a device in, on, or by which a person or thing is, or may be, transported or drawn on land, but does not include a device designed to be moved by human power, a device used exclusively on stationary rails or tracks, a motor-assisted cycle, as defined in the *Motor Vehicle Act*, or a mobility aid as defined in the *Motor Vehicle Act* regulations.

Specified motor vehicle generally includes all motor vehicles, but does not include racing cars and non-motorized vehicles, such as horse-drawn carriages.

Overview

Effective July 1, 2010, vehicles purchased in British Columbia from a person who is not a GST/HST registrant (i.e. at a private sale) are subject to a 12% provincial tax on designated property (TDP). TDP also applies to specified motor vehicles purchased at a private sale in another province and then brought into British Columbia.

Gifts of vehicles in British Columbia and from out of province are exempt from TDP under certain circumstances, as outlined below.

Qualifying for the Gift Exemption

Gifts in British Columbia

A person is not required to pay TDP on a British Columbia vehicle received as a gift in British Columbia.

A British Columbia vehicle is one that is registered in British Columbia to the person giving the vehicle away (the donor).

In the case of vehicles that are not required to be registered, a British Columbia vehicle is one that was purchased in, or brought into, British Columbia where it was kept and used by the donor in British Columbia.

Gifts from Out of Province

A person is exempt from the requirement to pay TDP on a vehicle from another province received as a gift if the donor paid one of the following taxes on the gift:

- the social service tax (PST),
- the TDP,
- the provincial component of the HST¹(paid in a province that imposes HST), or
- the sales tax imposed by another province.

If the donor did not pay one of these taxes on the vehicle, the recipient of the vehicle is not eligible for the gift exemption and is required to pay the 12% TDP on the fair market value of the vehicle at the time of registration.

Proof of payment of one of these taxes is required at the time of vehicle registration in order for an Autoplan broker to process the registration of the gift vehicle exempt from TDP.

A vehicle that is registered to the donor in another province and then provided as a gift is considered a gift from out of province.

A vehicle that is not required to be registered and is provided as a gift is considered a gift from out of province if the vehicle was kept and used by the donor in another province, even if the donor brings the vehicle to British Columbia for the purpose of providing the gift.

Transfers that Do Not Qualify as a Gift

For a vehicle to be considered a gift, there must be no consideration exchanged between the donor and gift recipient. Please note, taking over a loan on a vehicle is not considered a gift. TDP will be payable on the outstanding loan amount. Other forms of consideration, such as trades, also do not constitute a gift of a vehicle.

Documentation Required

Gift of Designated Property Form

Effective May 1, 2011, the *Gift of Designated Property* form ([FIN 319](#)) must be completed prior to the registration of the vehicle in order for a gift exemption from TDP to be

¹ May be called PVAT in other participating provinces and includes the British Columbia portion of the HST

provided at the time of registration. This form replaces the existing gift letter previously used by gift recipients. Both the donor and recipient of the vehicle must complete and sign the new form. The form must be completed in full and presented at the time of vehicle registration to qualify for the exemption. The Autoplan broker is not required to keep a copy of this form. It should be retained by the recipient of the vehicle for audit purposes. Failure to complete this form in full will result in the requirement to pay TDP at the time of registration. The form is available on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Designated_Property/designated_property.htm

Proof of Tax Paid on Out of Province Gifts

For a vehicle that is a gift from out of province, the recipient of the vehicle will need to provide proof that the donor paid one of the qualifying taxes on the vehicle to be eligible for the gift exemption. Acceptable supporting documents for proof of tax paid include:

- the original bill of sale from the dealer or vendor that shows provincial sales tax or the provincial component of the HST paid to the dealer/vendor,
- for private sales (purchases from a non GST/HST registrant), the receipt from the provincial authority that collected provincial sales tax or the provincial portion of the HST,
- if originally purchased privately in British Columbia before being registered in another province, the donor's copy of the *Transfer/Tax Form* (APV9T) to prove payment of PST, TDP or HST (British Columbia).
- If none of the above documents are available, a notarized statement from the donor identifying which qualifying tax was paid, the year in which it was paid and the circumstances under which it was paid (e.g. to a provincial authority or to a vendor).

Documentation supporting proof of payment of a qualifying tax is not required for gifts of British Columbia vehicles.

Responsibilities of Donors and Recipients

Donors and recipients are required to provide accurate information with respect to the gift of a vehicle. Failure to provide accurate information or claiming a gift exemption in circumstances in which tax is required to be paid (see above, Transfers that Do Not Qualify as a Gift), may result in an assessment of tax, penalty and interest. In the case of a willful evasion of tax, a willful attempt to evade payment of tax, or a willful conspiring with another person to evade or attempt to evade tax, the donor and/or recipient may be charged with an offence under the *Consumption Tax Rebate and Transition Act*.

Further Information

If you have any questions, please call us toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. The *Consumption Tax Rebate and Transition Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Designated_Property/designated_property.htm