

Vehicle Services and Parts

Provincial Sales Tax Act

This bulletin provides information on how the provincial sales tax (PST) applies to services and parts for vehicles. This bulletin does not provide information on how tax applies to services provided to multijurisdictional vehicles registered under the International Registration Plan (IRP). For more information on multijurisdictional vehicles, please see [Bulletin PST 135](#).
Multijurisdictional Vehicles.

Table of Contents

Overview.....	1
Taxable Services and Parts.....	2
Exempt Services, Parts and Materials.....	3
Other Exemptions.....	5
Bundled Sales	6
Purchases for Your Business	6
Courtesy Vehicles.....	8
Service Contracts	9

Overview

Definitions

In this bulletin:

- **Goods** mean tangible personal property as defined in the *Provincial Sales Tax Act*. Tangible personal property is personal property that can be seen, weighed, measured, felt or touched, or that is in any way perceptible to the senses, and includes:
 - natural or manufactured gas,
 - electricity,
 - heat,
 - affixed machinery, or
 - an improvement to real property or part of an improvement to real property that is removed from the site at which it is affixed or installed, while it is removed from that site.
- **Related services** are services provided to tangible personal property (goods) or services provided to install goods. Generally, if a good is taxable when purchased (e.g. a motor vehicle), services provided to that item (e.g. vehicle repair and maintenance) are also taxable unless a specific exemption applies.

Vehicle Services and Parts

Services provided to vehicles are related services. You charge PST on related services and parts for vehicles at a rate of 7%, unless a specific exemption applies. This includes:

- new and used parts and materials for vehicles, such as replacement parts, tools, paints, fluids and accessories, and
- most services to vehicles, such as tune-ups, oil changes, repairs, maintenance, painting, and the installation of windshields, tires, mufflers or other parts.

You charge PST on the full purchase price for your services, including charges for parts, labour, shop supplies and travel time.

Taxable Services and Parts

You charge PST on the following services and parts for vehicles:

- adjusting vehicles or parts
- assembling vehicles or parts
- auto body repairs
- axle repairs
- battery recharging, including roadside battery recharging
- brake replacement and repairs
- changing tires (emergency roadside tire changing services are exempt)
- dismantling vehicles or parts
- electrical repairs and services
- fuel injection repairs
- glass installation and repairs
- installation services (e.g. batteries, mufflers and other vehicle parts)
- maintenance services to vehicles or parts
- muffler replacement and repairs
- oil and lube changes - including oil disposal charges
- painting
- polishing (vehicle waxing services, including polishing that occurs as part of waxing vehicles, are exempt)
- protective coatings and services to apply them (vehicle waxing services are exempt)
- reconditioning, refinishing or restoring vehicles or parts
- repairing vehicles or parts
- tire changes, installation, recapping, repairing, retreading, replacement (emergency roadside tire changing services are exempt)
- upholstery replacement

Please note: This is not a complete list.

Shop Supply Charges

Some vehicle service providers require their customers to pay an amount, such as a percentage of the bill, for shop supplies used in providing the service. Shop supplies include items such as rags, paper towels, masking tape, oil for tools or machinery, and cleaning supplies. For the purposes of calculating the PST, the shop supply charges form part of the purchase price that your customer pays to receive related services. Therefore, if the related services are taxable, you are required to charge and collect PST on charges for shop supplies.

Sales to Non-Resident Customers

You charge PST on services and parts for vehicles you provide to non-residents in BC, including while they are visiting BC, unless the service or parts are specifically exempt (please see the section below, Exempt Services, Parts and Materials).

Exempt Services, Parts and Materials

Generally, the services, parts and materials for vehicles described below are exempt from PST.

However, some services indicated below are **not** exempt if you also provide a related service that is subject to PST.

For example, if you provide only a diagnostic service to a vehicle, it is exempt from PST. However if you provide a diagnostic service and also provide a repair service, both services are subject to PST as the repair service is a taxable related service.

Exempt Services

Cleaning Services

The following services are not exempt if provided with a related service that is subject to PST:

- cleaning services
- engine shampooing/cleaning and power washing
- upholstery cleaning
- washing

Many auto detailing packages include related services that are not exempt from PST (e.g. scratch removal, touch-up painting, polishing, protective coating services other than waxing). If an auto detailing package includes cleaning services **and** related services that are not exempt, the full purchase price of the auto detailing package is subject to PST.

Diagnostic, Testing and Safety Inspection Services

The following services are not exempt if provided with a related service that is subject to PST:

- diagnostic services
- estimating services
- safety inspections
- testing services

Roadside and Emergency Services

- battery boosting – excludes battery recharging
- delivering gas (e.g. roadside service)
- roadside tire changing
- roadside unlocking services
- towing services, including retrieval fees

Other

- motor vehicle waxing
- related services provided to install any of the Exempt Parts and Materials listed below

Exempt Parts and Materials

Aerodynamic Devices

The following devices are exempt from PST if designed to reduce wind-resistance and improve fuel efficiency.

- aerodynamic bumpers
- base flaps
- boat tails
- tank skirts
- tractor roof fairings
- trailer side skirts
- tractor-trailer gap fairings

Devices for Use in Transporting Individuals with Disabilities

- auxiliary driving controls – that facilitate the operation of a motor vehicle by individuals with disabilities
- car-top lifts for lifting and storing wheelchairs on top of motor vehicles
- power-operated and manually operated lifts designed to facilitate entry to otherwise inaccessible vehicles, including automatic tailgates or side lifts for motor vehicles
- specially designed ramps to move a wheelchair and occupant into a motor vehicle or building
- parts and materials (e.g. installation materials) that become attached to, or part of, motor vehicles that are obtained solely for the purpose of:
 - modifying a motor vehicle (other than an MJV) to facilitate the use of the vehicle by, or the transportation of, an individual using a wheelchair
 - equipping a motor vehicle (other than an MJV) with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability

For more information on exemptions for individuals with disabilities, please see [Bulletin PST 207](#), *Medical Supplies and Equipment*.

Electricity, Natural Gas and Propane Conversion Kits

Natural gas and propane conversion kits for internal combustion engines are exempt from PST. Kits to convert motor vehicles to operate solely on electricity are also exempt from PST.

Please note: If a person purchases a vehicle that has a conversion kit already installed, the person does not get a partial exemption or PST reduction for the portion of the purchase price that applies to the conversion kit. In this case, the person pays PST on the full purchase price of the vehicle.

Other Exemptions

Goods Brought or Sent into BC Solely to Receive Related Services

You do not charge PST on related services provided to goods (e.g. vehicles, engines) that are temporarily brought or sent into BC for the sole purpose of receiving the related services. In this situation, you must keep the following documentation to show why you did not collect PST:

- When available, shipping invoices or bills of lading showing the date the goods were shipped into BC and the date they were shipped from your location to an out-of-province location, or to another service provider's location, are accepted as verification.
- If shipping invoices are not available, a written statement signed by the customer must be obtained. The statement must contain the customer's certification that the goods have been brought into BC solely to receive related services, and that they will be removed from BC as soon as the services have been performed.

Please note: This exemption does not apply when related services are provided to goods that are not in BC for the sole purpose of receiving the related services (e.g. repairs provided to a tourist's car).

Sales to First Nation Individuals and Bands

You do not charge PST on related services and parts purchased by First Nation individuals and bands in certain situations. For more information on exempt sales to First Nation individuals and bands, please see [Bulletin PST 314](#), *Exemptions for First Nations*.

Sales to Other Businesses

If you provide related services to vehicles that your customer stores, keeps or retains for the sole purpose of resale or leasing, you may provide the related services, and any parts that you install, exempt from PST if you follow the procedures described below.

You also do not charge PST when the Insurance Corporation of British Columbia (ICBC) pays for repairs to a vehicle belonging to a rental company's rental fleet, as long as you obtain the rental company's PST number.

Please note: PST applies to related services provided to vehicles that are not stored, kept or retained for the sole purpose of resale or leasing by other businesses. For example, if you repair a truck that is used by a motor vehicle dealer as a parts delivery truck, you are required to charge and collect PST. However, if you repair a truck that the same motor vehicle dealer stores, keeps or retains for the sole purpose of resale or leasing, the motor vehicle dealer may claim an exemption from PST on the repair.

Your customers may also purchase related services or parts for resale to others. If a customer tells you that they are purchasing related services or parts for resale, you are not required to charge and collect PST as long as you obtain the purchaser's PST number or if the purchaser does not have a PST number, a completed *Certificate of Exemption – General* form ([FIN 490](#)). To show why you did not collect PST on these sales, record the purchaser's PST number on the bill, invoice or receipt or retain the completed *Certificate of Exemption – General* form ([FIN 490](#)).

Bundled Sales

If you sell an exempt good or service with a taxable good or service for a single price, you charge PST based on the rules for bundled sales of taxable and non-taxable goods and services. For more information on bundled sales, please see [Bulletin PST 316: Bundled Sales: Taxable and Non-taxable Goods or Services Sold Together for a Single Price](#).

Purchases for Your Business

Taxable Business Assets

You pay PST on the purchase or lease of new or used taxable goods that you use in your business, such as:

- stationery, furniture, display cases and office equipment
- advertising materials, such as flyers and brochures
- goods you purchase to give away as free promotions
- computer hardware
- shop supplies – supplies that do not become part of the vehicles you are servicing (e.g. rags, paper towels, masking tape, oil for tools or machinery and cleaning supplies)
- equipment used to perform your services, such as tools, machinery, hydraulic lifts, diagnostic machines, paint spraying equipment, hammers, screwdrivers and welders
- delivery and other business vehicles, including parts to repair the vehicles. PST may apply differently if you are a motor vehicle dealer. For more information, please see [Bulletin PST 116, Motor Vehicle Dealers and Leasing Companies](#)

You also pay PST on software, unless a specific exemption applies (e.g. custom software). For more information, please see [Bulletin PST 105, Software](#).

You pay PST on related services that you purchase for your own equipment, such as repairs to your tools. For more information, please see [Bulletin PST 301, Related Services](#).

If the supplier does not charge you PST on the above items, you self-assess and remit the PST due with your next tax return. If you are not registered for PST, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you purchased or leased the taxable items. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

Bonus Items

You may provide goods or services as bonus items with the purchase of other goods or services. For example, you may give your customer the 10th oil change free when your customer buys 9 oil changes. You do not pay PST when you give away a taxable good or service with the purchase of another good or service, such as when your customer buys 9 oil changes and gets 1 free. In this case your customer has already paid the PST. You do not charge your customer PST because all 10 oil changes were offered at a discounted price (i.e. 10% off each oil change).

Promotional Materials

Promotional materials are goods you use, give away or sell below cost to help advertise or promote your business. Examples of promotional materials include samples, gifts, premiums and prizes, and goods that are given away as part of a loyalty or rewards points program.

You must pay PST on all taxable goods you purchase or make as promotional material. For example, you must pay PST if you buy calendars that you will give away to promote your business.

For more information on promotional material, please see [Bulletin PST 311](#), *Promotional Materials*.

Goods for Resale

You do not pay PST on the following:

- goods you purchase solely for resale or lease to your customers
- parts and materials that will become part of the vehicle you are servicing, such as replacement parts, grease, glue, fabric protectors and paint
- services for vehicles that you purchase from a third party, such as when you send a customer's vehicle to an auto body shop for repairs (generally, you charge and collect PST on the resale of those vehicle services to your customer)

To purchase the above items exempt from PST, give the supplier your PST registration number or, if you are not registered for PST, a completed *Certificate of Exemption – General* form ([FIN 490](#)).

Change in Use

If you take taxable goods, such as parts, from your resale inventory for business or personal use, you self-assess PST on your cost of the goods.

If you are registered for PST, you must self-assess and remit the PST due on your next PST return. If you are not registered for PST, you must self-assess the PST due using a *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month you used the goods for a taxable purpose.

If you purchase both exempt goods for resale and taxable goods you will use in your business as a single purchase, you need to tell the supplier which goods are exempt and which goods are taxable.

Goods from Out-of-Province Suppliers

If you purchase or lease taxable goods or services from an out-of-province supplier, you pay PST on the total purchase price, including charges for transportation, customs, excise and any other costs, except the federal goods and services tax (GST). If the supplier does not charge you PST at the time of the sale or lease, you must self-assess the PST due. If you have a PST number, you must self-assess the PST due on your next PST return.

If you do not have a PST number, you must self-assess the PST due using the *Casual Remittance Return* ([FIN 405](#)) on or before the last day of the month following the month the goods arrived in BC.

For more information, please see [Bulletin PST 310](#), *Out of Province Purchases*.

Courtesy Vehicles

Passenger Vehicle Rental Tax (PVRT)

You charge a PVRT of \$1.50 for each day (i.e. calendar day), or portion of a day, when you rent or lease a passenger vehicle to customers for a period of more than 8 consecutive hours and 28 consecutive days or less. You are considered to be renting or leasing a vehicle if you receive compensation for the use of the vehicle.

For example, if a customer rents a vehicle on Friday afternoon and returns it on Monday morning, you charge **4 days** of PVRT because the vehicle is rented or leased for all or a portion of 4 calendar days.

Lessors of passenger vehicles must collect this tax in addition to the PST on the rental or lease of the passenger vehicles and remit the tax on their PST return.

For example:

Rental charge (2 days at \$50 per day):	\$100.00
PVRT (2 days at \$1.50 per day):	\$ 3.00
PST (7% of the rental charge):	\$ 7.00

Please note: You do not charge the 7% PST on the PVRT, but you do charge the federal goods and services tax (GST) on the PVRT.

Compensation from Insurers

If you provide a courtesy vehicle to your customer and you receive compensation for the use of the vehicle from ICBC under their Alternative Transportation Service (ATS), or you receive compensation from a non-ICBC insurer under an equivalent program, you charge the insurer 7% PST on the amount of the compensation (i.e. the lease price) and you also charge the insurer the applicable PVRT as outlined above.

If you do not provide a courtesy vehicle or any form of transportation to your customer but you receive compensation under ICBC's ATS or an equivalent program, you charge the insurer 7% PST on the amount of the compensation. In this case, PST is payable because the compensation amount forms part of the charge for the taxable related service.

If you provide transportation other than a courtesy vehicle (e.g. a bus ticket or taxi voucher) and you receive compensation from the insurer, you do not charge PST on the compensation amount. In this case, PST and the PVRT do not apply because these forms of alternative transportation are not taxable.

Compensation from Customers

If you provide a courtesy vehicle to your customer and you charge them a fee for the use of the vehicle (i.e. you do not receive compensation from an insurer), you charge your customer 7% PST on the fee (lease price) and you also charge your customer the PVRT as outlined above.

If you provide a courtesy vehicle to your customer at no charge, please see the section below, Acquisition of Courtesy Vehicles.

Acquisition of Courtesy Vehicles

You do not pay PST on courtesy vehicles you purchase or lease **solely** for the purpose of leasing the courtesy vehicles to others. However, if you know at the time of purchase or lease that you will use the vehicle for business or personal use at any time, the exemption does not apply and you must pay the PST. Business use includes when you provide a courtesy vehicle to your customer at no charge (i.e. when you do not receive compensation from either an insurer or your customer).

If you purchase a courtesy vehicle exempt from PST solely for the purpose of leasing the vehicle to other persons, but later use the vehicle for business or personal use at any time, you must self-assess PST on the depreciated purchase price of the vehicle. The rate of PST that you are required to pay is 7% to 10%, or 12%, depending on the type of vehicle and how it was acquired. To self-assess the PST, you calculate the PST due and remit it with your next tax return.

For information on calculating the depreciated purchase price of a vehicle, please see [Bulletin PST 308](#), *PST on Vehicles*.

Please note: If you are a motor vehicle dealer, you are required to use the dealer-use formula to pay PST on courtesy cars. For information on the dealer-use formula, please see [Bulletin PST 117](#), *Motor Vehicle Dealer-Use and Manufacturer-Use Formulas*.

Service Contracts

A service contract is an agreement that applies to certain goods under which, in the future, a customer may receive replacement goods, parts and/or services. This includes warranties, maintenance agreements and similar contracts, including where it cannot be determined at the outset whether any replacement goods, parts and/or services will be provided.

For information on the application of PST to service contracts to both the service provider and the purchaser of the service contract, please see [Bulletin PST 303](#), *Warranties, Service Contracts and Maintenance Agreements*.



Need more info?

Online: gov.bc.ca/PST

Toll free in Canada: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

You can access our forms, publications, legislation and regulations online at gov.bc.ca/PST (go to **Forms** or **Publications**).

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

For up to date information on the return to PST, subscribe to our What's New page at sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm

References: *Provincial Sales Tax Act*, sections 1 “motor vehicle”, “multijurisdictional vehicle”, “passenger vehicle”, “related service”, “vehicle”, 9, 10, 16, 18, 25, 26, 28, 34, 35, 37, 39, 43, 49, 81, 83, 84.1, 119, 120, 121, 141, 142, 145 and 192; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “band”, “First Nation individual”, “First Nation band”, 7, 30, 73 and 77; Provincial Sales Tax Regulation, sections 25-28, 63, 72 and 79.