

# Ministry of Finance

## Tax Bulletin



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[www.fin.gov.bc.ca/rev.htm](http://www.fin.gov.bc.ca/rev.htm)

## Motor Vehicle Parking

*Social Service Tax Act*

**Do you sell parking rights within the South Coast British Columbia transportation service region?**

**Do you need to know how parking tax applies to your business?**

This bulletin provides specific tax information to help sellers of parking rights understand how the parking tax applies to their businesses.

For general social service tax, also called the provincial sales tax (PST), information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

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## Definitions

The **South Coast British Columbia Transportation Authority (TransLink)** is a corporation established to provide a regional transportation system within the South Coast British Columbia transportation service region.

The **South Coast British Columbia transportation service region** currently includes:

- north to and including Lion's Bay,
- west to and including Bowen Island,

- south to the US border, and
- east to include the municipalities of Langley, Maple Ridge and Pitt Meadows.

A **motor vehicle** is a vehicle, not run on rails, that is designed to be self-propelled, such as a car, truck, sports utility vehicle, recreational vehicle, van and motor cycle.

A **parking right** is the right to park a motor vehicle at a parking site for any period of time.

A **parking site** is any location within the South Coast British Columbia transportation service region where a motor vehicle may be parked for a fee or any other consideration.

The **purchase price** is the price paid by the purchaser for the parking right, including the value of any services or property exchanged for that right.

A **purchaser** is anyone who agrees or is obligated to pay for a parking right.

## Overview

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Parking tax is calculated on the purchase price of parking rights within the South Coast British Columbia transportation service region. This includes parking rights that are sold by the hour, month, year or any other basis.

The Ministry of Finance collects the tax on behalf of TransLink. Effective January 1, 2010, the tax rate set by TransLink is 21%.

**Please note:** The Canada Revenue Agency has advised that the federal goods and services tax (GST) applies to the 21% TransLink parking tax effective January 1, 2010. For information on how GST applies to parking, please see the Canada Revenue Agency website at [www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html](http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html) or contact them at 1-800-959-5525.

## Sales

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### When to Charge Parking Tax

You charge parking tax on the sale of parking rights within the South Coast British Columbia transportation service region, including parking rights sold through ticket vending machines, unless there is a specific exemption from tax. For details on exemptions, see the section below, Exemptions.

The following are examples of taxable parking sites, including parking lots and parkades:

- commercial and municipally run sites, including hospitals, universities and other institutions,
- residential building sites where visitors are charged for parking, and
- hotels, motels, retailers and other businesses if there is a separate charge for parking.

## Vending Machine Sales

If you sell taxable parking rights through a ticket vending machine, you charge parking tax at the time of the sale. You may include the parking tax in the purchase price, as long as you display a sign saying that the parking tax is included in the price.

If you include the parking tax in the purchase price, calculate your remittance by using one of the following formulas:

### GST and Parking Tax Included

$$\text{total sales} \times \frac{\text{tax rate}}{(\text{GST rate} + 1) \times (\text{tax rate} + 1)} = \text{parking tax remittance}$$

where *tax rate* is the current parking tax rate.

For example, if you have sales of \$12,705 from parking sold at parking tax and GST included prices, and the GST rate is 5% and the parking tax rate is 21%, calculate the parking tax portion as follows:

$$\$12,705 \times \frac{0.21}{(0.05 + 1) \times (0.21 + 1)} = \$12,705 \times \frac{0.21}{1.2705} = \$2,100$$

In this example, the parking tax to be remitted is \$2,100.

### Only Parking Tax Included

$$\text{total sales} \times \frac{\text{tax rate}}{\text{tax rate} + 100} = \text{parking tax remittance}$$

where *tax rate* is the current parking tax rate.

## **When Not to Charge Parking Tax**

You do not charge parking tax on parking if:

- there is no fee or other consideration paid for the parking,
- a vehicle is stored rather than parked,
- a vehicle does not meet the definition of a motor vehicle, such as a trailer or other vehicle that is not designed to be self-propelled, or
- there is a specific exemption from parking tax.

A motor vehicle is stored if it is parked for 28 or more consecutive days between the time it enters the storage location and the time it is removed.

## **Exemptions**

The following are exempt from parking tax:

- residential parking in or near the building where the resident lives, if used as the resident's primary parking while in the residence,
- metered street parking, including pay and display meters that dispense tickets for multiple parking spaces along the street,
- parking sites used solely to park a vehicle that cannot be safely driven,
- parking sites purchased for 28 consecutive days or more to park a motor vehicle used solely for a business purpose,
- parking sites purchased by a person in the leasing business solely to park inventory while not leased,
- parking sites provided with the purchase of temporary accommodation, if there is no separate charge for the parking, and
- parking sites provided with the purchase or lease of space in a building above or near the parking space, if there is no separate charge for the parking.

## **First Hour Free Parking**

If you offer a portion of a parking right free of charge, you charge parking tax only on the amount that you charge your customer.

## **Sales to Other Retailers**

You do not charge parking tax on parking rights sold to other retailers for the purpose of resale, if they provide their provincial sales tax registration number. When you sell to other retailers, you record their provincial sales tax registration number on each invoice and keep it in your records to show why you did not charge parking tax.

## Sales to Members of the Diplomatic and Consular Corps

You do not charge parking tax on the sale of parking rights to customers who are members of the diplomatic or consular corps.

The customer must show you their diplomatic or consular identity card (issued by Foreign Affairs Canada) and British Columbia must be listed on the back of the card as a province granting exemption. To show why you did not charge parking tax, your records must show the number and expiry date of your customer's identity card on the sales invoice or in a logbook kept for this purpose, and your customer's signature. For more information, please see [Bulletin GEN 006](#), *Exemption for Members of the Diplomatic and Consular Corps: Instructions to Vendors and Operators*.

## Purchases

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### When to Pay Parking Tax

You pay parking tax on the purchase of parking rights that you use in your business. For example, a valet service pays parking tax when it purchases parking rights for use in providing a parking service to their customers. The valet service is considered to be purchasing the parking rights for their own use to provide a service. The valet service does not charge their customer parking tax because the customer is purchasing a service, not a parking right.

If the seller does not charge you parking tax on parking rights that you purchase for use in your business, you self-assess and record the parking tax due at Step 3 of your next provincial sales tax return.

If you do not have a provincial sales tax registration number, you self-assess the parking tax due using a *Casual Remittance Return For Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered Under the Social Service Tax Act* form ([FIN 428P](#)). This form is available from the ministry or any Service BC Centre. You will also find it on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/forms.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/forms.htm)

### When Not to Pay Parking Tax

You do not pay parking tax on parking rights that you purchase for resale. For example, if a hotel purchases parking rights to resell to a valet service, the hotel may purchase the parking rights without paying parking tax.

To purchase parking rights without paying parking tax, give the supplier your provincial sales tax registration number.

If you take parking rights from your resale inventory for business or personal use, you self-assess parking tax on your cost of the parking rights.

If you purchase parking rights to give away free of charge, you are not purchasing for resale. In this case, you pay parking tax on your purchase of the parking rights.

## **Need more info?**

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/legislation.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm)

Information in relation to Translink, including the *South Coast British Columbia Transportation Authority Act*, is available on Translink's website at [www.translink.ca](http://www.translink.ca)

References: *Social Service Tax Act*, Sections 1, 61-65.1, 78(4) and 134, and Regulation 2.40