

Courtesy Vehicles Provided under an Alternative Transportation Program (ATP) Prior to November 1, 2008

Social Service Tax Act

This notice explains how PST applied to courtesy vehicles provided to customers under an Alternative Transportation Program (ATP) prior to November 1, 2008.

On November 1, 2008, the Insurance Corporation of British Columbia (ICBC) introduced their Alternative Transportation Service (ATS). For information on how PST applies to courtesy vehicles under ICBC's ATS or an equivalent program, please see [Bulletin SST 122, Automotive Services and Parts](#). For more information on ICBC's ATS, please see www.partners.icbc.com/md/cria/pdf/Express_Repair_Prog_Guide.pdf

This notice has been amended to clarify how passenger vehicle rental tax (PVRT) applies to courtesy vehicles.

Applying the PVRT

When you rent or lease a vehicle for a period of more than 8 consecutive hours, but less than 28 consecutive days, you charge a PVRT of \$1.50 for each day, or portion of a day. The PVRT is calculated according to each 24-hour period, or portion of a 24-hour period, in which the vehicle is rented or leased. The PVRT is not calculated according to each calendar day, or portion of, a calendar day. For example, a vehicle that is rented or leased on Friday afternoon and returned Monday morning will be assessed for 3 days of PVRT - not 4 days, as previously stated.

The tables below have been updated to calculate the correct number of days for PVRT.

Tax Application Prior to November 1, 2008

Prior to November 1, 2008, the application of PST to compensation received under an ATP was more complex because the program included a clawback amount, which was eliminated under ICBC's new ATS.

The revision bar (|) identifies changes to the previous version of this notice dated April 2009.

Under the previous ATP, the insurer paid you a set ATP rate (ATP) whether or not you provided a courtesy vehicle to your customer. PST applied to the ATP because it formed part of the charge for the taxable repair service.

When you rented a courtesy vehicle on behalf of your customer, you contributed toward the program by paying a set rate back to the insurer. The amount you contributed was generally referred to as the ATP clawback. The clawback did not apply if you owned the courtesy vehicle.

Generally, the ATP was more than the clawback. You charged the insurer PST on the ATP and the rental vehicle charge, minus the clawback. You also charged the insurer any applicable PVRT.

However, on occasion, the clawback was more than the ATP. In this case, you self-assessed the PST due on the difference between the clawback and the ATP and recorded it at Step 3 of your next tax return.

Following are examples of how the PST and PVRT would have been calculated in various situations prior to November 1, 2008.

Example 1 – Repair Shop Owns Courtesy Vehicle

A customer brought an insured vehicle in for repairs on a Friday afternoon in February 2008. The repairs required ten hours to complete. You provided your customer with a courtesy vehicle owned by your shop, for a fee. Your customer received the courtesy vehicle on Friday afternoon and returned it Monday morning.

Calculating the Invoice to the Insurer – Repair Shop Owns Courtesy Vehicle						
	Hourly Rate	Repair Hours	Daily Rate	# of Days	Tax Rate	Total
ATP	\$6.31	10.00				\$63.10
Courtesy Vehicle Fee			\$15.00	3		+\$45.00
Net Amount Before Taxes						\$108.10
PST (on net amount)					7%	\$7.57
PVRT (per day or portion of a day)					n/a	\$0.00
GST (on net amount plus PVRT)					5%	\$5.41
Total Amount of Invoice						\$121.08

PST applied to the ATP and the courtesy vehicle fee. Since you owned the courtesy vehicle, the clawback did not apply.

Please note: The PVRT did not apply prior to April 1, 2008.

Example 2 – Repair Shop Rents Courtesy Vehicle and ATP is More than Clawback

A customer brought an insured vehicle in for repairs on a Friday afternoon in August 2008. The repairs required ten hours to complete. You rented a courtesy vehicle on behalf of your customer. Your customer received the courtesy vehicle on Friday afternoon and returned it Monday morning.

Calculating the Invoice to the Insurer – Repair Shop Rents Courtesy Vehicle <i>ATP is More than Clawback</i>						
	Hourly Rate	Repair Hours	Daily Rate	# of Days	Tax Rate	Total
ATP	\$6.31	10.00				\$63.10
Rental Vehicle Charge			\$35.00	3		+\$105.00
ATP Clawback			\$15.40	3		-\$46.20
Net Amount Before Taxes						\$121.90
PST (on net amount)					7%	\$8.53
PVRT (per day or portion of a day)				3	\$1.50	\$4.50
GST (on net amount plus PVRT)					5%	\$6.32
Total Amount of Invoice						\$141.25

PST applied to the ATP and the rental vehicle charge, minus the clawback. The PVRT also applied.

Example 3 – Repair Shop Rents Courtesy Vehicle and Clawback is More than ATP

A customer brought an insured vehicle in for repairs on a Friday afternoon in October 2008. The repairs required two hours to complete. Your customer left the vehicle with you for the weekend and requested a courtesy vehicle. You rented a courtesy vehicle on behalf of your customer. Your customer received the courtesy vehicle on Friday afternoon and returned it Monday morning.

Calculating the Invoice to the Insurer – Repair Shop Rents Courtesy Vehicle <i>Clawback is More than ATP</i>						
	Hourly Rate	Repair Hours	Daily Rate	# of Days	Tax Rate	Total
ATP	\$6.31	2.00				\$12.62
Rental Vehicle Charge			\$35.00	3		+\$105.00
ATP Clawback			\$15.40	3		-\$46.20
Net Amount Before Taxes						\$71.42
PST (on net amount)					7%	\$5.00
PVRT (per day or portion of a day)				3	\$1.50	\$4.50
GST (on net amount plus PVRT)					5%	\$3.80
Total Amount of Invoice						\$84.72
Difference between the Clawback and the ATP						\$33.58
Self-Assessment on Clawback						\$2.35

PST applied to the ATP and the rental vehicle charge, minus the clawback. The PVRT also applied. Since the clawback was more than the ATP, you would self-assess PST on the difference between the clawback and the ATP.

Bulletin 042, *Motor Vehicle Dealers and Leasing Companies* and **Bulletin 122**, *Automotive Services and Parts*, have also been updated to include this clarification on how PVRT applies to the rental or lease of vehicles, including courtesy vehicles.

Refunds

You may be eligible for a refund of PST or PVRT paid under certain circumstances. For details, please see **Bulletin SST 122**, *Automotive Services and Parts*.

Further Information

For more information on automotive services and parts, please see our Automotive Services and Parts website at www.sbr.gov.bc.ca/industry_specific/automotive_parts/automotive.htm.

If you have any questions, please call us at 604 660-4524 in Vancouver, or toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca