



Canada Revenue
Agency

Agence du revenu
du Canada

Harmonized Sales Tax and the Provincial Motor Vehicle Tax

Is this guide for you?

This guide explains whether or not you have to pay tax when you register a motor vehicle in British Columbia, New Brunswick, Nova Scotia, Ontario, or Newfoundland and Labrador.

If you have a visual impairment, you can get our publications in braille, large print, etext (CD or diskette), or MP3. For more information, go to www.cra.gc.ca/alternate or call **1-800-959-2221**.

La version française de cette publication est intitulée *La taxe de vente harmonisée et la taxe provinciale sur les véhicules à moteur*.

Table of contents

| | Page | | Page |
|--|------|---|------|
| Definitions | 4 | Do the provinces and the CRA calculate tax on the same value?..... | 5 |
| Harmonized sales tax and the provincial motor vehicle tax | 4 | Can I recover the provincial part of the HST? | 5 |
| Harmonized sales tax..... | 4 | Registering a vehicle in a participating province..... | 5 |
| What tax do I pay?..... | 4 | For more information | 6 |
| When do I have to pay the provincial part of the HST? | 5 | | |

Definitions

Motor vehicle – means any vehicle that has to be registered for highway use in your province. Examples include:

- passenger vehicles;
- trucks and other freight transportation vehicles;
- recreational and sporting vehicles such as snowmobiles and all-terrain vehicles;
- travel and tent trailers, as well as snowmobile, boat, and other trailers or semi-trailers for on-road use;
- motorcycles, scooters, and mopeds;
- tractors; and
- special purpose motor vehicles such as tow trucks, mobile cranes, firefighting vehicles, cement mixer trucks, road sweepers, spraying vehicles, mobile workshops, and mobile radiology units.

Participating province – means the province of British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario.

Harmonized sales tax and the provincial motor vehicle tax

Harmonized sales tax

The participating provinces have harmonized their provincial sales taxes (PST) with the goods and services tax (GST) to implement the harmonized sales tax (HST) in those provinces. The HST has the same basic operating rules as the GST and applies to the same base of supplies of goods and services that are taxable under the GST.

As a result of recent changes, the HST rate varies depending on the province. The chart below shows the applicable rates beginning January 1, 2008.

| GST/HST Rates | | |
|---|---------------------|--------------------------|
| | Before July 1, 2010 | On or after July 1, 2010 |
| Ontario | GST at 5% | HST at 13% |
| British Columbia | GST at 5% | HST at 12% |
| Nova Scotia | HST at 13% | HST at 15% |
| New Brunswick | HST at 13% | HST at 13% |
| Newfoundland and Labrador | HST at 13% | HST at 13% |
| Territories and other provinces in Canada | GST at 5% | GST at 5% |

The Canada Revenue Agency (CRA) administers HST on behalf of the participating provinces.

If you buy a motor vehicle in a participating province or bring a motor vehicle into a participating province, you may have to pay either the provincial part of the HST or a provincial motor vehicle tax (referred to as the retail sales tax in Ontario) when you register the vehicle.

What tax do I pay?

If you did not pay any GST/HST on the vehicle (for example, you bought it through a private sale), you may have to pay the provincial motor vehicle tax when you register the vehicle. Your provincial government imposes and administers this tax, which is separate from the GST/HST. You cannot recover it as an input tax credit (ITC) even if you are a GST/HST registrant and use the vehicle for commercial purposes. Contact your provincial vehicle registration office, or local provincial tax administration office, for rules specific to your province.

Note

If you use your vehicle for commercial purposes and have registered it in Nova Scotia and paid the provincial motor vehicle tax, you can apply for a rebate of the tax. You will have to show proof that you are registered for the GST/HST, such as your CRA Business Number. For more information and application forms, call Service Nova Scotia and Municipal Relations at 1-800-670-4357. If you paid only the GST on the vehicle (for example, you bought it from a GST/HST registrant in a non-participating province or you imported the vehicle), you may have to pay the provincial part of the HST when you register the vehicle.

In some cases, you may not have to pay the provincial motor vehicle tax. Some of these exceptions include:

- You purchased your vehicle in a participating province from a GST/HST registrant (for example, a fisher or farmer) who used the vehicle for commercial purposes. The registrant should have collected HST.
- You are moving from one participating province to another participating province, and you have already paid HST on the vehicle.
- You lived in a non-participating province before moving to a participating province, and owned and used your vehicle before the move. (This depends on how long you owned the vehicle and whether you paid PST in a non-participating province.)

Note

If you are registering your vehicle in Nova Scotia, you do not have to show proof that you paid PST in a non-participating province.

- You are returning to Canada after an absence of at least one year, and you owned your vehicle and used it abroad for at least six months.
- You inherited the vehicle.

For more information on whether these or any other exceptions apply to you, contact your provincial motor vehicle registration office, or local provincial tax administration office.

When do I have to pay the provincial part of the HST?

You have to pay the provincial part of the HST when you:

- bring a vehicle from a non-participating province (when you have already paid GST) into a participating province; or
- buy a vehicle from someone who is outside Canada, and the Canada Border Services Agency has collected the GST at the border.

You have to pay the provincial part of the tax when you register your vehicle. Your provincial motor vehicle registration office will collect the provincial part of the HST for the CRA.

Do the provinces and the CRA calculate tax on the same value?

The participating provinces use the same value to calculate the provincial part of the HST as the CRA uses to calculate the GST.

Can I recover the provincial part of the HST?

If you are a GST/HST registrant and are using the vehicle for commercial purposes, you can recover the provincial part of the HST as an ITC when you file your regular GST/HST return (subject to the usual ITC entitlement rules). For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

Remember that you cannot recover the provincial motor vehicle tax as an ITC. However, in Nova Scotia, you can apply for a rebate of the tax if you are a GST/HST registrant and you use your vehicle for commercial purposes. For more information, call Service Nova Scotia and Municipal Relations at 1-800-670-4357.

Registering a vehicle in a participating province

The table below summarizes the type of tax you have to pay when you register your vehicle in a participating province.

| Purchased vehicle from | Tax paid on purchase or importation | Tax to be paid on registration |
|--|-------------------------------------|--|
| a GST/HST registrant in a participating province for which the provincial part of the HST is the same | HST | none |
| a GST/HST registrant in a participating province for which the provincial part of the HST is lower | HST at lower rate | the difference between the two HST rates |
| a non-registrant in a participating province OR a non-registrant in a non-participating province | none | provincial motor vehicle tax |
| a registrant in a non-participating province OR outside Canada | GST | provincial part of the HST |

For more information

Contact us if, after reading this guide, you would like to get forms or publications, or you need more help.

To get forms or publications, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221.

For more information, go to www.cra.gc.ca/gsthst or call 1-800-959-5525.

If you need more information about the provincial motor vehicle tax, contact your local provincial tax administration office.

Our service complaint process

If you are not satisfied with the **service** you have received, contact the Canada Revenue Agency (CRA) employee you have been dealing with (or call the phone number you have been given). If you still disagree with the way your concerns are being addressed, ask to discuss your matter with the employee's supervisor.

If the matter is still not resolved, you have the right to file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied with the way the CRA has handled your complaint, you can contact the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA-Service Complaints*.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5