



Provincial Sales Tax (PST) Notice

Notice 2014-006

Issued: November 2014

Multijurisdictional Vehicle (MJV) Tax and the Implementation of the Full Reciprocity Plan

Provincial Sales Tax Act

This notice outlines the intention to introduce legislation amending the *Provincial Sales Tax Act* to accommodate changes to the International Registration Plan (IRP).

The IRP and the Full Reciprocity Plan

The IRP is an international agreement that streamlines regulatory requirements for persons who operate commercial vehicles in multiple jurisdictions. IRP will implement a new Full Reciprocity Plan (FRP), effective January 1, 2015. Under the FRP, persons licensed under the plan can operate in all 59 IRP jurisdictions without the need for updates to their vehicle licences.

MJV Tax

What is MJV Tax?

Persons licensed under the IRP pay a multijurisdictional vehicle (MJV) tax to BC and are exempt, for certain purchases and leases, from the provincial sales tax (PST). The MJV tax is calculated according to IRP-defined principles for calculating fees.

For more information on MJV tax, see [Bulletin PST 135](#), *Multijurisdictional Vehicles*.

Intention to Amend the *Provincial Sales Tax Act*

With the introduction of the FRP, the IRP is making changes to its procedures for fee calculations. As BC is a participating jurisdiction in the IRP, the Minister of Finance intends to introduce legislation to the Legislative Assembly at the earliest opportunity to amend the *Provincial Sales Tax Act*, retroactive to January 1, 2015, to accommodate the updated fee calculation procedures in the IRP.

Should this amendment to the *Provincial Sales Tax Act* be approved by the Legislative Assembly and proclaimed in force retroactive to January 1, 2015, it will apply to licences issued with a commencement date of January 1, 2015 or later.

Until such amendments can be introduced in the Legislative Assembly, the Ministry of Finance has directed ICBC to calculate the MJV tax (for licences starting January 1, 2015 and later) using the proposed rules described below.

Under the **current rules** for calculating MJV tax (for licences starting **prior** to January 1, 2015):

- New fleets
 - are required to *estimate* a travel ratio—the ratio of the distance the fleet will travel in BC to the total distance the fleet will travel in all jurisdictions during a given period—and use this as the basis for determining the amount of MJV tax payable at the time of obtaining a licence; and
 - are required to reconcile this estimate against *actual* travel distances at the end of the licence period, and are potentially required to pay additional MJV tax.
- Existing fleets
 - are required to calculate a travel ratio using actual travel distances from a past period and use this as the basis for determining the amount of MJV tax payable at the time of obtaining a licence.

Under the **proposed rules** for calculating MJV tax (for licences starting January 1, 2015 or later):

- New fleets
 - will be required to use a travel ratio that reflects industry-average travel distances (average per vehicle distance, or APVD) provided by ICBC. This travel ratio will be the basis for determining the amount of MJV tax payable at the time of obtaining a licence.
- Existing fleets
 - will calculate MJV tax as they now do under the current rules.

Further Information

Information on the FRP can be found on the [IRP website](#). The [ICBC Prorate Office](#) has also updated its website to provide information on its licensing procedures.

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

You can also find information on our website at gov.bc.ca/pst

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. You can access the legislation and regulations on our website under [Publications](#).