

## Prepare for Ontario's HST: # 12 – Private Purchases of Specified Vehicles

This information will help persons who purchase a specified vehicle privately on or after July 1, 2010.

### Tax on Specified Vehicles

Currently, Ontario Retail Sales Tax (RST) applies at the rate of 8 per cent to vehicles (including new and used motor vehicles), motorcycles, off-road vehicles, snowmobiles, boats, and aircraft sold from one person to another. RST also generally applies to vehicles purchased outside Ontario and brought into the province for personal use.

Effective July 1, 2010, RST will no longer apply to specified vehicles purchased from a GST/HST registrant, as these purchases will be subject to the Harmonized Sales Tax (HST) at a rate of 13 per cent. Private purchases of specified vehicles (purchases from a person who is not a GST/HST registrant) will continue to be subject to RST at a rate of 13 per cent.

Specified vehicles that are purchased privately in another Canadian province and brought into or delivered in Ontario after June 30, 2010 will generally be subject to either RST or HST at 13 per cent. HST of 13 per cent will generally apply to specified vehicles brought into Ontario from outside Canada.

Specified vehicles for RST purposes are:

- motor vehicles or other vehicles that require a permit under the *Highway Traffic Act* (e.g., motorcycles)
- off-road vehicles or motorized snow vehicles that require a permit under the *Off-Road Vehicles Act* or the *Motorized Snow Vehicles Act* (e.g., all-terrain vehicles or snowmobiles)
- boats, and
- aircraft.

Private purchases of passenger cars, vans and light trucks that have an empty weight of 2,200 kilograms or less

will continue to be taxed on the greater of the declared purchase price or the average wholesale value of the vehicle (the amount stated in the Canadian Red Book or the Canadian Older Car/Truck Red Book). Where there is no average wholesale value available (e.g., boats and aircraft), the declared purchase price is used.

### Paying the RST

Purchasers are required to pay RST at a ServiceOntario Centre or Driver and Vehicle Licence Issuing Office upon the transfer of ownership of a specified vehicle unless an exemption is available under the *Retail Sales Tax Act*. Purchasers may also mail their RST payment to:

Ontario Ministry of Revenue  
33 King St W, PO Box 623  
Oshawa ON L1H 8H7

Payments may be made by cheque or money order in Canadian funds payable to the Minister of Finance. Payments cannot be made at financial institutions.

### Exempt Transfers

Some private transfers of specified vehicles will continue to be exempt from RST. These include estate bequests, settler's effects, vehicles donated to a qualifying religious, charitable or benevolent organization or Ontario educational institution, related party transfers between corporations and shareholders, transfers resulting from a marital breakdown, gifts between family members, and transfers of commercial and state aircraft, vessels over 1,400 cubic metres and commercial vessels of 1,400 cubic metres or less.

## Gifts Between Family Members

Specified vehicles may be transferred exempt from RST between family members. Currently, a family member means a father, mother, spouse (as defined in section 29 of the *Family Law Act*), grandfather, grandmother, son, daughter, grandson, granddaughter, son-in-law, daughter-in-law, father-in-law, mother-in-law, step-father, step-mother, step-grandfather, step-grandmother, step-son, step-daughter, step-grandson or step-granddaughter. Only one exempt transfer of the same vehicle, between family members, is allowed within a 12-month period.

Transfers between family members will also include brothers and sisters effective July 1, 2010.

Detailed information on exempt transfers can be found in ***RST Guide 209 - Private Purchases of Specified Vehicles*** on the Ministry of Revenue's website.

## For More Information

- Call Ontario's Budget hotline at 1-800-337-7222 and Teletypewriter (TTY) 1 800 263-7776 or visit [ontario.ca/taxchange](http://ontario.ca/taxchange) for general information on the introduction of the HST in Ontario.
- To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Revenue  
Tax Advisory Services Branch  
Retail Sales Tax Section  
33 King Street West, 3rd Floor  
Oshawa ON L1H 8H5