

RTG:180

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Municipalities

INTRODUCTION

This guide is intended to clarify the application of revenue tax (PST) for goods purchased by a municipality for its own use and not for resale.

TAX APPLICATION:

The following goods are exempt from Prince Edward Island revenue tax (PST) when purchased by a municipality for its own use and not for resale:

- Culverts;
- Equipment designed exclusively for street or road making, street or road maintenance and cleaning as well as all parts and repair services provided to this equipment;
- Equipment, including fire and rescue trucks, used exclusively for fire fighting and rescue and any parts or repairs to the equipment;
- Goods, excluding engineering services, and materials used as part of a sewerage, drainage or water system, when purchased by a municipality or an agency operating the system on behalf of a municipality;
- Structural steel, timber, and aluminum used in the construction and repair of bridges;
- Liquid asphalt and asphaltic and ready-mix concrete;
- Motorized equipment (Zamboni™) designed specifically for shaving, cleaning and flooding ice when purchased for use in community-operated skating and hockey rinks.

If a municipality pays revenue tax (PST) on any of the above items, it can apply to Taxation and Property Records for a refund within the legislated refund period of four years from the date of the purchase invoice of the tax paid in error.

Municipalities may also apply for rebates of revenue tax (PST) paid in the following circumstances:

- 1) Where tax has been paid by a contractor on goods that become part of a sewerage, drainage, or water system operated by a municipality or a municipal agency, the municipality or municipal agency may apply for a refund of 4% of the total contract price.

- 2) Where asphalt contractors supplying and installing asphaltic concrete, pay revenue tax (PST) on liquid asphalt and include that tax in the contract price billed to the municipality, the municipality may claim a refund of that amount of revenue tax (PST).

TAXABLE GOODS

The following goods are **NOT** exempt from revenue tax (PST) when purchased by a municipality: automobiles, police patrol wagons, motorcycles, snow mobiles, ordinary trucks, grass cutting equipment, sidewalk snow clearing equipment, park maintenance equipment and trailers used to haul such equipment.

Engineering services purchased in connection with the construction or maintenance and repair of a sewerage, drainage or water system operated by or on behalf of a municipality are **NOT** exempt of revenue tax (PST).

FURTHER INFORMATION

This guide is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this guide and the statutes, the statutes shall prevail.

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