

THE RETAIL SALES TAX ACT

SALES TO INTERJURISDICTIONAL MOTOR CARRIERS

This bulletin is intended for vendors who sell goods and services to interjurisdictional motor carriers and outlines the situations when they must collect tax on sales to carriers.

Section 1- GENERAL INFORMATION

What is IRP?

- The International Registration Plan (IRP) is an interjurisdictional licencing agreement that establishes a single uniform system for administering and collecting licence fees and other recurring fees and taxes from persons operating interjurisdictional vehicles in Canada and USA for the commercial carriage of passengers or goods.
- Commercial trucking and bus companies operating in Manitoba, and also in one or more other jurisdictions, may register under the International Registration Plan (IRP). Once registered they will no longer pay the RST on their interjurisdictional vehicles (trucks, trailers and buses) at the time of purchase or lease, nor on repair parts and services purchased for these vehicles. Instead these companies will pay a prorate vehicle tax (PVT) annually on their trucks and buses through the licencing authority.

How will vendors know that a carrier is registered under IRP?

- The Manitoba Prorate Office of Manitoba Public Insurance registers vehicles used for interjurisdictional purposes under IRP. Each carrier registered under IRP will be assigned a “prorate account number” and issued a “cab card” for each vehicle showing the description of the truck or bus, the carrier’s prorate account number, and each jurisdiction the carrier is authorized to travel in. The cab card must be carried in the vehicle at all times.

What is a prorate account number?

- The “prorate account number” is a term used in Manitoba referring to the carrier’s base jurisdiction abbreviation (2 letters), account number (5 digits) and fleet number (3 digits) that appears on the cab card. An example of a prorate account number is: MB 12345 – 001. Other jurisdictions have a similar numbering system, but may use a different term for the account number.

Note: Revisions to contents of previous Bulletin (July 2013) have been identified by shading ()

Section 2 –VEHICLE AND TRAILER SALES AND LEASES

How do vendors allow the RST exemption on vehicles?

- Carriers may purchase or lease trucks, trailers and buses (including optional or extended warranties and maintenance contracts) for interjurisdictional use without paying RST at the time of purchase or on lease payments by quoting their prorate account number to the vendor. The vendor must record this number and the purchaser's name on the purchase invoice or lease contract and retain a copy to substantiate the RST exemption.
- A broker-driver operating a vehicle interjurisdictionally under contract to a carrier, may quote the carrier's prorate account number to purchase or lease that vehicle tax exempt.
- Carriers may also rent a temporary replacement vehicle exempt of tax for a period if:
 - it is used throughout that period as a replacement for an interjurisdictional vehicle that is being repaired,
 - PVT is paid for the rental period on the interjurisdictional vehicle being repaired, and
 - the replacement vehicle is used only in accordance with the terms of the licence issued for the vehicle being repaired and for the purposes the interjurisdictional vehicle would be used were it not being repaired.

The carrier will quote the cab card number of the vehicle being repaired to the dealer to obtain the exemption.

Please Note: Vehicles that are purchased/leased and registered for use solely within Manitoba continue to be subject to the 8% RST. In this case vendors shall collect the RST on the full selling price at the time of sale or on the lease payments.

Unregistered carriers must pay RST

- Carriers who are not yet registered under IRP (i.e. who do not have a prorate number) and broker-drivers who are not currently under contract with a registered carrier, must pay RST on their purchases of trucks, trailers and buses.
- Where the carrier will within 30 days of the purchase date be registering the vehicle for interjurisdictional use, the carrier may apply to the Taxation Division for refund of the RST paid.

Responsibility to ensure proper application of RST

- Both the vendor and the purchaser share the responsibility to ensure that an item sold without RST is eligible for the exemption, i.e.-
 - It is the vendor's responsibility to ensure that the individual or firm is a prorate account registrant and is purchasing the vehicle or repair parts/services for interjurisdictional use. In this respect the vendor may request the purchaser to present proof of registration under IRP (e.g. a cab card).
 - It is the purchaser's responsibility to quote his/her prorate account number to the vendor only when purchasing items tax exempt for eligible purposes.

Section 3 - PARTS, MAINTENANCE AND REPAIR SALES

How do vendors allow the RST exemption on parts and service?

- Carriers may purchase repair parts, labour and maintenance services, including washing and cleaning services for interjurisdictional vehicles and trailers without paying RST.
 - To obtain the exemption on repair parts, carriers must quote their prorate account number to the vendor at the time of purchase. The vendor must record this number and the purchaser's name on the invoice and retain a copy to substantiate the RST exemption.
 - In the case of exempt repair or maintenance services to a vehicle, the vendor should also attach a photocopy of the vehicle's cab card to the work order.

Please Note: Only repair parts that are specifically designed as a replacement part of a truck, trailer or bus are exempt. General-purpose parts listed under "shop supplies" later in this bulletin are taxable.

Please Note: Repair parts, labour and maintenance services for vehicles and trailers used solely in Manitoba are subject to RST on the total purchase price.

Sales to out of province carriers

- Where an out of province carrier requires repair work in Manitoba on his/her interjurisdictional vehicle, the vendor may allow the RST exemption on the charges to the carrier. The vendor must retain a photocopy of the vehicle's cab card and ensure that MB is listed on the cab card as an authorized jurisdiction. Otherwise the vendor must collect the Manitoba RST on the total amount charged.

Purchases by broker drivers

- A broker-driver who operates a vehicle interjurisdictionally under contract to a carrier, may quote the carrier's prorate account number to make qualifying purchases of repair parts and services tax exempt. The broker driver must pay RST on parts and services at the time of purchase if he/she is currently not under contract with a carrier registered under IRP.

Taxable accessories

- Accessories for interjurisdictional vehicles (including installation labour) purchased separately from the vehicle, are subject to RST. The following are examples of some optional accessories that are taxable unless they are included in the purchase price of the vehicle:

<ul style="list-style-type: none"> - Aerodynamic equipment - Anti-idling and speed limiting devices - Bug deflectors and screens - CB radios - Enhanced sound systems - Facsimile machines 	<ul style="list-style-type: none"> - Fleet net radios including the antenna - First aid kits - Fridges - Microwaves - Portable computers - Portable generators - Portable positioning systems 	<ul style="list-style-type: none"> - Rotating lights - Seat covers - Telephones - Televisions - VCRs - Winter fronts
--	--	--

- Consumable supplies**
- When consumable supplies, such as antifreeze, grease, motor oil, fuel filters, windshield wiper fluid, etc., are purchased in Manitoba, the RST is payable on the full selling price, unless they are included as part of a tax exempt repair work order issued by a vendor.
- Shop supplies**
- Only parts that are specifically designed as a replacement part for interjurisdictional vehicles qualify for an exemption. General purpose repair materials purchased by carriers are subject to RST. The following are examples of materials and shop supplies that are taxable:
 - cables, electric wire and terminals, fittings, heater hose, hose clamps, nuts and bolts, rope, rubber tubing, sheet metal, wood, etc.
 - RST does not apply on general purpose materials that are included as part of a tax exempt repair work order issued by a vendor.
- Other taxable goods and services**
- The following are some examples of non-vehicle related goods and services, purchased by carriers for use in Manitoba, that are always subject to RST:
 - shop tools and equipment, warehouse equipment, office furniture and equipment, computer hardware and software, uniforms, repair and maintenance contracts for goods.

FURTHER INFORMATION

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to *The Retail Sales Tax Act* and *Regulations*. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087

Westman Regional Office

Manitoba Finance
Taxation Division
314, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Fax (204) 726-6763

E-mail: MBTax@gov.mb.ca

ONLINE SERVICES

Our Web site at manitoba.ca/finance/taxation provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at manitoba.ca/TAXcess provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.