

RTG: 195

February 2013

INTERJURISDICTIONAL MOTOR CARRIERS GST/PST TO HST TRANSITION INFORMATION

On April 18, 2012, Prince Edward Island (PEI) announced its plans to implement a Harmonized Sales Tax (HST) in PEI effective April 1, 2013. The HST will have a rate of 14% - combining the existing 5% federal Goods and Services Tax (GST) with a 9% PEI component.

This guide provides information on the application of the prorated revenue tax (PST) during the period of transition from the GST/PST to the HST. It does not include comprehensive information on transitional rules. For information on the comprehensive transitional rules please see RTG:185 – Implementation of the Harmonized Sales Tax in Prince Edward Island.

Under the *Revenue Tax Act* (Act), purchasers of interjurisdictional vehicles are not required to pay the 10% PST at the time of purchase. Instead, a prorated PST is payable at the time of first registration and on each renewal of the vehicle's licence under the International Registration Plan (IRP).

Application of the Prorate Tax Prior to April 1, 2013

Prior to April 1, 2013, the prorate tax must be applied to a full vehicle licence year (12 months) even when a part of that year is on or after April 1, 2013, unless:

- The vehicle was licensed in another jurisdiction but the tax is not paid until the vehicle first enters Prince Edward Island part way through the licence year;
- The vehicles is added to an existing fleet part way through the fleet's license year; or
- The licensing is a result of the vehicle changing from one fleet to another and the new fleet's licence year is partially complete.

As the formula for calculation of the prorate tax under the Act generally does not allow for apportioning of the tax, and is based on a full licence year, the prorate tax must not be apportioned in any other circumstance.

Elimination of the Prorate Tax Effective April 1, 2013

Vehicles that have a licence year beginning on or after April 1, 2013, will not be subject to the prorate tax on initial registration for or renewal of licences under IRP. Vehicles that cease to be registered under the IRP on or after April 1, 2013 will no longer be subject to the PST (i.e. there will be no exit tax).

Refunds

Generally, refunds and rebates of PST and prorated PST will continue to be available until the existing legislated time limits for claiming them have expired or March 31, 2017, whichever is earlier.

Further Information

The Harmonized Sales Tax (HST) is administered by the Canada Revenue Agency (CRA). If you have specific questions on how the HST applies to your business or whether a good or service is taxable, visit the CRA website at www.cra.gc.ca/gsthst or call **1-800-959-5525**.

Copies of the *Revenue Tax Act* and Regulations are available on our website. For information regarding the winding down of the revenue tax (PST), please contact:

Taxation and Property Records Division
P.O. Box 1330
Charlottetown, PE
C1A 7N1
Telephone: (902) 368-4171
Fax: (902) 368-6164
Website: www.taxandland.pe.ca

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.