



Provincial Sales Tax (PST) Notice

Notice 2013-004

Issued: February 2013

Vehicle Exemptions and Refunds

Provincial Sales Tax Act

This notice provides information on exemptions from provincial sales tax (PST) on vehicles acquired in BC or brought, sent or delivered into BC, and on refunds of PST available in relation to vehicles.

This notice does not provide information on multijurisdictional vehicles registered under the International Registration Plan (IRP). More information, including information on multijurisdictional vehicles and vehicles not required to be registered, will be made available in future bulletins and notices on our website.

For information on the application of tax to vehicles, please see [Notice 2013-002](#), *PST on Vehicles*.

For information on circumstances in which the PST may apply to goods, including vehicles, acquired prior to April 1, 2013, and to transactions that straddle April 1, 2013, please see PST [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

Overview

You are required to pay PST on vehicles purchased, leased or received as a gift in BC **on or after April 1, 2013**, and vehicles purchased, leased or received as a gift outside BC and brought into the province **on or after April 1, 2013**, unless a specific exemption applies. You are required to pay PST regardless of whether the vehicle is for personal or business use. The rate of PST that you are required to pay is 7% to 10% or 12%, depending on the type of vehicle and how it is acquired.

Please note: If you paid PST to the ministry prior to the registration of the vehicle, you will need to provide evidence that the PST was paid when you register the vehicle. Otherwise, ICBC is required to collect the PST from you.

If you are eligible for an exemption, you may also be required to provide information to substantiate that you are entitled to the exemption. Otherwise, ICBC is required to collect the PST from you. Specific information required to substantiate the exemption is identified in each of the sections below.

If you are unable to provide the documentation to show that the PST was paid or that you are entitled to an exemption, you may be eligible to apply to the ministry for a refund of the PST if you provide the documentation to the ministry.

Please note: If you purchased a vehicle at a private sale in BC **on or after July 1, 2010** and **before April 1, 2013**, but do not register the vehicle until on or after May 1, 2013, you will be required to pay PST on the purchase price of the vehicle at the time of registration, unless:

- a specific exemption applies, or
- you paid the tax on designated property (TDP) to the ministry prior to registration.

If you register the vehicle before May 1, 2013, you are required to pay TDP on the vehicle, unless a specific exemption applies. For information on the TDP, please see [Bulletin CTR 001](#), *Tax on Designated Property (Vehicles, Boats and Aircraft)*.

Exemptions

New Residents

If you are a new resident to BC and you bring a vehicle into BC solely for non-business use, the vehicle is exempt from PST if:

- the vehicle arrives in BC within six months of you becoming a resident of the province, or would have arrived within that time if it was not for circumstances that made it impractical for you to have brought the vehicle in within that time¹, and
- you owned the vehicle for at least 30 days before you became a resident of BC.

Documentation

To claim the exemption, you will have to provide your previous registration from another jurisdiction or bill of sale to show you owned the vehicle for at least 30 days. You may also be asked to provide documentation substantiating the date you became a resident of BC (e.g. BC medical services plan enrollment).

Gifts to Related Individuals

If you receive a vehicle as a gift, you are exempt from paying PST on the vehicle if the person who gave you the vehicle (the donor) is a related individual to you and

- paid one of the following taxes on the purchase of the vehicle:
 - PST (under the *Provincial Sales Tax Act*),
 - tax on designated property (TDP) (under the *Consumption Tax Rebate and Transition Act*),
 - a provincial portion of the Harmonized Sales Tax (HST),
 - PST (under the *Social Service Tax Act*), or
 - sales tax of another province,
- was exempt from PST (under the *Provincial Sales Tax Act*)², TDP (under the *Consumption Tax Rebate and Transition Act*) or PST (under the *Social Service Tax Act*) that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

¹ If you are making a claim that circumstances made it impractical for you to have brought the vehicle in within the six-month timeframe, the claim requires approval by the Ministry of Finance. An ICBC Autoplan broker can facilitate this for you. Note: The ministry does not consider the timing of a move or weather-related issues to be circumstances that made it impractical to have brought the vehicle into BC.

² Note: Under the *Provincial Sales Tax Act*, only one gift of a specific vehicle between related individuals is eligible for exemption in a 12-month period. Any subsequent gifts of that vehicle within 12 months will be subject to PST. The only exemption is if a gift vehicle is gifted back from the recipient to the original donor.

A related individual is:

- a person's spouse, child, grandchild, great grandchild, parent, grandparent, great grandparent, or sibling,
- the spouse of a person's child, grandchild or great grandchild, or
- the child, parent, grandparent or great grandparent of a person's spouse.

Documentation

To claim the exemption, you and the donor of the vehicle must complete a gift form and, in the case of vehicles brought into BC from outside the province, provide proof of payment of the applicable tax. If the donor was exempt from the applicable tax, they will be required to provide specific information on the gift form.

Gifts to Registered Charities

If you are a registered charity and you have received a vehicle as a gift, you are exempt from paying PST on the vehicle if the person who gave you the vehicle (the donor):

- paid one of the following taxes on the vehicle:
 - PST (under the *Provincial Sales Tax Act*),
 - tax on designated property (TDP) (under the *Consumption Tax Rebate and Transition Act*),
 - a provincial portion of the HST,
 - PST (under the *Social Service Tax Act*), or
 - sales tax of another province, or
- was exempt from PST (under the *Provincial Sales Tax Act*), TDP (under the *Consumption Tax Rebate and Transition Act*) or PST (under the *Social Service Tax Act*) that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

A registered charity has the same meaning as under the *Income Tax Act* (Canada).

Documentation

To claim the exemption, you will have to provide evidence the donor owns the vehicle (such as a copy of the current registration), evidence the donor paid an applicable tax on the vehicle, a completed APV9T signed by both parties, a gift form completed by both parties, and you will be required to have this documentation reviewed by the Ministry of Finance³. If the donor was exempt from the applicable tax, they will be required to provide specific information on the gift form.

Prizes, Draws and Awards

You are exempt from paying PST on a vehicle if you won the vehicle in a lottery⁴, a contest, game of chance or skill or a draw⁵, or you received the vehicle as an award for an achievement

³ Your ICBC Autoplan broker can facilitate this for you.

⁴ The lottery must be a lawful lottery within the meaning of section 2017 of the *Criminal Code*, such as a BC Lottery Corporation lottery.

⁵ If the only consideration provided by the winner to be entered into the draw was an entrance or admission fee, ticket fee or other similar charge.

in a field of endeavor, including an athletic or sporting event, and the person who provided the vehicle:

- paid one of the following taxes on the vehicle:
 - PST (under the *Provincial Sales Tax Act*),
 - tax on designated property (TDP) (under the *Consumption Tax Rebate and Transition Act*),
 - a provincial portion of the HST,
 - PST (under the *Social Service Tax Act*), or
 - sales tax of another province, or
- was exempt from PST (under the *Provincial Sales Tax Act*), TDP (under the *Consumption Tax Rebate and Transition Act*) or PST (under the *Social Service Tax Act*) that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

Documentation

To claim the exemption, you will have to provide a letter from the sponsor of the draw, lottery or award indicating that you are the winner and the prize won, the current registration for the vehicle, and evidence the provider of the vehicle paid, or was exempt from, an applicable tax or received the vehicle as a gift prior to April 1, 2013. The Ministry of Finance must approve this documentation before your ICBC Autoplan broker will be able to process the exemption.⁶

Inheritance

If you receive a vehicle as part of the distribution of a deceased's estate, the vehicle is exempt from PST.

Documentation

Generally, to claim this exemption, you will be required to provide a copy of the death certificate and will.

Transfers Due to Dissolution of Marriage

If a vehicle is transferred to you from your spouse, or your former spouse, because of the dissolution of marriage or marriage-like relationship, you are exempt from paying PST on the vehicle. The transfer must be done under a written separation agreement, a marriage agreement, a court order, or an agreement under Part 5 or 6 of the *Family Law Act*.

Documentation

To claim this exemption, you will have to provide a copy of the separation agreement, marriage agreement, court order, or agreement under Part 5 or 6 of the *Family Law Act*.

Transfers to New Corporations

If a corporation purchases a vehicle on or before the day the corporation starts to carry on business, the corporation may qualify for an exemption from PST if certain conditions are met.

More information about this exemption will be available in future bulletins and notices.

⁶ Your ICBC Autoplan broker can facilitate this for you.

Transfers Between Related Parties

If a corporation transfers a vehicle to a related corporation, the corporation may qualify for an exemption from PST if certain conditions are met.

More information about this exemption will be available in future bulletins and notices.

Vehicles Purchased for Use Outside BC

If you are not a resident of BC or a business and you purchase a vehicle in BC, you will be exempt from PST if the vehicle:

- is purchased for use primarily outside BC,
- is purchased for a use other than a business use in BC, and
- will not be registered in BC.

You will also be exempt on the purchase of a vehicle if the vehicle is shipped by the seller for delivery to an address outside of BC. To be eligible for the exemption, no use must be made of the vehicle by the purchaser while the vehicle is in BC.

Other Exemptions

Other exemptions may also apply to a vehicle when acquired by a specific person in specific situations, including vehicles acquired by:

- members of a diplomatic or consular corps,
- First Nations persons located on reserve, and
- the federal government.

More information about these exemptions will be available in future bulletins and notices.

Refunds

In addition to general refunds applicable to all tangible personal property (goods), there will also be refunds of PST available specifically for vehicles.

Vehicles Returned to Non-Collectors (Private Sellers)

You are eligible for a partial or full refund of PST paid on a vehicle if:

- within 30 days after the date you purchase the vehicle or the date you took possession of the vehicle (whichever is later), you return the vehicle to the seller,
- in return for the vehicle, the seller refunds to you all or a portion of the purchase price, and
- the seller is not a PST collector⁷.

Vehicles Resold Within Seven Days

You are eligible for a refund of PST paid on a vehicle if you resell the vehicle within seven days after the date you purchase the vehicle or the date you took possession of the vehicle (whichever is later).

⁷ Generally, a collector is a person who is registered to collect PST, such as a motor vehicle dealer.

Vehicles Removed from BC

If you are a resident or carry on business in BC, you are eligible for a refund of PST paid on a vehicle if:

- within 30 days after the date you purchase the vehicle or the date you took possession of the vehicle (whichever is later), the vehicle is removed from BC for use solely outside BC and you establish residency in the other jurisdiction, and
- you paid sales tax or a provincial portion of the HST in the other jurisdiction and you are not entitled to a refund, credit or rebate of that tax.

If you are not a resident of BC and do not carry on business in BC, you are eligible for a refund of PST paid on a vehicle if, within 30 days after the date you purchase the vehicle or the date you took possession of the vehicle (whichever is later), the vehicle was transported outside BC for use primarily outside the province.

If you are not a resident of BC and do not carry on business in BC, you will also be eligible for a refund of PST paid on a vehicle if:

- within 180 days after the date you purchase the vehicle or the date you took possession of the vehicle (whichever is later), the vehicle is transported outside BC for use primarily outside the province, and
- you paid sales tax of another jurisdiction or the provincial portion of the HST in another jurisdiction and you are not entitled to a refund, credit or rebate of that tax.

Claiming a Refund

To apply for a refund, you will need to complete an application form and submit it to the ministry within four years of the date you paid the PST. Refund applications will be available on our website in the near future.

Further Information

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 [Forms and Publications](#).

For up to date information on the return to PST, subscribe to our What's New page at sbr.gov.bc.ca/msbr/whats_new/consumer_taxes/whatsnew.htm