

Ministry of Finance

Tax Bulletin



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Bulletin SST 007

www.fin.gov.bc.ca/rev.htm

On July 1, 2010, the provincial sales tax (PST) was replaced with the harmonized sales tax (HST). However, the information in this bulletin may still be applicable if, under the transitional rules, PST applies. For information on the transitional rules, please see www.sbr.gov.bc.ca/business/Consumer_Taxes/Harmonized_Sales_Tax/hst.html

Purchases of Vehicles by Non-Residents

Social Service Tax Act

This bulletin helps non-residents of British Columbia understand how the social service tax, also called the provincial sales tax (PST), applies when they purchase vehicles in the province. It also outlines how PST applies to any charges for taxable services provided to vehicles purchased by non-residents.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our *Small Business Guide to Provincial Sales Tax (PST)*.

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The revision bar (|) identifies changes to the previous version of this bulletin dated April 2010.

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Point-of-Sale Exemption from PST

Vehicle Purchased and Delivery Taken in British Columbia

Non-residents who purchase a vehicle in British Columbia and take delivery of the vehicle in the province are not required to pay PST, provided certain conditions are met. However, non-residents are required to pay the provincial environmental levy on batteries, even if the purchase qualifies for a point-of-sale exemption from PST.

Criteria for Exemption

To qualify for exemption, **all of the following conditions** must be met.

- The vehicle purchased is a type that is required to be registered under the *Motor Vehicle Act*, *Commercial Transport Act* or the *Motor Vehicle (All Terrain) Act* of British Columbia (includes automobiles, trucks, trailers, recreational vehicles and snowmobiles, but not slide-on campers).
- The purchaser is a non-resident of British Columbia or an out-of-province business and can provide the seller with adequate proof of non-residence. Proof of non-residence for an individual is two pieces of valid out-of-province identification (e.g. valid out-of-province driver's licence, medical plan card, employment card). Proof of non-residence by a business includes an out-of-province business licence, and if a limited company, proof of out-of-province incorporation.
- The vehicle is being purchased primarily for use outside of British Columbia and will not be used for a business purpose in the province.
- At the time of taking delivery, the vehicle is to be registered in another jurisdiction or a British Columbia Interim Licence has been purchased to enable removal of the vehicle from the province.

If all of the above conditions are met, the seller (dealer) is not required to collect PST provided that a *Certificate of a Vehicle Sale to a Non-Resident of British Columbia (FIN 598)* is completed and signed by both the seller and purchaser. The certificate must be retained in the seller's records to substantiate the non-collection of PST on that sale.

Please note

- If the vehicle is being registered in British Columbia or if British Columbia licence plates are placed on the vehicle at the time of purchase, the seller is required to collect PST on the full sale price of the vehicle.

- It is the seller's responsibility to obtain the necessary information to ensure that the purchaser qualifies for the point-of-sale exemption. If the seller fails to do so, the seller may be assessed a penalty equal to the PST that should have been collected, including interest.
- If the necessary information cannot be obtained, the seller is required to collect PST. The purchaser may be referred to the ministry for consideration of a possible refund.
- Where it can be established that a false statement has been made by the purchaser or seller that resulted in the non-payment of PST, the *Social Service Tax Act* provides for a penalty of 25% of the amount due **in addition** to the PST that should have been paid, plus interest.
- The seller is required to collect the environmental levy on new batteries at the time of sale of the vehicle. This applies even if the purchase qualifies for a point-of-sale exemption from PST, unless the seller ships or delivers the vehicle to a location outside of British Columbia.

Refunds of PST Paid by a Non-Resident

When the purchase of a motor vehicle by a non-resident does not meet the criteria for a point-of-sale exemption as outlined above, the purchaser may be eligible for a refund of the PST paid. However, the environmental levy paid on new batteries sold with the vehicle is not refundable.

Criteria for a Refund

To qualify for a refund, the **following conditions must be met**.

- The vehicle purchased is a motor vehicle as defined under the *Motor Vehicle Act*: under the Act, a motor vehicle means a vehicle, not run on rails, which is designed to **be self-propelled**.
- The purchaser is a non-resident of British Columbia at the time of purchase.
- The motor vehicle is purchased primarily for use outside of British Columbia.
- The motor vehicle is either removed from British Columbia within 30 days from the date of purchase, or is taken out of British Columbia within six months of the date of its purchase, and the non-resident purchaser was required to pay a retail sales tax on registration of the motor vehicle under the laws of the jurisdiction to which the motor vehicle is taken.

Claiming a Refund

Non-resident purchasers may submit claims for a refund on an *Application for Refund of Social Service Tax Paid on a Motor Vehicle* form (FIN 413/MV). The following documentation must be submitted with each claim.

- A bill of sale or receipt showing the date you purchased the vehicle.
- A validated *ICBC Transfer Tax* form (APV9T) showing the amount of PST you paid to ICBC when transferring the vehicle. If you paid the PST to the person who sold you the vehicle, attach the bill of sale showing the date of purchase and the British Columbia PST you paid.
- A signed statement from you stating the date the vehicle left British Columbia and what, if any, use you will make of the vehicle in British Columbia in the future.
- A signed statement from a reputable third party (e.g. an employer, a doctor, a teacher etc.) that you were not a resident of British Columbia at the time you purchased the motor vehicle.
- Registration documents for the vehicle from the jurisdiction where you took the vehicle.
- If you removed the vehicle from British Columbia after thirty days, but within six months of purchase, the registration documents must show you paid retail sales tax to that jurisdiction. If you did not pay tax to that other jurisdiction, you are not entitled to a refund of British Columbia PST.

To apply for a refund, you need to complete the *Application for Refund of Social Service Tax Paid on a Motor Vehicle* form (FIN 413/MV), which is available on our website.

Send your refund application and supporting documents to:

Ministry of Finance
Refund Section
PO Box 9628 Stn Prov Govt
Victoria BC V8W 9N6

The ministry must receive your refund claim within four years from the date you paid the tax.

Vehicles Shipped or Delivered by the Seller Out-of-Province

Exemption from PST and the Environmental Levy

The *Social Service Tax Act* provides an exemption from PST and the environmental levy on batteries on tangible personal property purchased in the province by non-residents and shipped or delivered by the **seller to a location outside of British Columbia**. This exemption includes all types of vehicles.

Criteria for Exemption

To qualify for exemption, **one** of the following conditions must be met.

- The vehicle is delivered by the seller to a point outside of the province, without any use by the purchaser in the province and an *Out-of-Province Delivery Exemption* form (FIN 448) is completed by the seller and purchaser and retained by the seller.
- The vehicle is delivered by the seller to a common carrier, customs broker or forwarding agent for shipment outside of the province to the purchaser.
- The vehicle is sold to foreign purchasers and delivered by the seller to a ship or other common carrier for the purpose of carrying it outside the province. To be eligible for exemption, title to and control of the vehicle cannot pass to the foreign purchaser until delivery is complete.
- All documents relating to the delivery of goods sold to non-residents, such as bills of lading, export documents and completed *Out-of-Province Delivery Exemption* forms (FIN 448), must be retained by the seller to substantiate the non-collection of the PST and battery levy.

Forms referred to in this bulletin are available from any Service BC Centre.

Taxable Services

Provided in British Columbia

Charges for services provided to install, assemble, dismantle, repair, adjust, restore, recondition, refinish or maintain tangible personal property in the province are subject to PST. Where any such services are provided to a vehicle prior to transfer of title to the non-resident, they form part of the purchase price eligible for the exemption or refund. If the services are provided after transfer of title, they do not qualify for exemption or refund.

Need more info?

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are available on our website.

References: *Social Service Tax Act*, Sections 1, 2(1.02), 2.04, 2.4, 4(1)(j) and 39, and Regulations 2.45(b), 3.12.1, 3.13 and 5.18.