



# Provincial Sales Tax (PST) Bulletin

Bulletin PST 118

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## Vehicle Services and Parts

### Provincial Sales Tax Act

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Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated April 2020. For a summary of the changes, see Latest Revision at the end of this document.

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This bulletin provides information on how PST applies to services and parts for vehicles.

This bulletin does not provide information on how tax applies to services provided to multijurisdictional vehicles registered under the International Registration Plan (IRP). For more information on multijurisdictional vehicles, see [Bulletin PST 135](#), Multijurisdictional Vehicles.

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## **Overview**

### **Related Services**

Related services are services provided to goods or services provided to install goods. Generally, if a good is taxable when purchased (e.g. a motor vehicle), services provided to that item (e.g. vehicle repair and maintenance) are also taxable unless a specific exemption applies.

### **Vehicle Services and Parts**

Services provided to vehicles are related services. You charge PST on related services and parts for vehicles at a rate of 7%, unless a specific exemption applies. This includes:

- New and used parts and materials for vehicles, such as replacement parts, tools, paints, fluids and accessories
- Most services to vehicles, such as tune-ups, oil changes, repairs, maintenance, painting, and the installation of windshields, tires, mufflers or other parts

You must charge PST on the full purchase price for your services, including charges for parts, labour, shop supplies and travel time.

### **Taxable Services and Parts**

You must charge PST on the following services and parts for vehicles.

- Adjusting vehicles or parts
- Assembling vehicles or parts
- Auto body repairs
- Axle repairs
- Battery recharging, including roadside battery recharging
- Brake replacement and repairs
- Changing tires (emergency roadside tire changing services are exempt)
- Dismantling vehicles or parts
- Electrical repairs and services
- Fuel injection repairs
- Glass installation and repairs
- Installation services (e.g. batteries, mufflers and other vehicle parts)
- Maintenance services to vehicles or parts
- Muffler replacement and repairs

- Oil and lube changes - including oil disposal charges
- Painting
- Polishing (vehicle waxing services, including polishing that occurs as part of waxing vehicles, are exempt)
- Protective coatings and services to apply them (vehicle waxing services are exempt)
- Reconditioning, refinishing or restoring vehicles or parts
- Repairing vehicles or parts
- Tire changes, installation, recapping, repairing, retreading, replacement (emergency roadside tire changing services are exempt)
- Upholstery replacement

**Note:** This is not a complete list.

## **Shop Supply Charges**

Some vehicle service providers require their customers to pay an amount, such as a percentage of the bill, for shop supplies used in providing the service. Shop supplies include items such as rags, paper towels, masking tape, oil for tools or machinery, and cleaning supplies. For the purposes of calculating the PST, the shop supply charges form part of the purchase price your customer pays to receive related services. Therefore, if the related services are taxable, you must charge PST on charges for shop supplies.

## **Core Charges**

Some auto part suppliers charge their customers a core charge on parts that can be recycled or refurbished. The core charge may be refundable to the purchaser when they return the used part. You must charge PST on the core charge as it forms part of the purchase price for taxable goods.

## **PST when Used Parts are Returned**

If you accept a used part from a purchaser in exchange for a core charge refund, you are buying the used part for a purchase price equal to the core charge refund. Because you are purchasing a taxable part, you may need to pay PST. However, the part is exempt from PST if you purchase it:

- solely for resale (see Goods for Resale or Lease below), or
- from a small seller (see [Bulletin PST 003](#), Small Sellers).

## Trade-Ins

You may have a situation where you accept a used part and apply the core charge refund amount as partial consideration for selling the customer a new part. For the purposes of calculating the PST your customer must pay on the new part, the value of the core charge refund reduces the purchase price of the new part if:

- you accept a used part from a customer at the time you sell them a new part,
- your customer originally paid (or was exempt from) PST or the B.C. portion of the Harmonized Sales Tax (HST) on that used part, and
- you apply the core charge refund amount as partial consideration for selling the customer the new part.

Example:

You sell a customer a new part for \$175, which includes a core charge of \$25. Your customer trades in a used part and you provide them with a \$15 core charge refund. Your customer says they originally purchased the part in B.C. and paid PST at the time of sale. You charge PST on \$160.

## Sales to Non-Resident Customers

You must charge PST on services and parts for vehicles you provide to non-residents in B.C., including while they are visiting B.C., unless the service or parts are specifically exempt (see Exempt Services, Parts and Materials below).

## Exempt Services, Parts and Materials

Generally, the services, parts and materials for vehicles described below are exempt from PST. However, most services indicated below are **not** exempt if:

- you also provide a related service that is subject to PST, or
- the service is provided by you (or by a third party you contracted) to a vehicle you lease to a lessee.

For example, if you provide only a diagnostic service to a vehicle, it is exempt from PST. However, if you provide a diagnostic service and also provide a repair service, both services are subject to PST as the repair service is a taxable related service. Similarly, if you (or a third party you contracted) provide a diagnostic service to a vehicle you lease to a lessee, the diagnostic service is subject to PST.

See [Bulletin PST 301](#), Related Services for more information.

## Exempt Services

### Cleaning Services

These services include:

- Cleaning services
- Engine shampooing/cleaning and power washing
- Upholstery cleaning
- Washing

The services listed above are **not** exempt if they are provided with a related service that is subject to PST or are provided to a leased vehicle by the lessor or by a third party through a contract with the lessor.

**Note:** Many auto detailing packages include related services that are not exempt from PST (e.g. scratch removal, touch-up painting, polishing, protective coating services other than waxing). If an auto detailing package includes cleaning services **and** related services that are not exempt, the full purchase price of the auto detailing package is subject to PST.

### Diagnostic, Testing and Safety Inspection Services

These services include:

- Diagnostic services
- Estimating services
- Safety inspections
- Testing services

The services listed above are **not** exempt if provided with a related service that is subject to PST or is provided to a leased vehicle by the lessor or by a third party through a contract with the lessor.

### Roadside and Emergency Services

These services include:

- Battery boosting – excludes battery recharging
- Delivering gas (e.g. roadside service)
- Roadside tire changing
- Roadside unlocking services
- Towing services, including retrieval fees

All the services listed above are **not** exempt if provided to a leased vehicle by the lessor or by a third party through a contract with the lessor.

## **Other**

Other exempt services include:

- Motor vehicle waxing (unless provided to a leased vehicle by a lessor or by a third party through a contract with the lessor)
- Related services provided to install any of the Exempt Parts and Materials listed below

## **Exempt Parts and Materials**

### **Aerodynamic Devices**

The following devices are exempt from PST if designed to reduce wind-resistance and improve fuel efficiency.

- Aerodynamic bumpers
- Base flaps
- Boat tails
- Tank skirts
- Tractor roof fairings
- Trailer side skirts
- Tractor-trailer gap fairings

### **Devices for Use in Transporting Individuals with Disabilities**

- Auxiliary driving controls – that facilitate the operation of a motor vehicle by individuals with disabilities
- Car-top lifts for lifting and storing wheelchairs on top of motor vehicles
- Power-operated and manually operated lifts designed to facilitate entry to otherwise inaccessible vehicles, including automatic tailgates or side lifts for motor vehicles
- Specially designed ramps to move a wheelchair and occupant into a motor vehicle or building
- Parts and materials (e.g. installation materials) that become attached to, or part of, motor vehicles that are obtained solely for the purpose of:
  - modifying a motor vehicle (other than an MJV) to facilitate the use of the vehicle by, or the transportation of, an individual using a wheelchair

- equipping a motor vehicle (other than an MJV) with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability

For more information, see [Bulletin PST 207](#), Medical Supplies and Equipment.

## **Electricity, Natural Gas and Propane Conversion Kits**

Natural gas and propane conversion kits for internal combustion engines are exempt from PST. Kits to convert motor vehicles to operate solely on electricity are also exempt from PST.

**Note:** If a person purchases a vehicle that has a conversion kit already installed, the person does not get a partial exemption or PST reduction for the portion of the purchase price that applies to the conversion kit. In this case, the person pays PST on the full purchase price of the vehicle.

## **Other Exemptions**

### **Goods Brought or Sent into B.C. Solely to Receive Related Services**

You do not charge PST on related services provided to goods (e.g. vehicles, engines) that are temporarily brought or sent into B.C. for the sole purpose of receiving the related services. In this situation, you must keep the following documentation to show why you did not charge PST.

- When available, shipping invoices or bills of lading showing the date the goods were shipped into B.C. and the date they were shipped from your location to an out-of-province location, or to another service provider's location.
- If shipping invoices are not available, a written statement signed by the customer must be obtained. The statement must contain the customer's certification that the goods have been brought into B.C. solely to receive related services, and that they will be removed from B.C. as soon as the services have been performed.

**Note:** This exemption does not apply if related services are provided to goods that are not in B.C. for the sole purpose of receiving the related services (e.g. repairs provided to a tourist's car).

## **Sales to First Nations Individuals and Bands**

You do not charge PST on related services and parts purchased by First Nations individuals and bands in certain situations. For more information, see [Bulletin PST 314](#), Exemptions for First Nations.

## **Sales to Other Businesses**

If you provide related services to vehicles that your customer stores, keeps or retains for the sole purpose of resale or leasing, you may provide the related services, and any parts you install, exempt from PST if you follow the procedures described below.

You also do not charge PST when the Insurance Corporation of British Columbia (ICBC) pays for repairs to a vehicle belonging to a rental company's rental fleet, as long as you obtain the rental company's PST number.

**Note:** PST applies to related services provided to vehicles that are not stored, kept or retained for the sole purpose of resale or leasing by other businesses. For example, if you repair a truck that is used by a motor vehicle dealer as a parts delivery truck, you must charge PST. However, if you repair a truck the same motor vehicle dealer stores, keeps or retains for the sole purpose of resale or leasing, the motor vehicle dealer may claim an exemption from PST on the repair.

Your customers may also purchase related services or parts for resale to others. If a customer tells you they are purchasing related services or parts solely for resale, you do not charge PST as long as you obtain the purchaser's PST number or, if the purchaser does not have a PST number, a completed Certificate of Exemption – General ([FIN 490](#)). To show why you did not charge PST on these sales, record the purchaser's PST number on the bill, invoice or receipt or retain the completed Certificate of Exemption – General form ([FIN 490](#)).

## **Bundled Sales**

If you sell an exempt good or service with a taxable good or service for a single price, you charge PST based on the rules for bundled sales of taxable and non-taxable goods and services. For more information see [Bulletin PST 316](#), Bundled Sales and Leases.



# **Purchases and Leases for Your Business**

## **Taxable Goods**

You must pay PST on the purchase or lease of new or used taxable goods you use in your business, such as:

- Advertising materials, such as flyers and brochures
- Computer hardware
- Delivery and other business vehicles, including parts to repair the vehicles (PST may apply differently if you are a motor vehicle dealer – see [Bulletin PST 116](#), Motor Vehicle Dealers and Leasing Companies)
- Equipment used to perform your services, such as tools, machinery, hydraulic lifts, diagnostic machines, paint spraying equipment, hammers, screwdrivers and welders
- Goods you purchase to give away as free promotions (see Promotional Materials below)
- Shop supplies – supplies that do not become part of the vehicles you are servicing (e.g. rags, paper towels, masking tape, oil for tools or machinery, and cleaning supplies)
- Stationery, furniture, display cases and office equipment

You must also pay PST on the following:

- Software, unless a specific exemption applies (e.g. custom software). For more information, see [Bulletin PST 105](#), Software.
- Related services you purchase for your own equipment, such as repairs to your tools. For more information, see [Bulletin PST 301](#), Related Services.

If your supplier does not charge you PST on taxable items, you must self-assess (pay directly to us) the PST due with your next PST return. If you are not registered for PST, you must self-assess the PST due using a Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you obtained the taxable items. For example, if you purchase a taxable item in July, you must file the return and pay the PST no later than August 31.

## **Bonus Items**

You may provide goods or services as bonus items with the purchase of other goods or services. For example, you may give your customer the 10th oil change free when your customer buys 9 oil changes. You do not pay PST when you give away a taxable good or service with the purchase of another good or service, such

as when your customer buys 9 oil changes and gets 1 free. In this case, your customer has already paid the PST. You do not charge your customer PST because all 10 oil changes were offered at a discounted price (i.e. 10% off each oil change).

## **Promotional Materials**

Promotional materials are goods you use, give away or sell below cost to help advertise or promote your business. Examples of promotional materials include samples, gifts, premiums and prizes, and goods that are given away as part of a loyalty or rewards points program.

You must pay PST on all taxable goods you purchase or make as promotional material. For example, you must pay PST if you buy calendars you will give away to promote your business.

For more information, see [Bulletin PST 311](#), Promotional Materials and Special Offers.

## **Goods for Resale or Lease**

You do not pay PST on the following:

- Goods you obtain solely for resale or lease to your customers
- Parts and materials you obtain solely for use in providing a related service to other goods if the parts and materials remain part of, or attached to, the other goods after the service has been provided (e.g. replacement parts, grease, glue, fabric protectors and paint)
- Services for vehicles you purchase from a third party, such as when you send a customer's vehicle to an auto body shop for repairs (generally, you charge PST on the resale of those vehicle services to your customer)

To purchase the above items exempt from PST, give the supplier your PST registration number or, if you are not registered for PST, a completed Certificate of Exemption – General ([FIN 490](#)).

For more information, see [Bulletin PST 208](#), Goods for Resale.

## **Change in Use**

If you take taxable goods, such as parts, from your resale inventory for business or personal use, you must self-assess PST on your cost of the goods.

If you are registered for PST, you must self-assess the PST due on your next PST return. If you are not registered for PST, you must self-assess the PST due using a

Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you used the goods for a taxable purpose.

If you purchase both exempt goods for resale and taxable goods you will use in your business as a single purchase, you need to tell the supplier which goods are exempt and which goods are taxable.

If you take taxable goods from your lease inventory for business or personal use, you must self-assess PST as explained in [Bulletin PST 315](#), Rentals and Leases of Goods.

## **Goods Brought Into B.C.**

You must pay PST if you purchase or lease taxable goods or services outside B.C. and bring or send them into B.C. or receive the goods in B.C. You must pay PST on the total purchase price, including charges for financing, transportation, customs, excise and any other costs, except the federal goods and services tax (GST).

If the supplier does not charge you PST at the time of the sale or lease, you must self-assess the PST due on your next PST return. If you do not have a PST number, you must self-assess the PST due using the Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month you brought or sent goods into B.C. or received goods in B.C.

For more information, see [Bulletin PST 310](#), Goods Brought Into B.C.

## **Courtesy Vehicles**

### **Passenger Vehicle Rental Tax (PVRT)**

You must charge a PVRT of \$1.50 for each day (i.e. 24-hour period), or portion of a day, when you rent or lease a passenger vehicle to customers for a period of more than 8 consecutive hours and 28 consecutive days or less. You are considered to be renting or leasing a vehicle if you receive compensation for the use of the vehicle.

Example:

A customer rents a passenger vehicle on Friday afternoon and returns it on Monday morning. You must charge **3 days** of PVRT because the vehicle is rented or leased for all or a portion of 3 24-hour periods.

Lessors of passenger vehicles must charge and collect the PVRT in addition to the PST on the rental or lease of the passenger vehicles and remit both taxes on their

PST return. The rate of PST you must charge on the rental or lease is 7% to 10%, 15% or 20%, depending on the type, value and how you acquired the vehicle.

Example:

Your customer rents a passenger vehicle for 2 days. If you (the lessor) had purchased the vehicle for \$45,000, the rate of PST you must charge for the rental is 7%.

Rental charge (2 days at \$50 per day):	\$100.00
PVRT (2 days at \$1.50 per day):	\$ 3.00
PST (7% of the rental charge):	\$ 7.00

However, if you had purchased the vehicle for \$58,000, the rate of PST you must charge for the rental is 10%.

Rental charge (2 days at \$50 per day):	\$100.00
PVRT (2 days at \$1.50 per day):	\$ 3.00
PST (10% of the rental charge):	\$10.00

**Note:** You do not charge PST on the PVRT, but you do charge the federal goods and services tax (GST) on the PVRT.

For more information on the applicable PST rates for vehicles, see [Bulletin PST 308](#), PST on Vehicles.

## Compensation from Insurers

If you provide a courtesy vehicle to your customer and you receive compensation for the use of the vehicle from ICBC under their Alternative Transportation Service (ATS), or you receive compensation from a non-ICBC insurer under an equivalent program, you must charge the insurer the applicable PVRT (as outlined above) and the applicable rate of PST on the amount of the compensation (i.e. the lease price). For more information on the applicable PST rates for vehicles, see [Bulletin PST 308](#), PST on Vehicles.

If you do not provide a courtesy vehicle or any form of transportation to your customer but you receive compensation under ICBC's ATS or an equivalent program, you must charge the insurer 7% PST on the amount of the compensation. In this case, PST is payable because the compensation amount forms part of the charge for the taxable related service.

If you provide transportation other than a courtesy vehicle (e.g. a bus ticket or taxi voucher) and you receive compensation from the insurer, you do not charge PST

on the compensation amount. In this case, PST and the PVRT do not apply because these forms of alternative transportation are not taxable.

## **Compensation from Customers**

If you provide a courtesy vehicle to your customer and you charge them a fee for the use of the vehicle (i.e. you do not receive compensation from an insurer), you must charge your customer the applicable PVRT as outlined above and PST (at the applicable rate) on the fee (lease price). For more information on the applicable PST rates for vehicles, see [Bulletin PST 308](#), PST on Vehicles.

If you provide a courtesy vehicle to your customer at no charge, see Acquisition of Courtesy Vehicles below.

## **Acquisition of Courtesy Vehicles**

You do not pay PST on courtesy vehicles you purchase or lease **solely** for the purpose of leasing the courtesy vehicles to others. However, if you know at the time of purchase or lease that you will use the vehicle for business or personal use at any time, the exemption does not apply and you must pay PST. Business use includes providing a courtesy vehicle to your customer at no charge (i.e. you do not receive compensation from either an insurer or your customer).

If you purchase a courtesy vehicle exempt from PST solely for the purpose of leasing the vehicle to other persons, but later use the vehicle for business or personal use at any time, you must self-assess PST on the depreciated purchase price of the vehicle. The rate of PST you must pay is 7% to 10%, 12%, 15% or 20%, depending on the type of vehicle and how it was acquired. You must self-assess the PST due on your next PST return.

For information on calculating the depreciated purchase price of a vehicle, see [Bulletin PST 308](#), PST on Vehicles.

**Note:** If you are a motor vehicle dealer, you must use the dealer-use formula to pay PST on courtesy cars. For more information, see [Bulletin PST 117](#), Motor Vehicle Dealer-Use and Manufacturer-Use Formulas.

## **Service Contracts**

A service contract is an agreement that applies to certain goods under which, in the future, a customer may receive replacement goods, parts or services. This includes warranties, maintenance agreements and similar contracts, including

where it cannot be determined at the outset whether any replacement goods, parts or services will be provided.

For information on how PST applies to service contracts for both the service provider and the purchaser of the service contract, see [Bulletin PST 303](#), Warranties, Service Contracts and Maintenance Agreements.

## **Need more info?**

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free in Canada: 1-877-388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

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### **Latest Revision**

December 2021

- Revised to reflect that effective February 19, 2020, various exemptions for related services do not apply if the service is provided by a lessor or by a third party through a contract with the lessor during the lease of the vehicle
  - Clarified PST rates for courtesy vehicles
  - Other minor revisions
- 

References: Provincial Sales Tax Act, sections 1 “motor vehicle”, “multijurisdictional vehicle”, “passenger vehicle”, “related service”, “vehicle”, 9, 10, 16, 18, 25, 26, 28, 34, 35, 37, 39, 43, 49, 81, 83, 84.1, 119, 120, 121, 141, 142, 145 and 192; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “band”, “First Nation individual”, “First Nation band”, 7, 30, 73, 77 and 77.2; Provincial Sales Tax Regulation, sections 25-28, 63, 72 and 79.