



Motor Vehicle Dealer-Use and Manufacturer-Use Formulas Provincial Sales Tax Act

The revision bar (|) identifies changes to the previous version of this bulletin dated October 2022. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how PST applies to vehicles used by dealers and manufacturers. For information on sales and leases of vehicles by dealers and leasing companies, see [Bulletin PST 116](#), Motor Vehicle Dealers and Leasing Companies. For information on how PST applies to vehicles purchased in B.C., vehicles acquired outside B.C. that are brought into B.C., and vehicles acquired as a gift, see [Bulletin PST 308](#), PST on Vehicles.

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Overview

PST on Motor Vehicles Used by Dealers and Manufacturers

You are exempt from PST on motor vehicles you acquire solely for resale or for leasing to other persons (i.e. for your sales or lease inventory). However, if you later take motor vehicles from your sales or lease inventory for use, you must self-assess and pay PST as outlined below.

- For motor vehicles you use for a qualifying purpose (see the Dealer-Use Formulas and Manufacturer-Use Formula sections below), you must pay a proportional amount of PST for every month of use by using the applicable dealer-use or manufacturer-use formula.
- For motor vehicles you use for any other non-qualifying purpose, you must self-assess and pay PST as follows:
 - If you acquired the motor vehicle solely for resale and you later used the motor vehicle, you must pay PST on the purchase price of the motor 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.
 - If you acquired the motor vehicle solely for leasing to other persons and later used the motor vehicle, you must pay PST on the depreciated purchase price of the motor 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.

Definitions

In this bulletin:

- A **dealer** is a person who is registered as a motor dealer under the Motor Dealer Act
- A **dealer-use vehicle** is a motor vehicle that is readily available for sale or lease by a dealer
- A **donated vehicle** is a motor vehicle that is:
 - readily available for sale or lease, except while being provided by a dealer or manufacturer, at their own expense, to community event organizers or participants, and
 - at the conclusion of the event, either returned to the dealer's or manufacturer's sale or lease inventory, or sold
- A **manufacturer** is a person who makes motor vehicles but does not include a dealer
- A **zero-emission vehicle (ZEV)** is a motor vehicle that is propelled by electricity or hydrogen from an external source, and emits no greenhouse gases at least some of the time while the motor vehicle is being operated. This includes fully electric vehicles, vehicles that run exclusively on hydrogen, and plug-in hybrids. It does not include hybrids that are not plugged in.

Dealer-Use Formulas

If you are a dealer and you use one or more motor vehicles for any of the following qualifying purposes, you must calculate, self-assess and pay a proportional amount of PST using the applicable dealer-use formula. You do this for every month in which you use a vehicle for a qualifying purpose.

There are **four** dealer-use formulas:

1. Dealer-use formula for motor vehicles used by a dealer or by an officer, salesperson or employee of a dealer
2. Dealer-use formula for ZEVs used by a dealer, or by an officer, salesperson or employee of a dealer
3. Dealer-use formula for courtesy cars, donated vehicles, and parts delivery or shuttle vehicles
4. Dealer-use formula for ZEV courtesy cars, donated vehicles, and parts delivery or shuttle vehicles

To calculate the PST you pay, you must use the correct formula. More information about each formula is outlined below.

If you have a PST number, 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 a Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month in which you used the motor vehicle.

1. Dealer-Use Formula for Motor Vehicles Used by a Dealer, or by an Officer, Salesperson or Employee of a Dealer

The following dealer-use formula applies when a motor vehicle (other than a ZEV), is a dealer-use vehicle used by a dealer, or by an officer, salesperson or employee of the dealer:

- for any purpose related to the dealer's business as a dealer, or
- for personal use.

Each month you use a dealer use vehicle for the purposes described above, you must calculate the PST due using the following formula:

PST Payable = 1.75% x (Average Vehicle Value x Users x Applicable Percentage)

Calculate the amounts to be inserted into the formula, as follows:

Average Vehicle Value = Total Value ÷ Total Vehicles

Total Value = The total of the following amounts for all vehicles that at the end of the month are in the dealer's sale or lease inventory for B.C. in which the dealer-use vehicles are held:

- the total consideration paid for the vehicles by the dealer, except the goods and services tax (GST) and federal luxury tax,
- for vehicles that were purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the vehicles that are incurred by the dealer before the vehicles are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and
 - costs and expenses for service, customs, excise and transportation,
- the dealer's costs in manufacturing the vehicles, and
- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the dealer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the vehicles.

Total Vehicles = The total number of vehicles that at the end of the month are in the dealer's sale or lease inventory for B.C. in which the dealer-use vehicles are held.

Users = The number of the dealer's employees authorized to use vehicles during the month.

Applicable Percentage is based on the dealer’s average vehicle value for the month as follows:

Dealer’s Average Vehicle Value for the Month	Applicable Percentage
less than \$55,000	7%
\$55,000 - \$55,999.99	8%
\$56,000 - \$56,999.99	9%
\$57,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

2. Dealer-Use Formula for ZEVs Used by a Dealer, or by an Officer, Salesperson or Employee of a Dealer

The following dealer-use formula applies when a dealer-use ZEV is used by a dealer, or by an officer, salesperson or employee of the dealer:

- for any purpose related to the dealer’s business as a dealer, or
- for personal use.

Each month you use a dealer-use ZEV for the purposes described above, you must calculate the PST due using the following formula:

$$\text{PST Payable} = 1.75\% \times (\text{Average ZEV Value} \times \text{Users} \times \text{Applicable Percentage})$$

Calculate the amounts to be inserted into the formula, as follows:

$$\text{Average ZEV Value} = \text{Total ZEV Value} \div \text{Total ZEVs}$$

Total ZEV Value = The total of the following amounts for all ZEVs that at the end of the month are in the dealer’s sale or lease inventory for B.C. in which the dealer-use ZEVs are held:

- the total consideration paid for the ZEVs by the dealer, except the goods and services tax (GST) and federal luxury tax,

- for ZEVs that were purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the ZEVs that are incurred by the dealer before the ZEVs are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and
 - costs and expenses for service, customs, excise and transportation,
- the dealer’s costs in manufacturing the ZEVs, and
- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the dealer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the ZEVs.

Total ZEVs = The total number of ZEVs that at the end of the month are in the dealer’s sale or lease inventory for B.C. in which the dealer-use ZEVs are held.

Users = The number of the dealer’s employees authorized to use ZEVs during the month.

Applicable Percentage is based on the dealer’s average ZEV value for the month as follows:

Dealer’s Average ZEV Value for the Month	Applicable Percentage
less than \$75,000	7%
\$75,000 - \$75,999.99	8%
\$76,000 - \$76,999.99	9%
\$77,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

3. Dealer-Use Formula for Courtesy Cars, Donated Vehicles, and Parts Delivery or Shuttle Vehicles

In this section, a **business vehicle** is any of the following:

- A dealer-use vehicle that is used as a courtesy car
- A motor vehicle that is used as:
 - a donated vehicle
 - a parts delivery or shuttle vehicle, as long as it is readily available for sale or lease by a dealer, and is used by the dealer or by an officer, salesperson or employee of the dealer, to transport motor vehicle parts or the dealer's customers

The following dealer-use formula applies when a motor vehicle (other than a ZEV) is used as a business vehicle. You must self-assess the PST due on all motor vehicles used as business vehicles within the month, regardless of the number of days that the vehicles are used. For example, if you switch a courtesy car in the middle of the month for a different courtesy car, you self-assess on both motor vehicles for that month.

Each month that you use a motor vehicle as a business vehicle, you must calculate the PST due using the following formula:

$$\text{PST Payable} = 1.75\% \times (\text{Average Vehicle Value} \times \text{Number of Vehicles} \times \text{Applicable Percentage})$$

Calculate the amounts to be inserted into the formula, as follows:

$$\text{Average Vehicle Value} = \text{Total Value} \div \text{Total Vehicles}$$

Total Value = The total of the following amounts for all vehicles that at the end of the month are in the dealer's sale or lease inventory for B.C. in which the dealer's business vehicles are held:

- the total consideration paid for the vehicles by the dealer, except the GST and federal luxury tax,
- for vehicles that were purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the vehicles that are incurred by the dealer before the vehicles are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and

- costs and expenses for service, customs, excise and transportation,
- the dealer’s costs in manufacturing the vehicles, and
- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the dealer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the vehicles.

Total Vehicles = The total number of vehicles that at the end of the month are in the dealer’s sale or lease inventory for B.C. in which the dealer’s business vehicles are held.

Number of vehicles = The number of vehicles used by the dealer as business vehicles during that month.

Applicable Percentage is based on the dealer’s average vehicle value for the month as follows:

Dealer’s Average Vehicle Value for the Month	Applicable Percentage
less than \$55,000	7%
\$55,000 - \$55,999.99	8%
\$56,000 - \$56,999.99	9%
\$57,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

4. Dealer-Use Formula for ZEV Courtesy Cars, Donated Vehicles, and Parts Delivery or Shuttle Vehicles

In this section, a **business vehicle** is any of the following:

- A dealer-use ZEV that is used as a courtesy car
- A ZEV that is used as:
 - a donated vehicle

- a parts delivery or shuttle vehicle, as long as it is readily available for sale or lease by a dealer, and is used by the dealer or by an officer, salesperson or employee of the dealer, to transport motor vehicle parts or the dealer's customers

The following dealer-use formula applies when a ZEV is used as a business vehicle. You must self-assess the PST due on all ZEVs used as business vehicles within the month, regardless of the number of days that the vehicles are used. For example, if you switch a ZEV courtesy car in the middle of the month for a different ZEV courtesy car, you self-assess on both ZEVs for that month.

Each month that you use a ZEV as a business vehicle, you must calculate the PST due by using the following formula:

$$\text{PST Payable} = 1.75\% \times (\text{Average ZEV Vehicle Value} \times \text{Number of ZEVs} \times \text{Applicable Percentage})$$

Calculate the amounts to be inserted into the formula, as follows:

$$\text{Average ZEV Value} = \text{Total ZEV Value} \div \text{Total ZEVs}$$

Total ZEV Value = The total of the following amounts for all ZEVs that at the end of the month are in the dealer's sale or lease inventory for B.C. in which the dealer's business ZEVs are held:

- the total consideration paid for the ZEVs by the dealer, except the GST and federal luxury tax,
- for ZEVs that were purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the ZEVs that are incurred by the dealer before the ZEVs are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and
 - costs and expenses for service, customs, excise and transportation,
- the dealer's costs in manufacturing the ZEVs, and
- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the dealer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the ZEVs.

Total ZEVs = The total number of ZEVs that at the end of the month are in the dealer's sale or lease inventory for B.C. in which the dealer's business ZEVs are held.

Number of ZEVs = The number of ZEVs used by the dealer as business ZEVs during that month.

Applicable Percentage is based on the dealer’s average ZEV value for the month as follows:

Dealer’s Average ZEV Value for the Month	Applicable Percentage
less than \$75,000	7%
\$75,000 - \$75,999.99	8%
\$76,000 - \$76,999.99	9%
\$77,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

Manufacturer-Use Formula

If you are a manufacturer of motor vehicles, and you take motor vehicles from your sale or lease inventory to use as donated vehicles, you must calculate, self-assess and pay a proportional amount of PST using the appropriate manufacturer-use formula outlined below. You do this for every month in which you use a vehicle as a donated vehicle.

If you have a PST number, 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 a Casual Remittance Return ([FIN 405](#)) on or before the last day of the month following the month in which you used the motor vehicle.

1. Manufacturer-use formula for motor vehicles that are not ZEVs

$$\text{PST Payable} = 1.75\% \times (\text{Average Vehicle Cost} \times \text{Number of Vehicles} \times \text{Applicable Percentage})$$

Calculate the amounts to be inserted into the formula, as follows:

$$\text{Average Vehicle Cost} = \text{Total Value} \div \text{Total Vehicles}$$

Total Value = The total of the following amounts for all vehicles that at the end of the month are in the manufacturer's sale or lease inventory for B.C. in which the donated vehicles are held **or**, if the manufacturer does not have a sale or lease inventory for B.C., for all of the manufacturer's donated vehicles that are in B.C. at the end of the month:

- for vehicles that are purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the vehicles that are incurred by the manufacturer before the vehicles are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and
 - costs and expenses for service, customs, excise and transportation,
- the manufacturer's costs in manufacturing the vehicles, and
- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the manufacturer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the vehicles.

Total Vehicles = one of the following:

- The total number of vehicles that at the end of the month are in the manufacturer's sale or lease inventory for B.C. in which the donated vehicles are held
- If the manufacturer does not have a sale or lease inventory for B.C., the total number of the manufacturer's donated vehicles that are in B.C. at the end of the month

Number of Vehicles = The number of vehicles used as donated vehicles during that month.

Applicable Percentage is based on the manufacturer’s average vehicle cost for the month as follows:

Manufacturer’s Average Vehicle Cost for the Month	Applicable Percentage
less than \$55,000	7%
\$55,000 - \$55,999.99	8%
\$56,000 - \$56,999.99	9%
\$57,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

2. Manufacturer-use formula for motor vehicles that are ZEVs

$$\text{PST Payable} = 1.75\% \times (\text{Average ZEV Cost} \times \text{Number of ZEVs} \times \text{Applicable Percentage})$$

Calculate the amounts to be inserted into the formula, as follows:

$$\text{Average ZEV Cost} = \text{Total ZEV Value} \div \text{Total ZEVs}$$

Total ZEV Value = The total of the following amounts for all ZEVs that at the end of the month are in the manufacturer’s sale or lease inventory for B.C. in which the donated ZEVs are held **or**, if the manufacturer does not have a sale or lease inventory for B.C., for all of the manufacturer’s donated ZEVs that are in B.C. at the end of the month:

- for ZEVs that are purchased, manufactured, processed or otherwise acquired outside B.C. and later brought into B.C., any costs for the ZEVs that are incurred by the manufacturer before the ZEVs are used in B.C., including:
 - costs and expenses for materials, labour and other manufacturing and processing costs and expenses, and
 - costs and expenses for service, customs, excise and transportation,
- the manufacturer’s costs in manufacturing the ZEVs, and

- the total consideration paid for parts, materials, accessories or any other goods acquired exempt from PST by the manufacturer (for retail sale or lease purposes) that have been processed, fabricated or manufactured into, attached to or incorporated into the ZEVs.

Total ZEVs = one of the following:

- The total number of ZEVs that at the end of the month are in the manufacturer’s sale or lease inventory for B.C. in which the donated ZEVs are held
- If the manufacturer does not have a sale or lease inventory for B.C., the total number of the manufacturer’s donated ZEVs that are in B.C. at the end of the month

Number of ZEVs = The number of ZEVs used as donated ZEVs during that month.

Applicable Percentage is based on the manufacturer’s average ZEV cost for the month as follows:

Manufacturer’s Average Vehicle Cost for the Month	Applicable Percentage
less than \$75,000	7%
\$75,000 - \$75,999.99	8%
\$76,000 - \$76,999.99	9%
\$77,000 - \$124,999.99	10%
\$125,000—\$149,999.99	15%
\$150,000 and over	20%

Non-Qualifying Uses of Vehicles

If you are a dealer or manufacturer and you use a motor vehicle from your sales or lease inventory **that is not readily available for sale or lease**, you cannot use the dealer-use or manufacturer-use formulas. You must self-assess and pay PST on the purchase price of the vehicle if you acquired it solely for resale, or self-assess and pay PST on the depreciated purchase price of the vehicle if you acquired the vehicle solely for leasing to other persons. This includes when you:

- use vehicles that are dedicated to specific uses (e.g. for racing or as a tow truck),
- use vehicles that are not usually left on your business premises during normal business hours,
- use donated vehicles that are not usually left on your business premises during normal business hours when they are not being used during a community event, or
- remove vehicles from your sale or lease inventory, except for the purpose of temporarily using a vehicle as a donated vehicle.

If you are required to pay PST on the purchase price or depreciated purchase price of the motor vehicle, see [Bulletin PST 308](#), PST on Vehicles, for information on when the PST is due, and on how to calculate the depreciated purchase price of a motor vehicle.

Note: If the non-qualifying vehicle is a used zero-emission vehicle (ZEV), it is exempt from PST effective February 23, 2022. See [Bulletin PST 116](#), Motor Vehicle Dealers and Leasing Companies, for more information about this exemption.

Vehicles Used by Employees

If you lease a motor vehicle to your employees, you must charge PST on the lease price. You cannot use the dealer-use or manufacturer-use formulas for such vehicles.

You also cannot use the dealer-use or manufacturer-use formulas for vehicles that you allow your employees to use for a business use that is not related to your business as a dealer or manufacturer. In this situation, you may be required to pay PST on the vehicle or charge your employee PST based on a fair market value lease price. For more information, contact us.

Note: If the vehicle you lease to your employees, or that you allow your employees to use for a business use that is not related to your business as a dealer or manufacturer, is a used zero-emission vehicle (ZEV), it is exempt from PST effective February 23, 2022. See [Bulletin PST 116](#), Motor Vehicle Dealers and Leasing Companies, for more information about this exemption.

Need more info?

Online: gov.bc.ca/pst

Toll free: 1-877-388-4440

Email: 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.

Latest Revision

November 2022

- Subject to Royal Assent of retroactive legislation the Government intends to table in Budget 2023, clarified that the federal luxury tax, if applicable, is not included when calculating total vehicle and total ZEV value

References: Provincial Sales Tax Act, sections 1 ""motor vehicle", "vehicle", 9, 10, 12, 13, 25, 27, 34, 39, 81, 83, 84.1 and 192; Provincial Sales Tax Regulation, sections 5, 10, 25-28, 47, 52, 32, 33, 50, and 79.