Bulletin PST 135

Issued: March 2013
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Multijurisdictional Vehicles

Provincial Sales Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated June 2017. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how the multijurisdictional vehicle tax (MJV tax) applies to multijurisdictional vehicles (MJVs) and how the provincial sales tax (PST) applies to trailers used solely with MJVs. The bulletin also explains how PST applies to replacement parts and related services for MJVs and trailers used solely with MJVs.

If you operate an MJV, you should also read **Bulletin MFT-CT 008**, International Fuel Tax Agreement and Motive Fuel User Permits.

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Definitions

The **acquisition date** and **acquisition year** for a vehicle are as follows:

- For a vehicle that is **purchased**, the acquisition date is the date the vehicle is purchased. The acquisition year is the calendar year in which the vehicle is purchased.
- For a vehicle that is **received as a gift**, the acquisition date is the date the recipient of the gift receives possession of the vehicle. The acquisition year is the calendar year in which the recipient of the gift receives possession of the vehicle.
- For a vehicle that is **leased**, the acquisition date is the date the vehicle first becomes accessible by the lessee. The acquisition year is the calendar year in which the vehicle first becomes accessible by the lessee.

A **bus** is a motor vehicle designed to carry more than 10 persons. The MJV tax rates for buses are different from the rates that apply to other MJVs.

A **calculation year** is a period beginning on July 1 and ending on the following June 30.

The term **fleet** usually refers to a group of vehicles under the direction of a single carrier. However, in the case of smaller operators, a fleet may consist of a single vehicle.

The **fleet licence year** is a period that begins on the fleet licensing date and ends a day before the anniversary of that date. For example, your vehicles might be licensed for the period January 1 through December 31.

The **fleet licensing date** is the start date of your fleet licence year. For example, if licences for your vehicles cover the period January 1 through December 31, the fleet licensing date is January 1.

The **International Registration Plan (IRP)** is an international prorating agreement that allows for the licence fees and taxes that apply in various jurisdictions to be collected at the time MJVs are registered and licensed in their home jurisdiction. Licensing under the IRP is commonly referred to as prorate licensing. In B.C., the IRP is administered by the Prorate Office of the Insurance Corporation of British Columbia (ICBC).

Not all vehicles can be prorate licensed. For information on licensing criteria, please contact the **ICBC Prorate Office**. If you are based in another participating jurisdiction, please contact the vehicle licensing authority in your jurisdiction.

An **MJV** is a prorate licensed vehicle (i.e. registered under the IRP). If a vehicle is not prorate licensed, it is not an MJV and the PST rules that apply to all other vehicles will apply (see **Bulletin PST 308**, PST on Vehicles).

An **owner-operator** is a person who transfers an MJV to a carrier under an agreement and who retains a beneficial interest in that vehicle.

A **vehicle licence period** is the period beginning on the date a licence is issued for an MJV (the licensing date) and ending on the expiry date that was established on that licensing date.

MJV Tax and Exit Tax

MJV Tax

When a licence is obtained or renewed for an MJV in B.C., the person who licenses the vehicle is required to pay MJV tax to ICBC.

Similarly, when an MJV licensed in another jurisdiction is used in B.C., MJV tax applies. The jurisdiction that issues the licence will collect the MJV tax and will forward it to B.C.

How MJV Tax is Calculated

When you license a vehicle as an MJV, ICBC or your jurisdiction’s licensing authority will calculate the MJV tax. Although this calculation is done for you, the following formula and explanations are provided for your information.

MJV tax = taxable value x tax rate x travel ratio x travel months

The **taxable value** of a vehicle is as follows:

- If the vehicle is purchased for fair market value, the purchase price of the vehicle.
- If the vehicle is acquired for less than fair market value, the fair market value of the vehicle on the date the vehicle is purchased or received as a gift.
- If the vehicle is leased, the greater of the purchase price of the vehicle, as described in the lease, and the fair market value of the vehicle on the date the vehicle first becomes accessible by the lessee.

The taxable value includes any capital expenditures made to the vehicle within 30 days after the vehicle's acquisition date (for example, the addition of a crane).

The **fair market value** is the retail price the vehicle would normally sell for in the open market.

The **tax rate** varies according to the number of calendar years that have passed since the acquisition year of the vehicle as shown below. Separate rates apply for buses and vehicles other than buses.

Calendar Year	Tax Rate for Vehicles Other than Buses	Tax Rate for Buses
Acquisition year	3.294%	2.708%
1st calendar year after the acquisition year	2.646%	2.046%
2nd calendar year after the acquisition year	2.177%	1.559%
3rd calendar year after the acquisition year	1.838%	1.200%
4th calendar year after the acquisition year	1.597%	0.940%
5th calendar year after the acquisition year	1.577%	0.816%
6th calendar year after the acquisition year	1.509%	0.674%
7th calendar year after the acquisition year	1.486%	0.570%
8th calendar year after the acquisition year	1.497%	0.564%
9th and subsequent calendar years after the acquisition year	1.533%	0.506%

The **travel ratio** for a vehicle is based on travel conducted by the fleet to which the vehicle belongs. Please note that a fleet can consist of one or more vehicles.

The travel ratio is also determined according to travel conducted during the calculation year (July 1 to June 30) before the fleet licensing date (the start date of your fleet's licence year).

The following examples show how to determine the relevant calculation year for determining your travel ratio:

If today is:	and the fleet licensing date is:	the calculation year to consider is:
April 1, 2020	June 1	July 1, 2018 – June 30, 2019
August 1, 2020	June 1	July 1, 2018 – June 30, 2019
April 1, 2020	July 1	July 1, 2018 – June 30, 2019
August 1, 2020	July 1	July 1, 2019 – June 30, 2020

Existing Fleets: Travel Ratio Determined Using Actual Distances
If one or more vehicles in the fleet were MJVs and travel in any IRP jurisdiction (including B.C.) occurred at any time during the relevant calculation year, the travel ratio is the ratio of:

(a) the distance travelled in B.C. by the vehicles in the fleet in the period beginning on the first day of that calculation year or on the first date in that calculation year that a vehicle in the fleet became an MJV, whichever is later, and ending on the last day of that calculation year

to

(b) the total distance travelled by the vehicles in the fleet during that same period.

New or Inactive Fleets: Travel Ratio Determined Using Average Per-Vehicle Distance (APVD)
If none of the vehicles in the fleet were MJVs or no travel in any IRP jurisdiction (including B.C.) occurred at any time during the relevant calculation year, the travel ratio is the ratio of:

(a) the total distance travelled in B.C. by all MJVs licensed in your jurisdiction, as reported to your licensing authority over a one-year period

to

(b) the total distance travelled in all IRP jurisdictions by all MJVs licensed in your jurisdiction, as reported to your licensing authority over a one-year period.

IRP licensing authorities calculate APVD. Each IRP jurisdiction updates its APVD calculation annually. In B.C., ICBC calculates its APVD on a calendar year basis. Therefore, a new APVD applies at the beginning of each year.

If you are licensing a new or inactive fleet in a different jurisdiction and have questions about the one year period used by your jurisdiction, contact your licensing authority.

The **travel months** for a vehicle is the number of whole or partial calendar months left in the vehicle licence period at the time the vehicle is licensed, divided by 12. For example, if:

- your vehicle licence period spans January 1 through December 31, this period includes 12 whole months (travel months = 12 ÷ 12 = 1)
- your vehicle licence period spans July 1 through December 31, this period includes 6 whole months (travel months = 6 ÷ 12 = 0.5)
- you arrange to license your vehicle on July 20 as part of a fleet with a fleet licence year of January 1 through December 31, you will receive a licence that covers the period July through December. This period during which your licence is valid includes 5 whole months (August through December) and 1 partial (July) month (travel months = 6 ÷ 12 = 0.5)

Exit Tax

If an MJV ceases to be prorate licensed and then becomes licensed for use solely within B.C., an **exit tax** of 7% applies to the depreciated purchase price of the vehicle, unless one of the two conditions below are met. For information on calculating the depreciated purchase price, see Calculating the Depreciated Purchase Price below.

Exit tax does not apply if:

1. the vehicle is leased, or
2. the vehicle, under its current ownership, has been previously licensed for use solely within B.C.

When exit tax is payable, it is collected by ICBC and is reduced by a credit automatically provided by ICBC. For more information, see Credit to Reduce Exit Tax under Credits and Refunds.

Example 1: Exit Tax Applies
You purchase a vehicle and immediately license it as an MJV. Later, you cancel the prorate licence for the vehicle and obtain a regular B.C. commercial licence for the vehicle. Exit tax applies because the vehicle is not leased and has not, since the time you purchased it, been licensed for use solely within B.C.

Example 2: No Exit Tax Applies
You purchase a vehicle and immediately license it as an MJV. Later, you cancel the prorate licence for the vehicle and you do not obtain a licence of any kind (e.g. you get a storage insurance policy for the vehicle and put the vehicle into storage). No exit tax applies because the vehicle did not become licensed for use solely within B.C. However, exit tax applies if at any time later you obtain a regular B.C. commercial licence for the vehicle.

Example 3: No Exit Tax Applies
You operate a leased MJV. At some point, you cancel the prorate licence for the vehicle and obtain a regular B.C. commercial licence for the vehicle. No exit tax applies because the vehicle is leased. (PST is payable on the lease payments.)

Owner-Operator Arrangement
If you are in an owner-operator arrangement and exit tax applies, ICBC will collect the exit tax from the person who obtains the regular B.C. commercial licence for the vehicle that ceased to be prorate licensed. For example, if you are an owner-operator and your carrier is the person who obtains the regular B.C. commercial licence, ICBC will collect the exit tax from your carrier. If you are no longer operating under an owner-operator arrangement and you obtain the regular B.C. commercial licence for your vehicle, ICBC will collect the exit tax from you.

Credits and Refunds

Several credits and refunds may apply to reduce or offset MJV tax payable or paid for a vehicle.

Where a credit applies, that amount is automatically provided by ICBC and is used to reduce MJV or exit tax payable. Credits only apply for vehicles that are licensed in B.C.

Where a refund applies, the person entitled to the refund must apply to us to receive the refund. To apply for a refund in relation to a multijurisdictional vehicle, complete an Application for Refund of Provincial Sales Tax (PST) - Multijurisdictional Vehicles (**FIN 355/MJV**) and provide the supporting documentation listed in the instructions to the form.

Before you apply for a refund, read the information below to ensure the application is submitted by the person entitled to the refund. For example, if you are an owner-operator, your carrier is the person who obtains the licence for your vehicle. Therefore, if a refund is available to a person who obtains a licence **and** that person is your carrier, the application must be submitted by your carrier.

Credit if Tax Previously Paid

A credit applies for vehicles licensed in B.C. if both of the following apply:

- the vehicle becomes prorate licensed before the end of the 4th calendar year after the calendar year in which it was acquired, and
- the person who obtains the prorate licence (or the owner-operator if an owner-operator arrangement is in place) previously paid one of three qualifying taxes when they purchased or brought, sent or received the vehicle in B.C:
  - PST
  - Tax on designated property
  - Social service tax – the former B.C. provincial sales tax that was in effect before July 1, 2010

The person entitled to the credit is the person who obtains the prorate licence for the vehicle.

If you are eligible to receive this credit, it is automatically provided by ICBC in the form of a lower effective tax rate. The effect on tax rates is shown below. Separate rates apply for buses and vehicles other than buses.

Calendar Year	Vehicles Other than Buses		Buses	
	Rate Reduction	Net Effective Tax Rate	Rate Reduction	Net Effective Tax Rate
Acquisition year	2.944%	0.350%	2.498%	0.210%
1st calendar year after the acquisition year	2.296%	0.350%	1.836%	0.210%
2nd calendar year after the acquisition year	1.827%	0.350%	1.349%	0.210%

Calendar Year	Vehicles Other than Buses		Buses	
	Rate Reduction	Net Effective Tax Rate	Rate Reduction	Net Effective Tax Rate
3rd calendar year after the acquisition year	1.488%	0.350%	0.990%	0.210%
4th calendar year after the acquisition year	1.247%	0.350%	0.730%	0.210%

If you are receiving this credit, you will begin to pay MJV tax at the standard rates beginning in the 5th calendar year after the acquisition year of the vehicle.

If you do not use up the full amount of this credit in a given vehicle licence period, the leftover portion of the credit will be held by ICBC and will automatically be applied against future MJV or exit tax amounts you owe for the vehicle. Leftover amounts are not refunded and cannot be transferred to another person or vehicle.

Credit to Reduce Exit Tax

If the exit tax applies at the time a vehicle is licensed for use solely within B.C., the amount of tax collected by ICBC is automatically reduced by a credit, which consists of two parts:

1. Remaining Balance Amount
   If there are one or more whole months remaining in the vehicle's licence period, an amount proportional to the number of whole months of prepaid MJV tax is provided as part of this credit.

   If a vehicle is licensed for use solely within B.C. at the time its MJV licence expires, or with less than one whole month remaining in its MJV licence period, the credit against the exit tax will not include a remaining balance amount.
2. Prorate Period Amount
   The prorate period amount is concerned with the span of time during which the vehicle was continuously prorate licensed. ICBC will automatically calculate this amount by determining your average travel ratio and the number of whole months in that continuous period.

Credit or Refund on a Fleet-to-Fleet Transfer

When a vehicle leaves one MJV fleet and joins another MJV fleet before the end of the fleet licence year for the first fleet (a fleet-to-fleet transfer), MJV tax is payable by the person who obtains a prorate licence for the vehicle under the second fleet.

In the case of vehicles licensed in B.C., ICBC will automatically provide a fleet-to-fleet transfer **credit** for the unused months remaining in the first fleet to reduce the amount of MJV tax payable by the person who obtains the licence under the second fleet. For vehicles licensed outside B.C., the person who obtains the licence under the second fleet can claim an equivalent amount as a **refund** from us.

The amount of the credit or refund is determined according to the following formula:

credit or refund = tax paid x (months remaining ÷ total months)

Tax paid is the MJV tax paid for the prorate licence obtained for the vehicle under the first fleet.

Months remaining is the number of whole months remaining in the vehicle licence period under the first fleet at the time the fleet-to-fleet transfer occurs.

Total months is the number of whole and partial months in that vehicle licence period under the first fleet.

If you receive this amount as a credit and do not use up the full amount of the credit in a given vehicle licence period, the leftover portion of the credit will be held by ICBC and will automatically be applied against future MJV or exit tax amounts you owe for the vehicle. Leftover amounts are not refunded and cannot be transferred to another person or vehicle.

Credit or Refund on Trade-In

When a prorate licensed vehicle is traded in against the purchase of another vehicle that will immediately become prorate licensed, MJV tax is payable at the time a licence is obtained for the new vehicle.

In the case of vehicles licensed in B.C., ICBC will automatically provide a trade-in **credit** for the unused months remaining for the trade-in vehicle to reduce the amount of MJV tax payable for the new vehicle. For vehicles licensed outside B.C., an equivalent **refund** is available from us. Where an owner-operator arrangement is in place, the credit or refund will be provided to the carrier who obtains the prorate licence for the new vehicle.

The amount of the credit or refund is determined according to the following formula:

$$\text{credit or refund} = (\text{tax paid} \div 12) \times \text{months remaining}$$

Tax paid is the MJV tax paid for the prorate licence obtained for the vehicle used as a trade-in.

Months remaining is the number of whole months remaining in the vehicle licence period of the vehicle used as a trade-in at the time of the trade-in.

If you receive this amount as a credit and do not use up the full amount of the credit in a given vehicle licence period, the leftover portion of the credit will be held by ICBC and will automatically be applied against future MJV or exit tax amounts you owe for the vehicle. Leftover amounts are not refunded and cannot be transferred to another person or vehicle.

Refund if Vehicle Ceases to be Prorate Licensed

In certain cases, vehicles that cease to be prorate licensed are not subject to exit tax.

If a vehicle ceases to be prorate licensed and no exit tax is payable, a refund may be available. Where an owner-operator arrangement is or was in place, the refund will be provided to the carrier who obtained the prorate licence for the vehicle.

Note: These refunds do not apply if any person is entitled to a credit or refund on a fleet-to-fleet transfer.

There are two categories of refunds available:

1. Refund Due to Non-Prorate Licensing
   If a vehicle becomes licensed for use solely within B.C. and no exit tax is payable, or if a vehicle becomes licensed for use within another jurisdiction and is not licensed for use

within B.C., the person who had obtained the previous prorate licence for the vehicle may apply for a refund.

The amount of the refund is determined according to the following formula:

refund = tax paid x (months remaining ÷ total months)

Tax paid is the MJV tax paid for the prorate licence obtained for the vehicle.

Months remaining is the number of whole months remaining in the vehicle licence period at the time the vehicle ceases to be prorate licensed.

Total months is the number of whole and partial months in that vehicle licence period.

2. Refund Due to Unlicensed or Overlapping Periods
   If a vehicle ceases to be prorate licensed before the end of the fleet licence year and it does not become licensed for use solely within B.C., the person who obtained the prorate licence for the vehicle may apply for a refund after the end of the original vehicle licence period.

This category of refund returns amounts paid as MJV tax for whole months during which a vehicle is not licensed as an MJV and amounts paid as MJV tax for overlapping periods.

Refund for Replacement Vehicle

If you use a leased vehicle as a replacement for an MJV that is being repaired and, during the repair, the MJV is unavailable for use during part of its vehicle licence period, you may be eligible for a refund of either the MJV tax or PST you paid for the replacement vehicle. The refund will be provided to the person who paid the MJV tax or PST.

The replacement vehicle must be used as though it were the MJV under repair (i.e. it must be used for the same purposes and in accordance with the terms of the prorate licence associated with the MJV under repair).

Any refund of MJV tax or PST paid for a leased replacement vehicle is limited to the tax that can be attributed to the period during which the MJV under repair was being repaired. Additionally, no refund is available for a period during which the MJV under repair has ceased to be prorate licensed.

Refund for Short-Term Rental Vehicle

Short-term rental vehicles are vehicles made available to the public for leases primarily lasting for periods of 28 days or less (e.g. moving vans). If you pay MJV tax for a vehicle that is used as a short-term rental vehicle and, over the term of the vehicle licence period of that vehicle, the vehicle is leased primarily to lessees who must pay PST on their leases, you may apply for a refund of the MJV tax paid for that vehicle licence period.

First Nations

If you are an eligible First Nations individual or band, you are exempt from MJV tax if you purchase an MJV on First Nations land. To qualify for the exemption, title to the MJV must pass on First Nations land.

If you are an eligible First Nations individual or band and lease an MJV, you are exempt from MJV tax if the interest in the lease is on First Nations land. For First Nations individuals, the interest in the lease is considered to be located on First Nations land if the individual resides on First Nations land.

If you are charged MJV tax when you license your MJV, you may apply for a refund. To apply for a refund, complete an Application for Refund of Provincial Sales Tax (PST) - Multijurisdictional Vehicles (**FIN 355/MJV**) and provide the supporting documentation listed in the instructions to the form. You must also provide a copy of your Certificate of Indian Status and evidence that title to the vehicle passed on First Nations land or, if the vehicle is leased, evidence that you reside on First Nations land.

For more information on who is an eligible First Nations individual or band and the documentation required to receive an exemption, see **Bulletin PST 314**, Exemptions for First Nations.

Application of PST to Purchases and Leases

Power Units

If you purchase a vehicle in or outside B.C. or lease a vehicle in or outside B.C. and intend to immediately license the vehicle as an MJV, you are not required to pay the PST to the seller or lessor. Instead, MJV tax will apply at the time of licensing.

To purchase or lease power units exempt from PST, you must give the supplier your prorate number or, if you do not yet have a prorate account number, a completed Certificate of Exemption – Multijurisdictional Vehicle (**FIN 441**). If you use the exemption certificate, you must immediately go to ICBC to get a prorate licence for your vehicle.

Trailers

Trailers obtained for use solely with MJVs are exempt from PST. For example, a semi-trailer purchased for use solely with a fleet of five MJV tractor units qualifies for the exemption.

To purchase or lease trailers exempt from PST, you must give the supplier your prorate number or, if you do not yet have a prorate account number, a completed Certificate of Exemption – Multijurisdictional Vehicle (**FIN 441**). If you use the exemption certificate, you must immediately go to ICBC to get a prorate licence for your vehicle.

If you purchase or lease a trailer for use with both MJVs and vehicles not licensed under the IRP, this exemption does not apply and PST must be paid on the full purchase price or lease price of the trailer. For example, if you purchase a semi-trailer for use with a fleet of five MJV tractor units and one B.C. commercial-plated tractor unit, you pay 7% PST on its full purchase price.

Carriers from outside B.C. who use trailers that were obtained for use with both MJVs and vehicles not licensed under the IRP may be required to pay PST on the temporary use of those trailers in B.C. For more information on how PST applies to the temporary use of taxable goods in B.C., see **Bulletin PST 307**, Goods Brought into B.C. for Temporary Use.

Change in Use of an Exempt Trailer

If a trailer qualifies for the exemption at the time it is obtained but it is later used with a vehicle that is not prorate licensed, the person who purchased or leased the trailer is required to pay PST.

If you purchased the trailer, PST applies to the depreciated purchase price of the trailer at the time it is used with the vehicle that is not prorate licensed. For information on how to calculate the depreciated purchase price, see Calculating the Depreciated Purchase Price below.

If you lease the trailer, PST applies to a prorated portion of the lease payment for the rental period in which the trailer is used with the vehicle that is not prorate licensed and to the full amount of all remaining lease payments. To calculate PST on the prorated portion of the lease payment for the rental period in which the change in use occurs, use the following formula:

tax = lease payment x (taxable days ÷ total days) x 7%

Lease payment is the amount of the monthly lease payment.

Taxable days is the number of days remaining in the rental period (e.g. the month), including the day of the change in use, when the trailer is used with a vehicle that is not prorate licensed.

Total days is the total number of days in the rental period (e.g. the month) during which the change in use occurs.

For example, you lease a trailer for $1,000 per month. You obtained the trailer for use solely with MJVs but used it with a vehicle that is not prorate licensed on April 28. You pay PST as follows:

For the April rental period:

tax = $1,000 x (3 ÷ 30) x 7% = $7.00

For all remaining rental periods:

tax = $1,000 x 7% = $70.00

Paying PST After a Change in Use

If you have a PST number, you must self-assess (pay directly to us) the PST due on your next PST return. For leased trailers, you must continue to self-assess the PST due on each lease payment.

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 the change in use occurred. For leased trailers, you must continue to file this type of return on or before the last day of the month following the end of each rental period until the end of the lease.

Parts

Parts for use with MJVs or with trailers used solely with MJVs are exempt from PST. To qualify as a part, the item must be part of, or affixed to, the vehicle and be necessary for the operation of the vehicle. The following items qualify as exempt parts:

- Air ride seats
- Antennas
- Back-up alarms
- Batteries
- Brake system components
- Bug deflectors
- CB radios
- Chrome nut covers
- Driving or fog lights
- Drive train components
- Electrical terminals
- Electrical wire
- Engines and parts of engines
- Engine belts
- Engine cooling system
- Exhaust stacks
- Exhaust tubing
- Fuel caps
- Fuses
- Headlight bulbs
- Headlights
- Heater hose
- Hose clamps
- Hub caps
- Hydraulic hose
- Integrated GPS units (portable units do not qualify)
- Light bulbs
- Marker lights
- Mirrors
- Mud flaps
- Nylon air line
- Odometers
- Plastic ties
- Radios
- Rotating lights
- Sealed beams
- Signal lights
- Speedo cable parts
- Speedo cables
- Tail lights
- Tires
- Transmission and parts thereof
- Winterfronts

- Wiper alarms
- Wiper blades

To purchase these parts exempt from PST, give the supplier your prorate number.

The following items do not qualify as exempt parts:

- Adhesives
- Air fresheners
- Animal screens
- Anti-seize compounds
- Ash trays
- Audio systems
- Belly tarps
- Bug screens
- Cable shackles
- Cargo strap winches
- Cargo straps
- Chrome headlight guards
- Chrome polish
- Cranes fastened to the vehicle
- Dollies
- Electrical tape
- Flare kits
- Fork lifts
- Headache racks
- Load binders
- Oil sampling kits
- Radar detectors
- Tarps/ropes used as vehicle covers
- Tire chains
- Tool boxes
- Vinyl cleaner
- Wheel chocks
- Wheel wrenches
- Winch cables
- Wire loom

Supplies and other goods that are not parts do not qualify for the exemption, even if the goods are necessary for the operation or maintenance of an MJV or a trailer used solely with an MJV. For example, items such as coolant, refrigerant, grease, lube oil, motor oil, transmission fluid and windshield wiper fluid are not parts and are not exempt from PST.

Related Services

Related services (e.g. repair services) provided to MJVs or to trailers used solely with MJVs are exempt from PST. Separate charges for parts, if applicable, are also exempt from PST. For more information, see **Bulletin PST 301**, Related Services.

To purchase related services exempt from PST, you must give the supplier your prorate number.

Note: If a trailer is not used solely with MJVs, this exemption does not apply and you are not eligible to claim a partial refund of PST paid on related services purchased for a trailer that is used partially with MJVs.

Parts Suppliers and Service Providers

If you provide services or parts for your customer's MJV or trailer used solely with a MJV, you must obtain and record your customer's prorate number on the bill, invoice or receipt to provide them with a PST exemption.

Exemptions are available to purchasers with vehicles licensed in B.C. and to purchasers with vehicles licensed in other IRP jurisdictions. If your customer is licensed in an IRP jurisdiction other than B.C., use the prorate number issued by the licensing authority in your customer's jurisdiction to provide the exemption.

The prorate number can be found on the cab card issued to your customer. In B.C., the cab card is issued by ICBC. For customers from outside B.C., the cab card is issued by the licensing authority in your customer's jurisdiction.

You **cannot** accept any other form of information (e.g. a licence plate number) or documentation in providing your customer with an exemption for services or parts.

If you make sales that include a mix of taxable goods, exempt goods and related services, you should ensure you clearly describe how PST applies to the sale on the bill, invoice or receipt you provide to your customer.

Example 1: Oil change with goods and related services invoiced separately

You perform an oil change and sell oil, filters and the oil change service (a related service). You also include a charge for shop supplies. This charge is not a sale of goods, but forms part of the price of the related service. Your invoice shows the price for, and how PST applies to, each item as follows:

Motor oil	$140.00 P
Oil filters	$35.00 X
Fuel filters	$30.00 X
Shop supplies	$4.00 X
Service: oil change	$80.00 X

In this case, the prices for the exempt parts (the oil filters and fuel filters) and the prices for the exempt related service (the shop supplies and the oil change) are marked with an "X" to show that no PST was charged. You must record your customer's prorate number on the invoice to provide the exemption for these items.

The motor oil does not qualify for exemption as it is not a part. This is marked with a "P" for PST.

The total amount of PST to show on this invoice is $9.80 (7% x $140.00).

Example 2: Oil change with goods and related services invoiced as a single charge

You perform an oil change and sell oil, filters and the oil change service (a related service). Instead of showing itemized prices, your invoice consists of a single amount that shows the price for the full package:

Full service oil change (parts, supplies, services)	$289.00

In this case, you sold the same taxable and exempt goods and related services listed separately in Example 1. When you sell taxable and exempt goods and services together for a single price, you are making a bundled sale.

The general rule for charging PST on a bundled sale is that you charge PST only on the fair market value of the taxable portion of the sale. For example, if the fair market value of the motor oil is $140.00, you must charge PST of $9.80 (7% x $140.00).

You must still record your customer's prorate number on the invoice to provide the exemption on the filters and the related service.

For more information, see **Bulletin PST 316**, Bundled Sales and Leases.

Charge and Collect PST

If you do not obtain your customer's prorate number at the time of sale, you must charge and collect PST.

If we audit your sales records and find you provided your customers with an exemption without obtaining their prorate number, we may apply penalties and interest.

Aerodynamic Devices

The following devices are exempt from PST if designed to reduce wind-resistance and improve fuel efficiency (even if used on non-prorate licensed vehicles).

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

Refund Applications

To apply for a refund in relation to a multijurisdictional vehicle, complete an Application for Refund of Provincial Sales Tax (PST) - Multijurisdictional Vehicles (**FIN 355/MJV**) and provide the supporting documentation listed in the instructions to the form.

We must receive your refund claim within four years from the date that you paid tax. For example, if you paid tax on August 11, 2013, we must receive your refund claim by August 11, 2017.

We cannot issue a refund of less than $10.

Calculating the Depreciated Purchase Price

The **depreciated purchase price** of a vehicle or trailer is the greater of:

- the depreciated value (as calculated below), and
- 50% of the purchase price.

PST applies to the depreciated purchase price of a vehicle or trailer in the following situations:

- on the change in use of a trailer purchased for use solely with MJVs, and
- when exit tax is calculated (for information on when exit tax applies, see Exit Tax above).

The **depreciated value** is determined as follows:

Depreciated value = purchase price – [purchase price x depreciation rate]

The **depreciation rate** for a vehicle or a trailer is the total of the following:

- 30% for each full year (12 consecutive months; **not** calendar year) since you purchased the vehicle, plus
- 2.5% per 30-day period in a partial year (periods of less than 30 days must be computed to the nearest 30-day period with 15 days counted as one 30-day period).

Calculating the Depreciation Rate

To calculate the depreciation rate, follow these steps:

1. Calculate the number of whole years between the date you acquired the vehicle or trailer and the date you brought the vehicle or trailer into B.C.
2. After calculating #1 above, calculate the number of days remaining in the partial year (if any) between the date you acquired the vehicle or trailer and the date you brought the vehicle or trailer into B.C. Both the first and last days should be counted.
3. Divide the number of days calculated under #2 by 30 and round to the nearest whole number (0.5 and above is rounded up to 1). This is the number of 30-day periods.
4. Calculate the depreciation rate by multiplying the applicable depreciation rates above by the number of years and 30-day periods.

For example, if you purchased a trailer for use solely with MJVs on May 12, 2013 and used that trailer with a vehicle that is not prorate licensed on June 30, 2014, the depreciation rate would be 35%, calculated as follows:

1. May 12, 2013 to May 11, 2014 is one whole year
2. May 12, 2014 to June 30, 2014 is 50 days
3. The number of 30-day periods is 50 ÷ 30 = 1.667 rounded up to 2
4. The depreciation rate is [(1 x 30%) + (2 x 2.5%)] = **35%**

Records and Audits

Under IRP, you must keep records to show the distances your vehicles travel in each jurisdiction and the costs of all the vehicles in your IRP fleet. Please see ICBC's **British Columbia IRP Manual** for information on keeping records and supporting documentation.

Under the Provincial Sales Tax Act, you must keep sufficient records of all purchases, leases and sales that you make for five years. We may audit your records to determine whether you have collected, remitted and paid tax, and claimed exemptions correctly, and to identify any areas where you may be doing this incorrectly. For example:

- If you purchase a trailer for use solely with MJVs, you must keep records to show how the trailer is used.
- If you claim exemptions from PST using your prorate number, you must keep records to show that these exemptions were applied appropriately (e.g. repair services for MJVs) and not for items that do not qualify for an exemption (e.g. goods such as motor oil).

You are also required to keep records of your fuel purchases as described in **Bulletin MFT-CT 008**, International Fuel Tax Agreement and Motive Fuel User Permits.

We audit carriers based in B.C. on behalf of all IRP member jurisdictions. Generally, an IRP audit will include an International Fuel Tax Agreement (IFTA), motor fuel tax and PST audit.

Audits ensure that carriers are following IRP rules and regulations, including the payment of the fees and taxes owed to B.C. and to all other IRP member jurisdictions. If an audit results in an assessment, either the carrier or the owner-operator, or both, can be held responsible for paying any taxes due.

Need more info?

Online: **gov.bc.ca/pst**
Toll free: 1-877-388-4440
Email: **CTBTaxQuestions@gov.bc.ca**

Subscribe to receive email notifications when B.C. tax information is updated.

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

Latest Revision

October 2021

- Clarified that if you purchase a vehicle outside of B.C. and intend to immediately license the vehicle as an MJV in B.C., you are not required to pay the PST when you bring, send or receive delivery of the vehicle in B.C.
- Removed the information and instructions relating to the End-of-Period Reconciliation, which used estimate distances to determine travel ratios. Effective January 1, 2015, the IRP changed to the Full Reciprocity Plan, which determines the travel ratio using actual distances for existing fleets and average per-vehicle distance for new or inactive fleets.
- Clarified how exit tax applies in an owner-operator arrangement.
- Provided a list of examples of exempt and non-exempt parts.
- Minor revisions.

References: Provincial Sales Tax Act, sections 1 “band”, “fair market value”, “First Nation individual”, “fleet licensing date”, “licensing date”, “multijurisdictional vehicle”, “short term rental vehicle”, “vehicle licence period”, 37, 38, 39, 48, 54, 68-78, 82, 192 and 195; Provincial Sales Tax Exemption and Refund Regulation, sections 1 “First Nation land”, 30, 55, 73 and 135-139; Provincial Sales Tax Regulation, sections 10, 19.1 and 48.