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## PST on Vehicles

### *Provincial Sales Tax Act*

Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this bulletin dated March 2018. For a summary of the changes, see Latest Revision at the end of this document.*

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

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

### Table of Contents

Overview.....	2
PST Rates .....	3
Vehicles Purchased in BC .....	3
Vehicles Acquired Outside of BC and Brought Into BC .....	4
Vehicles Received as a Gift.....	6
Leased Vehicles .....	6
Trade-Ins .....	7
Paying PST.....	7
Exemptions.....	8
Refunds .....	12

## Overview

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### PST on Vehicles

You must pay PST on vehicles you purchase, lease or receive as a gift in BC, and vehicles you purchase, lease or receive as a gift outside BC and bring into the province, unless a specific exemption applies. You must pay PST, regardless of whether the vehicle is for personal or business use, even if you are registered for PST. The rate of PST you must pay varies (see PST Rates below).

### Definitions

In this bulletin:

- An **applicable tax** means any of the following:
  - PST,
  - social service tax (SST) - the former BC provincial sales tax that was in effect before July 1, 2010,
  - tax on designated property (TDP) - the former 12% BC tax on private sales of vehicles, boats or aircraft that was in effect from July 1, 2010 to March 31, 2013,
  - the provincial portion of the harmonized sales tax (HST) for any HST-participating province (Ontario, PEI, Nova Scotia, New Brunswick, Newfoundland and Labrador, and BC from July 1, 2010 to March 31, 2013).
- A **BC resident** is a person who resides, ordinarily resides or carries on business in BC, or a person who enters BC with the intention of residing or carrying on business in BC.
- The **fair market value** of a vehicle is generally the retail price the vehicle would normally sell for in the open market.
- A **passenger vehicle** is a motor vehicle designed primarily as a means of transport for individuals, including trucks and vans that are  $\frac{3}{4}$ -ton or less. Trucks and vans larger than  $\frac{3}{4}$ -ton, camperized vans, motor homes, buses, ambulances, hearses and motorcycles with engines of 250 cc or less are not passenger vehicles. For more information on what is a passenger vehicle, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.
- A **private sale** is a sale in Canada where the seller is not a GST registrant, or the seller is a GST registrant but the sale is not a taxable supply under the *Excise Tax Act* (Canada).
- **Purchase price** is the total price you pay to purchase a vehicle before a deduction for a trade-in or down payment.

A **vehicle** includes trailers and off-road vehicles, such as snowmobiles, all-terrain vehicles (ATV's) and dirt bikes. Accessories, such as truck campers that slide-on or mount onto pickup trucks are not vehicles.

## PST Rates

PST rates apply as set out in the table below. The PST rate depends on:

- whether the vehicle is a passenger vehicle,
- the value of the vehicle, and
- how the vehicle was acquired.

Rates are not affected by whether a vehicle is acquired in BC or outside BC but within Canada.

Purchase Price (for gifts, Fair Market Value)	Vehicles that are: • Purchased at a Private Sale • Received as a Taxable Gift		Vehicles that are: • Purchased from a GST Registrant • Received as a Taxable Gift from a GST Registrant • Imported into Canada • Leased	
	Passenger Vehicles	Non-Passenger Vehicles	Passenger Vehicles	Non-Passenger Vehicles
Less than \$55,000	12%	12%	7%	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%	15%		
\$150,000 and over	20%	20%		

**Note:** In certain circumstances, for modified business vehicles and modified motor vehicles, which rate applies is based on the purchase or lease price of the vehicle less the portion of that purchase or lease price that can be reasonably attributed to certain modifications. For more information, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.

## Vehicles Purchased in BC

### Vehicles Purchased at a Private Sale

If you purchase a vehicle at a private sale in BC, you must pay PST at the applicable rate on the purchase price of the vehicle, unless a specific exemption applies (see Exemptions below).

**Note:** For the purposes of calculating PST, if the seller accepts goods as payment, such as a trade-in, the value of the trade-in may reduce the purchase price of the vehicle. For more information, see Trade-Ins below.

For information on how to pay the PST due on private sales of vehicles, see Paying PST below.

## Vehicles Purchased from GST Registrants

If you purchase a vehicle from a GST registrant (e.g. a motor vehicle dealer) in BC, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.

## Vehicles Acquired Outside of BC and Brought Into BC

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If you are a BC resident and you purchase a vehicle outside BC and then bring, send or receive delivery of the vehicle in BC, you must pay PST on the depreciated purchase price of the vehicle (see Depreciated Purchase Price below), unless a specific exemption applies.

If you received a vehicle as a gift, see Vehicles Received as a Gift below.

## Non-Residents

### Registered Vehicles

If you are not a BC resident and you bring or send a vehicle into BC or receive delivery of a vehicle in BC, you must pay PST on the depreciated purchase price of the vehicle if you register it for use in BC, unless a specific exemption applies.

### Vehicles That are Not Registered

If you do not register the vehicle, you may still be required to pay PST if you are a non-resident individual who:

- owns real property in BC, or
- leases (as lessee) real property in BC if the term of the lease, including the cumulative total of all options and rights to extend or renew that lease, is at least five years.

In this case, you must pay PST on the depreciated purchase price of the vehicle (except travel trailers) you bring or send into BC, or receive delivery of in BC, even if you do not register the vehicle in BC.

This requirement only applies if the vehicles are to be used **primarily** in BC and primarily for your own use, or for the use of another person at your expense, during the year following the entry of the vehicle.

You must self-assess the PST due at the earliest of the following:

- When you register the vehicle with the Insurance Corporation of British Columbia (ICBC) (ICBC will collect the PST at the time of registration)
- If you have a PST number, on your next PST return
- If you do not have a PST number, on or before the last day of the month following the month in which you brought, sent or received the vehicle in BC by using a *Casual Remittance Return* ([FIN 405](#))

## Depreciated Purchase Price

For vehicles acquired outside BC but within Canada and brought into BC (except gifts), you pay PST on the depreciated purchase price of a vehicle as of the date of entry. However, the PST rate that applies is based on the original purchase price of the vehicle. For the applicable rate for passenger and non-passenger vehicles, see PST Rates above.

Example:

For example, you purchased a passenger vehicle from a GST registrant in Alberta for \$60,000 and, at the time you brought the vehicle into BC, the depreciated purchase price of the vehicle was \$40,000. The PST rate is based on the \$60,000 original purchase price of the vehicle; therefore, you must pay 10% PST on \$40,000.

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

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

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

$$\text{Depreciated value} = \text{Purchase price} - [\text{purchase price} \times \text{depreciation rate}]$$

The depreciation rate for a vehicle 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 for partial years.

### 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 and the date you brought the vehicle into BC.
2. After calculating #1 above, calculate the number of days remaining in the partial year (if any) between the date you acquired the vehicle and the date you brought the vehicle into BC. 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.

Example:

You purchased a vehicle at a private sale in Alberta on May 12, 2016, and brought it into BC for business use on June 30, 2017. The depreciation rate is 35%, calculated as follows:

1. May 12, 2016 to May 11, 2017 is one whole year
2. May 12, 2017 to June 30, 2017 is 50 days
3. The number of 30-day periods is  $50 \div 30 = 1.667$  rounded up to 2
4. The depreciation rate is  $[(1 \times 30\%) + (2 \times 2.5\%)] = \mathbf{35\%}$

## Vehicles Received as a Gift

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If you receive a vehicle as a gift you must pay PST on the fair market value of the vehicle, unless a specific exemption applies. If you receive a vehicle as a gift outside BC and bring or send the vehicle into the province, the PST is calculated based on the fair market value as of the date the vehicle enters BC.

The PST rate depends on the type of vehicle and whether the gift is received from a GST registrant in Canada as a taxable supply, or as an exempt supply from a charity, or the gift is received from outside Canada.

**Note:** A gift of a vehicle does not include a vehicle you receive as a result of a loan takeover or a vehicle you receive in exchange for other forms of consideration. These are considered a purchase of a vehicle (see Paying PST below).

## Leased Vehicles

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If you lease a vehicle in BC, or you lease a motor vehicle outside BC for a period of longer than 28 days and register that vehicle for use in BC, PST applies. For more information, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.

### Leased Vehicles Brought or Sent Into BC Temporarily

If you lease a vehicle outside BC and are either a BC resident or a business, you must self-assess (pay directly to us) PST if you bring or send that vehicle into BC for use during a rental period. The amount of PST you must self-assess for that rental period is based on the following formula:

$$\text{PST Payable} = \text{Applicable PST Rate} \times \text{Lease Price} \times (\text{BC Hours} / \text{Total Hours})$$

**BC Hours** is the total number of hours the vehicle is in BC during the rental period, and **Total Hours** is the total number of hours in the rental period.

**Note:** Any amounts not attributable to a rental period under the lease (e.g. a down payment) must be attributed equally across all rental periods under the lease and included in the **Lease Price** for the purpose of calculating the PST payable under the above formula.

Example:

You have a 36-month lease in Alberta for a vehicle. At the start of the lease, you made an \$1,800 down payment, and your monthly lease payment is \$500. During a rental period of 30 days (720 total hours), you bring the vehicle into BC for 360 hours for use in your business.

For the purposes of the PST, the **Lease Price** for a rental period for the vehicle is  $\$500 + (1,800 / 36) = \$550$

You self-assess PST as follows:

$$7\% \times \$550 \times (360 / 720) = \$19.25 \text{ in PST payable}$$

If you have a PST number, you must self-assess the PST due on your next 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 the rental period ends. For example, if the rental period ends in June, you must file the return and pay the PST no later than July 31.

## Trade-Ins

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If you purchase a vehicle from a GST registrant (e.g. a motor vehicle dealer) in BC and the seller accepts goods as a trade-in as part of the consideration, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.

### Purchases in BC

If you purchase a vehicle in BC and the seller accepts goods as a trade-in as part of the consideration, for the purposes of calculating the PST, the value of the trade-in may reduce the taxable purchase price of the vehicle. The reduction applies as long as you paid (or were exempt from) PST, TDP, SST or the BC portion of the HST.

**Note:** If the good traded in is a vehicle currently registered in BC, you may assume that tax has been paid on the vehicle. For other goods, you must provide proof that tax has been paid, such as an invoice or bill of sale.

Example:

A person offers to sell you a vehicle at a private sale for \$10,000 (the fair market value of the vehicle). The seller agrees to accept your old vehicle as a trade-in for \$6,000 as partial consideration, along with \$4,000 in cash. Your trade-in vehicle is currently registered in BC. The PST payable is \$480 ( $\$10,000 - \$6,000 = \$4,000$  taxable purchase price x 12%).

### Purchases Outside BC

If you purchase a motor vehicle outside BC but within Canada, the trade-in reduction described in the above section **only** applies if the item traded in is a motor vehicle. The vehicle traded in must have had tax paid on it or been exempt from tax, as explained above.

### Leases

For the purposes of calculating the PST, a trade-in does not reduce the PST payable on the lease price of a leased vehicle. For more information, see [Bulletin PST 116](#), *Motor Vehicle Dealers and Leasing Companies*.

## Paying PST

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If you acquire a vehicle from a person who is registered to collect PST, the person must charge any PST payable on the vehicle.

In all other cases, or if the seller does not charge PST as required, you must pay PST as set out below.

## Purchases and Gifts in BC

You must pay PST at the earliest of the following:

- When you register the vehicle with ICBC (ICBC will collect the PST at the time of registration)
- If you have a PST number, on your next PST return
- If you do not have a PST number, on or before the last day of the month following the month in which you purchased or received the vehicle by using a *Casual Remittance Return* ([FIN 405](#))

## Vehicles Brought, Sent or Received in BC

If you are required to pay PST on a vehicle brought, sent or delivered into BC, you must pay PST at the earliest of the following:

- When you register the vehicle with ICBC (ICBC will collect the PST at the time of registration)
- If you have a PST number, on your next PST return
- If you do not have a PST number, on or before the last day of the month following the month in which you brought, sent or received the vehicle in BC by using a *Casual Remittance Return* ([FIN 405](#))

## Documentation and Payment of PST

If you pay PST to us before registration, when you register the vehicle you will need to provide evidence that the PST was paid. Otherwise, ICBC must collect the PST from you.

At the time of registration, you will be required to document the purchase price you paid for the vehicle (or the fair market value of the vehicle in the case of leases and gifts) on the vehicle transfer form. The purchase price is the total consideration accepted by the seller for the vehicle.

We regularly review information on the transfer of vehicles to determine that PST was paid correctly. If we are of the opinion the documented purchase price or the documented fair market value of a vehicle does not accurately reflect the fair market value of the vehicle, we may contact you or the seller to request information to support the documented purchase price or value. If you are unable to support the purchase price or fair market value claimed, you may be assessed additional PST on the vehicle.

## Exemptions

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If you are claiming an exemption, you may be required to provide information or documentation to support your claim. If you do not provide the required information or documentation, ICBC must collect PST from you. Specific information required to prove the exemption is identified in each of the sections below. We may request additional documentation that supports your claim.

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



## New Residents

If you are a new resident to BC and you bring a vehicle into BC on or after February 19, 2014 solely for non-business use, the vehicle is exempt from PST if:

- the vehicle arrives in BC within one year of you becoming a resident of the province, and
- you owned the vehicle for at least 30 days before you became a resident of BC.

**Note:** Different rules apply if the vehicle was brought into BC before February 19, 2014. For more information, please contact us.

## Documentation

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

For more information, see [Bulletin PST 306](#), *Goods Brought Into BC by New Residents*.

## Gifts to Related Individuals

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

- paid an applicable tax or another province's sales tax on the purchase of the vehicle and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

**Note:** Only one gift of a specific vehicle between related individuals is eligible for exemption in a 12-month period. PST will apply to any future gifts of that vehicle within 12 months. The only exception is if a gift vehicle is gifted back from the recipient to the donor.

A related individual is:

- a person's spouse (legally married or living for a continuous period of at least 2 years with another person in a marriage-like relationship), child, grandchild, great grandchild, parent, grandparent, great grandparent, or sibling,
- the spouse of a person's child, grandchild or great grandchild, or
- the child, parent, grandparent or great grandparent of a person's spouse.

## Documentation

To claim the exemption, you and the donor of the vehicle must complete the *Gift of a Vehicle* form ([FIN 319](#)) and, in the case of vehicles brought into BC from outside the province, provide proof that tax was paid on the vehicle. If the donor was exempt from PST, TDP or SST, they must provide specific information on the gift form.

## Gifts to Registered Charities

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

- paid an applicable tax or another province's sales tax on the vehicle and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,

- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

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

### **Documentation**

To claim the exemption, you must provide:

- evidence the donor owns the vehicle (such as a copy of the current registration),
- evidence the donor paid tax on the vehicle,
- a completed *Transfer/Tax* form (APV9T) available from ICBC and signed by both parties, and
- a *Gift of a Vehicle* form (**FIN 319**) completed by both parties.

**Note:** The person signing any forms on behalf of a charity must have signing authority.

We must approve this documentation before your ICBC Autoplan broker can process the exemption. Your ICBC Autoplan broker can facilitate this for you. If the donor was exempt from tax, they must provide specific information on the *Gift of a Vehicle* form.

### **Prizes, Draws and Awards**

You are exempt from paying PST on a vehicle if you won the vehicle in a lawful lottery (such as a BC Lottery Corporation lottery), contest, draw, game of chance or skill, or you received the vehicle as an award for an achievement in a field of endeavor, including an athletic or sporting event, and the person who provided the vehicle:

- paid an applicable tax or another province's sales tax on the vehicle and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
- was exempt from PST, TDP or SST that would have otherwise been payable, or
- received the vehicle as a gift in BC prior to April 1, 2013.

**Note:** The only consideration that can be provided by the winner to be entered into the draw is an entrance or admission fee, ticket fee or similar charge. The exemption does not apply if the person received the vehicle as a result of a private arrangement, including a wager, between 2 or more persons.

### **Documentation**

To claim the exemption, you must provide:

- a letter from the sponsor of the draw, lottery or award indicating:
  - that you are the winner,
  - the prize you won,
  - the current registration for the vehicle, and
- evidence that the provider of the vehicle paid, or was exempt from, tax or received the vehicle as a gift prior to April 1, 2013.

We must approve this documentation before your ICBC Autoplan broker can process the exemption. Your ICBC Autoplan broker can facilitate this for you.

## **Inheritance**

You are exempt from paying PST on a vehicle if you receive the vehicle as part of the distribution of a deceased's estate.

## **Documentation**

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

## **Transfers Due to Dissolution of Marriage or Relationship**

You are exempt from paying PST on the transfer of a vehicle from your spouse or former spouse if the transfer is done under:

- an agreement dividing property under Part 5 or 6 of the *Family Law Act*,
- a written separation agreement or marriage agreement, or
- a court order on the dissolution of a marriage or marriage-like relationship.

Generally, if the exemption does not apply, PST is due on 50% of the fair market value of the vehicle.

## **Documentation**

To claim this exemption, you must provide a copy of the relevant agreement or court order.

## **Transfers Between Related Corporations**

If a corporation transfers a vehicle to a related corporation, the corporation may qualify for an exemption from PST if certain conditions are met. If you are claiming this exemption, your claim requires approval by us. You must provide documentation to support your claim, either directly to us or through your ICBC Autoplan broker.

For more information, see [Bulletin PST 210](#), *Related Party Asset Transfers*.

## **Transfers to New Corporations**

If a corporation acquires a vehicle on or before the day the corporation starts to carry on business, the corporation may qualify for an exemption from PST on the acquisition if certain conditions are met. If you are claiming this exemption, your claim requires approval by us. You must provide documentation to support your claim, either directly to us or through your ICBC Autoplan broker.

For more information, see [Bulletin PST 210](#), *Related Party Asset Transfers*.

## **Vehicles Purchased for Use Outside BC**

If you purchase a vehicle in BC for use outside BC, you are exempt from PST provided all the following criteria are met:

- The vehicle is a type that is eligible for registration (i.e. it is not a vehicle that cannot be registered)
- The vehicle is purchased for use primarily outside BC
- The vehicle will not be used in BC for a business purpose
- The vehicle will not be registered in BC
- If you are purchasing the vehicle as an individual, you are not a resident of BC

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

## Other Exemptions

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

- Members of the diplomatic or consular corps (see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*)
- First Nations individuals or bands (see [Bulletin PST 314](#), *Exemptions for First Nations*)
- The federal government

## Refunds

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In addition to general refunds applicable to all goods, the following PST refunds are available specifically for the following vehicles (additional criteria and documentation requirements apply):

- Vehicles returned to sellers that are not collectors within 30 days
- Motor vehicles resold within seven days
- Motor vehicles removed from BC
- Vehicles where the required information to obtain an exemption was not provided at the time of registration
- Motor vehicles returned to collectors within one year (collectors are required to provide this refund to you directly)
- Motor vehicles returned to manufacturers

To apply for a refund of PST on a motor vehicle, complete an *Application for Refund of Provincial Sales Tax (PST) Paid on a Motor Vehicle* ([FIN 355/MV](#)) and provide the supporting documentation listed in the instructions to the application. We must receive your refund claim within 4 years of the date you paid the PST. For example, if you paid PST on August 11, 2014, we must receive your refund claim by August 11, 2018.

For more information, see [Bulletin PST 400](#), *PST Refunds*.

## Need more info?

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

Toll free: 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

April 2018

- Revised to reflect the change to the PST rates for sales and leases of passenger vehicles with a value of \$125,000 or more, effective April 1, 2018 (for transitional rules, see [Notice 2018-003](#), *PST Rate Change for Passenger Vehicles Worth \$125,000 or More*)
- Added information on how PST applies to leased vehicles brought or sent into BC temporarily
- Other minor revisions

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References: *Provincial Sales Tax Act*, sections 1 “band”, “BC resident”, “fair market value”, “First Nation individual”, “modified business vehicle”, “modified motor vehicle”, “motor vehicle”, “multijurisdictional vehicle”, “original purchase price”, “passenger vehicle”, “registered charity”, “vehicle”, “vehicle registration legislation”, 5, 9, 10, 10.1, 12, 13, 24, 25, 28, 30, 31, 34, 36, 37, 49, 50, 51, 100, 145, 149, 150, 153, 153.1, 154 and 192; *Provincial Sales Tax Exemption and Refund Regulation*, sections 1 18-24, 26, 50, 123-126, 149, 151 and 152; *Provincial Sales Tax Regulation*, sections 5, 10, 15, 32, 33 and 79.