



Canada Revenue
Agency

Agence du revenu
du Canada

Harmonized Sales Tax and the Provincial Motor Vehicle Tax

Is this guide for you?

This guide explains whether or not you have to pay tax when you register a motor vehicle in New Brunswick, Nova Scotia, Ontario, Prince Edward Island or Newfoundland and Labrador.

GST/HST and Quebec

In Quebec, Revenu Québec generally administers the GST/HST. If the physical location of your business is in Quebec, you have to file your returns with Revenu Québec using its forms, unless you are a selected listed financial institution (SLFI). For more information, see the Revenu Québec publication IN-203-V, *General Information Concerning the QST and the GST/HST*, available at www.revenuquebec.ca, or call 1-800-567-4692. If you are an SLFI and you have a permanent establishment in Quebec go to www.cra.gc.ca/slfi.

What's new?

Harmonized sales tax for Prince Edward Island

As of April 1, 2013, Prince Edward Island harmonized its provincial sales tax with the GST to implement the harmonized sales tax at the rate of 14% (5% federal part and 9% provincial part). For information on the transitional rules, see GST/HST Notice 278, *Harmonized Sales Tax for Prince Edward Island – Questions and Answers on General Transitional Rules for Personal Property and Services*.

Elimination of the harmonized sales tax in British Columbia

As of April 1, 2013, the 12% HST, consisting of a 5% federal part and a 7% provincial part, will no longer apply in British Columbia. Instead, the GST at 5% and a provincial sales tax will apply. For information on the elimination of the HST, see GST/HST Notice 270, *Elimination of the HST in British Columbia in 2013 – Questions and Answers*.

If you are blind or partially sighted, you can get our publications in braille, large print, etext, or MP3. For more information, go to www.cra.gc.ca/alternate or call 1-800-959-5525.

This guide uses plain language to explain the most common tax situations. It is provided for information only and does not replace the law.

La version française de cette publication est intitulée *La taxe de vente harmonisée et la taxe provinciale sur les véhicules à moteur*.

Definitions

Motor vehicle – means any vehicle that has to be registered for highway use in your province. Examples include:

- passenger vehicles;
- trucks and other freight-transportation vehicles;
- recreational and sporting vehicles such as snowmobiles and all-terrain vehicles;
- travel and tent trailers, as well as snowmobile, boat, and other trailers or semi-trailers for on-road use;
- motorcycles, scooters, and mopeds;
- tractors; and
- special-purpose motor vehicles such as tow trucks, mobile cranes, firefighting vehicles, cement-mixer trucks, road sweepers, spraying vehicles, mobile workshops, and mobile radiology units.

Participating province – means a province that has harmonized its provincial sales tax with the GST to implement the harmonized sales tax (HST). Participating provinces include New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, and Prince Edward Island, but do not include the Nova Scotia offshore area or the Newfoundland offshore area except to the extent that offshore activities, as defined in subsection 123(1) of the *Excise Tax Act*, are carried on in that area.

Specified motor vehicle – means most motor vehicles, other than certain racing cars, and any prescribed motor vehicle.

Harmonized sales tax and the provincial motor vehicle tax

Harmonized sales tax

The participating provinces have harmonized their provincial sales tax with the goods and services tax (GST) to implement the harmonized sales tax (HST) in those provinces. The HST has the same basic operating rules as the GST and applies to the same base of supplies of goods and services that are taxable under the GST.

The Canada Revenue Agency (CRA) administers HST on behalf of the participating provinces.

If you buy a motor vehicle in a participating province or bring a motor vehicle into a participating province, you may have to pay either the provincial part of the HST or a provincial motor vehicle tax (referred to as the retail sales tax in Ontario) when you register the vehicle.

The HST rate can vary from one participating province to another. The chart on this page shows the applicable GST/HST rates beginning July 1, 2010. For rates before July 2010, go to www.cra.gc.ca/gsthst.

GST/HST Rates		
	July 1, 2010 to March 31, 2013	On or after April 1, 2013
British Columbia	HST at 12%	GST at 5%
New Brunswick	HST at 13%	HST at 13%
Newfoundland and Labrador	HST at 13%	HST at 13%
Nova Scotia	HST at 15%	HST at 15%
Ontario	HST at 13%	HST at 13%
Prince Edward Island	GST at 5%	HST at 14%
Territories and other provinces in Canada	GST at 5%	GST at 5%

What tax do I pay?

Harmonized sales tax (HST)

You may have to pay the provincial part of the HST when you bring a vehicle into a participating province from another province or from outside Canada and you were not required to pay the provincial part of the HST at the rate for the participating province in respect of the supply or taxable importation of the vehicle.

Whether the provincial part of the HST applies in respect of a motor vehicle brought into a participating province generally depends on the place of supply of the vehicle.

Under the general place of supply rule that applies to the sale of goods, the supply of a specified motor vehicle by way of sale is made in a province if the supplier delivers the vehicle or makes it available in the province to the recipient of the supply. The application of this place of supply rule is generally based on the province in which legal delivery of the vehicle to the recipient occurs. However, for purposes of this rule, a vehicle is also deemed to be delivered in a province if the supplier ships the vehicle to a destination in the province specified in the contract for carriage of the vehicle, or transfers possession of the vehicle to a common carrier or consignee that the supplier has retained on behalf of the recipient to ship the vehicle to the province.

In addition, a special place of supply rule in respect of specified motor vehicles deems the supply of a motor vehicle by way of sale to be made in a particular province in which the vehicle is registered, if that registration occurs no more than seven days after the day on which delivery of the vehicle to the recipient in a participating province (other than the particular province) occurs and the supplier maintains satisfactory evidence of that registration.

For more information, see GST/HST Info Sheet GI-119, *Harmonized Sales Tax – New Place of Supply Rule for Sales of Specified Motor Vehicles*.

Provincial Motor vehicle tax

If you did not pay any GST/HST on the vehicle (for example, you bought it through a private sale), you may have to pay the provincial motor vehicle tax when you register the vehicle. Your provincial government imposes and administers this tax, which is separate from the GST/HST. You cannot recover it as an input tax credit

(ITC) even if you are a GST/HST registrant and use the vehicle for commercial purposes. Contact your provincial vehicle registration office, or local provincial tax administration office, for rules specific to your province.

Note

If you use your vehicle for commercial purposes and have registered it in Nova Scotia and paid the provincial motor vehicle tax, you can apply for a rebate of the tax. You will have to show proof that you are registered for the GST/HST, such as your CRA Business Number. For more information and application forms, call Service Nova Scotia and Municipal Relations at 1-800-670-4357. If you paid only the GST on the vehicle (for example, you bought it from a GST/HST registrant in a non-participating province or you imported the vehicle), you may have to pay the provincial part of the HST when you register the vehicle.

In some cases, you may not have to pay the provincial motor vehicle tax. Some of these exceptions include the following:

- You purchased your vehicle in a participating province from a GST/HST registrant (for example, a fisher or farmer) who used the vehicle for commercial purposes. The registrant should have collected HST.
- You are moving from one participating province to another participating province, and you have already paid HST on the vehicle.
- You lived in a non-participating province before moving to a participating province, and owned and used your vehicle before the move. (This depends on how long you owned the vehicle and whether you paid the provincial sales tax (PST) in a non-participating province.)

Note

If you are registering your vehicle in Nova Scotia, you do not have to show proof that you paid PST in a non-participating province.

- You are returning to Canada after an absence of at least one year, and you owned your vehicle and used it abroad for at least six months.
- You inherited the vehicle.

For more information, contact your provincial motor vehicle registration office, or local provincial tax administration office.

When do I have to pay the provincial part of the HST?

Generally, you have to pay the provincial part of the HST when you register your vehicle. Your provincial motor vehicle registration office will collect the provincial part of the HST for the CRA. If you are not required to register the vehicle, you may still have to pay the provincial part of the HST directly to us by self-assessment. For more information, see “When do I have to self-assess the provincial part of the HST?” below.

When do I have to self-assess the provincial part of the HST?

Generally, you have to self-assess the provincial part of the HST for a motor vehicle, or an amount for the difference in the HST rates, if you bring the vehicle from a province with a lower HST rate or a non-participating province or import the vehicle into the participating province and the provincial laws relating to motor vehicle registration do not require you to register the motor vehicle in that province.

If you are not required to register the vehicle, you self-assess and pay the provincial part of the HST, or the amount that reflects the difference in the HST rates, by using Form GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*.

Do the provinces and the CRA calculate tax on the same value?

The participating provinces use the same value to calculate the provincial part of the HST as the CRA uses to calculate the GST.

Can I recover the provincial part of the HST?

If you are a GST/HST registrant and are using the vehicle for commercial purposes, you can recover the provincial part of the HST as an ITC when you file your regular GST/HST return (subject to the usual ITC entitlement rules). For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

Remember that you cannot recover the provincial motor vehicle tax as an ITC. However, in Nova Scotia, you can apply for a rebate of the tax if you are a GST/HST registrant and you use your vehicle for commercial purposes. For more information, call Service Nova Scotia and Municipal Relations at 1-800-670-4357.

Registering a vehicle in a participating province

The table below summarizes the type of tax you generally have to pay on a vehicle you purchased when you register your vehicle in a participating province.

Place of supply	Tax payable on purchase or importation	Tax payable on registration
In a participating province where the provincial part of the HST is the same or higher and the vehicle was purchased from a GST/HST registrant	HST at the same or higher rate	None
In a participating province where the provincial part of the HST is lower and the vehicle was purchased from a GST/HST registrant	HST at lower rate	The difference between the two HST rates
In a non-participating province where the vehicle was purchased from a GST/HST registrant	GST	Provincial part of the HST
In a participating province or a non-participating province, and the vehicle was purchased from a non-registrant	None	Provincial motor vehicle tax
Outside Canada	GST	Provincial part of the HST

For more information

What if you need help?

If you need more information after reading this guide, go to www.cra.gc.ca/gsthst or call 1-800-959-5525.

Forms and publications

To get our forms and publications, go to www.cra.gc.ca/gsthstpub or call 1-800-959-5525.

Our service complaint process

If you are not satisfied with the **service** you have received, contact the CRA employee you have been dealing with or call the telephone number that you have been given. If you are not pleased with the way your concerns are addressed, you can ask to discuss the matter with the employee's supervisor.

If the matter is not settled, you can then file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied, you can file a complaint with the Office of the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA-Service Complaints*.

Your opinion counts

If you have comments or suggestions that could help us improve our publications, send them to:

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