

THE RETAIL SALES TAX ACT

AIRCRAFT PURCHASED FOR PRIVATE USE

This bulletin outlines the application of retail sales tax (RST) on purchases of aircraft for private use.

General information

- RST applies to purchases or leases of aircraft acquired by individuals for private use in Manitoba. The 7 per cent RST is payable on the *net selling price* of the aircraft upon delivery in Manitoba, whether or not it will be used exclusively in Manitoba.
- RST applies on an aircraft even if it is not operational at the time of purchase, for example, if it will be rebuilt, assembled from parts or a kit, salvaged for parts or otherwise stored in Manitoba for a person's private use.
- RST does not apply on the purchase or lease of an aircraft that is specially equipped and used solely as an ambulance or geophysical survey aircraft.
- For aircraft purchased for crop spraying, see Bulletin No. 018 – Farm-use Equipment and Other Items.
- For aircraft purchased by flying schools, clubs and rental companies, see Bulletin No. 025 – Aircraft Used for Rental and Other Purposes.
- For aircraft purchased by commercial air carriers and other businesses, see Bulletin No. 027 – Aircraft Purchased for Commercial Use.

Definition of “net selling price”

- The *net selling price* is the total amount charged by a seller after deducting the discount and trade-in (if applicable) and includes the basic price of the aircraft, currency exchange, brokerage charges, delivery charges, accessories, extended warranty and any other charges related to the purchase of the aircraft, except GST.

Purchase from registered vendor

- When a person purchases an aircraft from a vendor registered under RST, the vendor is required to collect the tax on the *net selling price* of the aircraft.

Purchase from seller not registered under RST

- When a person purchases an aircraft from an individual in a private sale or from a business that is not registered to collect RST (such as an out-of-province vendor), the purchaser is required to immediately declare the purchase and remit the RST on the *net selling price* to the Taxation Division. Form R.T. 8 – Casual Purchaser's Return may be obtained

from the Taxation Division for this purpose. Otherwise, a letter along with a copy of the purchase invoice and RST remittance may be submitted.

Trade-in vs refund

- When a person trades in an aircraft on the purchase of another aircraft, the RST applies on the *net selling price* as previously indicated.
- When a person purchases an aircraft without a trade-in, pays the RST on the full purchase price of the aircraft and, within six months (before or after the purchase date), sells an aircraft, he/she may apply to the Taxation Division for a refund of a portion of the RST paid. The amount refundable is the lesser of 7 per cent of the selling price of the aircraft sold or the RST paid on the purchased aircraft.
- **Please note:** A person is not entitled to the above trade-in or refund provision if he/she has not paid the RST on the aircraft traded in (or sold), unless the person was not required under the Act to pay RST on the aircraft when he/she acquired it in Manitoba, such as a gift from a family member or brought in under settlers' effects.

Aircraft parts and repair services

- RST applies to the purchase of parts and services for aircraft used for private use, including the purchase of service, maintenance and warranty contracts for these aircraft. When the vendor of these items has not collected the RST (such as an out-of-province vendor), the purchaser must self-assess the RST and remit it to the Taxation Division, in the same manner explained above for aircraft purchases.

FURTHER INFORMATION

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to the Act and Regulation stated below. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll-Free 1-800-782-0318
Fax (204) 948-2087
E-mail: MBTax@gov.mb.ca
Web site: www.gov.mb.ca/finance/taxation

Westman Regional Office

Manitoba Finance
Taxation Division
349, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Telephone (204) 726-6153
Manitoba Toll-Free 1-800-275-9290
Fax (204) 726-6763

Principal References in Legislation: *The Retail Sales Tax Act of Manitoba (C.C.S.M. c. R130) and Manitoba Regulation (75/88R).*