



Canada Revenue  
Agency

Agence du revenu  
du Canada

# Harmonized Sales Tax and the Provincial Motor Vehicle Tax

# Before you start

## What's new

Effective July 1, 2006, under proposed legislation, the GST rate will be reduced from 7% to 6%, and the HST rate from 15% to 14%. This guide contains this proposed change to the law, which was current at the time of publication.

## Harmonized Sales Tax

Three provinces (Nova Scotia, New Brunswick, and Newfoundland and Labrador) have harmonized their provincial sales taxes (PST) with the goods and services tax (GST) to create the harmonized sales tax (HST). The HST has the same basic operating rules as the GST and applies to the same base of goods and services that are taxable under the GST. The rates are as follows:

### Before July 1, 2006:

GST 7%

HST 15% (7% federal part and 8% provincial part)

### On or after July 1, 2006:

GST 6%

HST 14% (6% federal part and 8% provincial part)

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

## Is this pamphlet for you?

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

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

## HST and the Provincial Motor Vehicle Tax

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 when you register the vehicle.

For these purposes, 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.

## What tax do I pay?

What tax you pay depends on the following circumstances:

- 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 GST/HST. You cannot recover it as an input tax credit 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 **(902) 424-2850**. If you paid only GST on the vehicle (e.g. 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 these taxes. Some of these exceptions include:

- 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 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 on whether these or any other exceptions apply to you, check with your provincial motor vehicle registration office, or local provincial tax administration office.

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

You have to pay the provincial part of the HST when you bring a vehicle from a non-participating province (where you have already paid GST) into a participating province. You also have to pay the provincial part of the HST when you buy a vehicle from someone who is outside Canada, and the CRA has already collected the GST at the border.

You have to pay the provincial part of the tax when you register your vehicle. Your provincial motor vehicle registration office will collect the provincial part of the HST for the CRA.

## **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 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 input tax credit (ITC) when you file your regular GST/HST return (subject to the usual ITC entitlement rules). See our guide RC4022, *General Information for GST/HST Registrants* for detailed information about GST/HST, including a section on ITCs. For a copy of this guide, visit our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms), or call 1-800-959-2221.

**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. You can get more information about the rebate, and application forms, by calling Service Nova Scotia and Municipal Relations at (902) 424-2850.

## Registering a vehicle in a participating province

This table summarizes the type of tax you have to pay when you register your vehicle in a participating province. This varies depending on who sold you the vehicle and where, and what tax you paid when you purchased the vehicle.

<b>Purchased vehicle from:</b>	<b>Tax paid on purchase or importation:</b>	<b>Tax to be paid on registration:</b>
a GST/HST registrant in a participating province	HST	none
a non-registrant in a participating province OR a non-registrant in a non-participating province	none	provincial motor vehicle tax
a registrant in a non-participating province OR outside Canada	GST	provincial part of the HST

## **Need more information?**

If you would like more information about the GST/HST, call our Business Enquiries line at **1-800-959-5525**.

You can order GST/HST publications at **[www.cra.gc.ca/forms](http://www.cra.gc.ca/forms)**, or by calling us at **1-800-959-2221**.

If you need more information about the provincial motor vehicle tax, contact your local provincial tax administration office.

## **Your opinion counts!**

We review our publications each year. If you have any comments or suggestions that would help us improve them, we would like to hear from you.

Please send your comments to:

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