

## Notice to Automotive Repair Industry

### *Social Service Tax Act*

On August 25, 2006, the British Columbia Supreme Court released its decision with respect to *Craftsman Collision Ltd. v. Her Majesty the Queen in Right of the Province of British Columbia*, 2006 BCSC 1310. The British Columbia Supreme Court granted the relief sought by the petitioners for a refund of social service tax (PST) paid between 1997 and 2002 on the lease of vehicles that were provided to customers as courtesy cars.

British Columbia is seeking leave to appeal this decision to the British Columbia Court of Appeal.

Pending the decision from the British Columbia Court of Appeal, automotive repair facilities are expected to continue to pay PST on the purchase price or lease price of courtesy vehicles acquired for the use of their customers (see [Bulletin SST 122](#) for further information). If British Columbia is successful on appeal, assessments may be issued for any PST that was not paid in relation to these vehicles.

If British Columbia is unsuccessful on its leave application or on appeal, then automotive repair facilities may be entitled to refunds of tax paid, plus interest. Applications for the refund of tax paid before September 29, 2006 must be made within six months of the payment of the tax. Applications for the refund of tax paid on or after September 29, 2006 will be accepted if made within six months of the Court of Appeal decision. All refund applications will be held in abeyance pending the Court of Appeal decision.

The British Columbia Supreme Court decision holds that the additional hourly rate paid to automotive repair shops under the Insurance Corporation of British Columbia's Alternative Transportation Program (the "ATP charge") is a "lease price". The logical outcome of this finding would be for repair facilities to collect PST on the ATP charge in cases where the customer is provided with a courtesy car; however, automotive repair facilities are not expected to collect PST on ATP charges until further notice.

### Further Information

Please refer to the Automotive Services and Parts website: [www.sbr.gov.bc.ca/ctb/AutoService.htm](http://www.sbr.gov.bc.ca/ctb/AutoService.htm). There you will find additional information, such as taxable and non-taxable lists and [Bulletin SST 122](#), *Automotive Services and Parts*.

Should you require further information, please contact us.

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