

**RETAIL SALES TAX ON USED VEHICLES
INFORMATION CIRCULAR (RAA-UV-2021-11-09)**

ISSUED: November 09, 2021

The purpose of this circular is to provide general information regarding the application of Retail Sales Tax (RST) when a used vehicle is acquired from a person in the province, or brought/delivered into the province, where that vehicle was acquired from a person who is not a Harmonized Sales Tax (HST) or a Goods and Services Tax (GST) registrant.

This circular does not apply with respect to a vehicle brought into the province from outside Canada or a vehicle acquired from a person (eg. dealership) registered with the Canada Revenue Agency (CRA) to collect HST or GST. Information relating to HST/GST on these vehicles can be obtained by contacting CRA at 1-800-959-5525.

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OVERVIEW OF RETAIL SALES TAX ON USED VEHICLES

1) Imposition of Tax

Section 88 of the *Revenue Administration Act (RAA)* imposes RST at the rate of 15% on the purchase price of a used vehicle where a person:

- a. acquires a used vehicle at a retail sale in the province; or
- b. brings into or receives delivery of a used vehicle in the province from elsewhere in Canada.

This tax is only applicable where the vehicle is acquired from a person who is not registered with CRA to collect HST/GST and where the acquisition is not exempt under the Revenue Administration Regulations (RAR).

2) Definition of Vehicle

Vehicle means a vehicle propelled, driven or controlled otherwise than by muscular power including, but not limited to, an automobile, van, truck, trailer, recreation vehicle, all terrain vehicle, snowmobile, motorcycle, motor home, boat, ship, vessel, and aircraft.

3) Purchase Price

RST shall be paid on the purchase price of a used vehicle. For taxation purposes, the purchase price is deemed to be the greater of consideration (whether money, goods, services rendered, rental or other consideration for which a used vehicle is acquired) and the current average wholesale value for that vehicle as published in an appraisal or valuation guide approved by the Minister.

For vehicles that cannot be registered under the *Highway Traffic Act* because of its construction or condition, the Minister may choose another method of determining the purchase price for tax purposes. For more information, please contact the Department of Finance through the contact information provided below.

I. Vehicle Trade-in

Where a purchaser, as part of the consideration for the purchase price, trades a vehicle (in which RST was previously paid by the purchaser - except where otherwise exempt), the purchaser shall pay the tax on the difference between the purchase price of the used vehicle being acquired and the value allowed by the seller on the trade. Both registered owners of the vehicles will be required to complete an [RST declaration](#) prior to transferring ownership with the MRD.

II. Affidavit

Where the actual price paid is less than the current average wholesale value, a person may submit an affidavit to the collector of the tax (MRD or the Department of Finance) attesting to the actual price paid, in which case RST will be calculated based upon the actual price paid for the vehicle.

No affidavit is required when the average wholesale value is less than \$1,200, in which case tax will be based upon the purchase price recorded on the bill of sale.

Affidavits must be in the form specified by the Department of Finance and must be signed by both the purchaser and seller of the vehicle and made under oath or affirmation before a commissioner of oaths or a justice of the peace.

Affidavit forms can be accessed through the following link - [RST Affidavit](#)

Providing false information within an affidavit is a criminal offence and is punishable by a fine of up to \$10,000 and/or imprisonment of up to 180 days for a first offence. In addition to this fine/imprisonment, the person will remain liable for the tax, along with a penalty up to 50% of the tax evaded. To confirm the information contained within an affidavit, the Department of Finance may make independent verification through financial institutions and registries or through any other reasonable means.

4) Transactions that do not Attract RST

Transactions related to vehicles transferred in the province to an immediate family member by way of gift, marriage dissolution/breakdown, or bequest in the province does not attract RST. There is however documentation required to support these transactions, as follows (please note the list of documentation is not exhaustive and other evidence may be required):

Transactions that do not attract RST	Required Supporting Evidence
A vehicle received as a result of a breakdown or dissolution of a marriage in the Province.	✓ Copy of the separation agreement or divorce documentation.
A vehicle received as a gift from an immediate family member in the Province. An immediate family member is considered to include: <ul style="list-style-type: none"> • husband and wife • common law spouse • father and mother • son and daughter • sister and brother • grandparents • grandchildren • any in-law relationship 	<ul style="list-style-type: none"> ✓ Proof that the vehicle was previously registered to the family member and ✓ A completed RST declaration form
A vehicle received by way of bequest from another individual in the Province	✓ A copy of the will showing the bequest or affidavit from the estate administrator.

5) Exemptions under Section 20 of the Revenue Administration Regulations

The following table provides a summary of transactions that are exempt from RST as prescribed under section 20 of the Revenue Administration Regulations. The table also notes the criteria of the exemption and a list of documentation that is required to support the exemption.

Exemption	Criteria	Required Supporting Evidence
Taking up Residency in the Province	<ul style="list-style-type: none"> ▪ Continuous resident outside of the province for more than 6 months, ▪ vehicle brought into the province within 6 months of taking up residency, ▪ vehicle owned by the individual for a period of not less than 30 days before taking up residence in this province, and ▪ vehicle is for own use. 	<ul style="list-style-type: none"> ✓ A copy of the most recent vehicle registration from another jurisdiction in owner's name ✓ A completed RST declaration form
Non-Resident Student	<ul style="list-style-type: none"> ▪ Non-resident student who has brought a vehicle into the province, ▪ attending or about to attend an educational institution or enrolled in an apprenticeship or internship program within the province, and ▪ vehicle is for own use. 	<ul style="list-style-type: none"> ✓ A copy of the most recent vehicle registration from another jurisdiction in owner's name, and ✓ Proof of enrollment in an educational institution, or ✓ Written articles of training or contract of apprenticeship or internship.

Exemption	Criteria	Required Supporting Evidence
Diplomatic and consular agents, officers or employees, including spouses.	<ul style="list-style-type: none"> ▪ Acquired by diplomatic and consular agents, officers or employees, including spouses of the persons, ▪ individuals must be accredited by Global Affairs Canada ▪ have been issued identity cards authorizing the exemption in the province, ▪ not a Canadian citizen, nor a permanent resident of Canada, ▪ assigned to duty from the state he or she represents; ▪ and is not engaged in another occupation. 	<ul style="list-style-type: none"> ✓ A copy of the individual's identity card from Global Affairs Canada authorizing the exemption in the province
Bona Fide Commercial Aquaculturalist	<ul style="list-style-type: none"> ▪ A boat acquired by a bona fide commercial aquaculturalist, and ▪ acquired for use on an aquaculture site solely for the cultivation of aquatic plants or animals, including sea ranching. 	<ul style="list-style-type: none"> ✓ A copy of the aquaculture licence issued by the Department of Fisheries, Forestry and Agriculture under the Aquaculture Act
Member of Visiting Forces	<ul style="list-style-type: none"> ▪ A passenger vehicle, motorcycle, motor home, or travel trailer; ▪ acquired by a member of a visiting force, as defined by the Visiting Forces Act (Canada) ▪ who is not a citizen or permanent resident of Canada; and ▪ the vehicle is for own use 	<ul style="list-style-type: none"> ✓ A copy of the person's identification card issued by the Department of National Defence, confirming the person is a member of the Visiting Forces
Bequest by individuals who resided outside the province	<ul style="list-style-type: none"> ▪ A bequest by an individual outside the province to an individual within the province. 	<ul style="list-style-type: none"> ✓ A copy of the will showing the bequest, ✓ or an affidavit from the estate administrator.
A gift from a family member who resides outside of the province	<ul style="list-style-type: none"> ▪ Received as a gift, ▪ from an immediate family member residing outside the province, and ▪ owned by the <u>immediate family</u> member for at least 2 years prior to the vehicle entering the province (see table in paragraph 4 for details on immediate family) 	<ul style="list-style-type: none"> ✓ A copy of the most recent vehicle registration from another jurisdiction in the name of the family member ✓ A completed RST declaration form
Sold or Transferred by One or More Natural Persons to a Corporation	<ul style="list-style-type: none"> ▪ Criteria as prescribed in subsection 20(g.1) of the Revenue Administration Regulations, including the requirement that the vehicle be transferred or sold to the corporation within one year after the date of incorporation. 	<ul style="list-style-type: none"> ✓ Please contact the Department of Finance per the information below for specific required documents
Aircraft for Public Transportation or the Operation of Flying Schools	<ul style="list-style-type: none"> ▪ Purchased for the purpose of making a profit by commercial air carriers engaged in provincial, foreign or interprovincial trade, and ▪ for use in public transportation of fee paying passengers or freight; or ▪ the operation of flying schools for the purpose of pilot training. 	<ul style="list-style-type: none"> ✓ A copy of a license issued by Transport Canada to operate a flight school or commercial air service

Exemption	Criteria	Required Supporting Evidence
A qualifying motor vehicle as defined under Section 258.1 the Excise Tax Act (Canada)	<ul style="list-style-type: none"> ▪ A motor vehicle that is equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle without having to collapse the wheelchair; or ▪ with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability. 	<ul style="list-style-type: none"> ✓ Proof the vehicle is equipped with a device to enable a wheelchair or scooter to enter/leave the vehicle (i.e. photo of the vehicle lift device, including vehicle plate number), ✓ Proof that the vehicle is fitted with auxiliary driving controls (i.e. photo of the vehicle/auxiliary controls), or ✓ A medical practitioner certifying that the person who is being transported in or is operating the vehicle is disabled.
Boats and vessels required to be registered under the Atlantic Fishery Regulations (Canada)	<ul style="list-style-type: none"> ▪ Boats and vessels required to be registered under the Atlantic Fishery Regulations (Canada). 	<ul style="list-style-type: none"> ✓ A copy of the vessel registration card.
A farm tractor	<ul style="list-style-type: none"> ▪ A farm tractor, along with attachments; and ▪ over 25 horsepower. 	<ul style="list-style-type: none"> ✓ Complete description of the make, model and horsepower of tractor

6) Section 87 of the *Indian Act*

Section 87(1) of the *Indian Act* provides for an exemption to an Indian and a band located on a reserve as follows:

87 (1) Notwithstanding any other Act of Parliament or any Act of the legislature of a province, but subject to section 83 and section 5 of the [First Nations Fiscal Management Act](#), the following property is exempt from taxation:

- (a) the interest of an Indian or a band in reserve lands or surrendered lands; and
- (b) the personal property of an Indian or a band situated on a reserve.

Also, the *Indian Act* defines Indian and Band as follows:

Indian means a person who pursuant to this Act is registered as an Indian or is entitled to be registered as an Indian;

Band means a body of Indians

- (a) for whose use and benefit in common, lands, the legal title to which is vested in Her Majesty, have been set apart before, on or after September 4, 1951,
- (b) for whose use and benefit in common, moneys are held by Her Majesty, or
- (c) declared by the Governor in Council to be a band for the purposes of this Act;

In accordance with section 87 of the *Indian Act* the following table provides a summary of this exemption. The table also notes the criteria of the exemption and a list of required supporting evidence. Please note the list of supporting evidence is not exhaustive and other evidence may be required.

Exemption	Criteria	Required Supporting Evidence
Indian or Band	<ul style="list-style-type: none"> ▪ Acquired by an Indian or Band, as defined under the <i>Indian Act</i> (Canada); and ▪ the vehicle must be sold or delivered to a reserve. 	<ul style="list-style-type: none"> ✓ Proof of Indian or Band Status, ✓ and confirmation of the sale or delivery taking place on the reserve.

PAYMENT OF RST

7. Vehicles Required to be Registered under the Highway Traffic Act

RST due on vehicles, required to be registered under the *Highway Traffic Act*, must be paid at the Motor Registration Division (MRD) prior to the registration or transfer of ownership.

- a. The *Highway Traffic Act* states that a person shall not operate a motor vehicle or a trailer drawn by the motor vehicle on a highway unless both are registered.
- b. Where there is a sale or other transfer of ownership of a registered vehicle MRD must be notified within 10 days from the date of acquisition or transfer.
- c. Also, the *Highway Traffic Act* requires a person who enters the province, to take up residence, to register their vehicle within 90 days of taking up residence.

8. Vehicles not Required to be Registered under the Highway Traffic Act

Tax due on vehicles not requiring registration under the Highway Traffic Act, such as aircraft and boats, must be paid directly to the Department of Finance. These payments may be made by sending a copy of the bill of sale and a cheque or money order made payable to Newfoundland Exchequer (equal to 15% of the purchase price) to the address noted at the bottom of this information circular. Alternative forms of payments, such as electronic funds transfer, can be arranged through contacting the Department of Finance through the contact information below.

OBJECTION TO PURCHASE PRICE

9. Written Appraisal

A taxpayer who is not satisfied with the determined value for tax purposes or who cannot provide the required affidavit, may obtain a written appraisal at their own expense from an approved appraiser within 15 days of vehicle acquisition. Where an acceptable appraisal is provided, the valuation for tax will be the greater of the actual price paid and the appraised value.

Approved appraisers include any vehicle appraisal business, which carries professional liability insurance, or any new car dealership registered under the *Highway Traffic Act*.

REFUNDS AND REBATES

RST Refunds and rebates may be issued due to exemptions, vehicles being returned/resold/removed from the province and in situations where affidavits are provided after vehicles are registered by MRD.

To request a refund please complete the Refund Application – [Refund Application - Retail Sales Tax on Used Vehicles](#).

10. Exemptions

	Required Supporting Evidence
Revenue Administration Act	✓ See chart above under paragraph 5
Indian Act	✓ See chart above under paragraph 6

11. Vehicle Returned/Resold/Removed from Province

	Criteria	Required Supporting Evidence
Returned to Seller <i>(The amount of a refund is based upon the proportion of the initial purchase price that is refunded to the person by the seller.)</i>	<ul style="list-style-type: none"> ▪ returned to the seller within one year from the date that the tax initially became payable ▪ vehicle registration is transferred back into the name of the seller 	<ul style="list-style-type: none"> ✓ Confirmation of the amount refunded by the seller
Resold	<ul style="list-style-type: none"> ▪ acquired in the province, and ▪ resold within 7 days of the first acquisition date 	<ul style="list-style-type: none"> ✓ Copies of the bills of sale for both transactions must be supplied.
Removed from Province	<ul style="list-style-type: none"> ▪ removed from the province within 30 days after the purchase date, and ▪ to be used solely outside the Province 	<ul style="list-style-type: none"> ✓ Copy of the shipping documents and ✓ A copy of the vehicle registration from the jurisdiction in which the vehicle has been relocated.

12. Affidavits

A person who pays RST on the current average wholesale value of a vehicle, may submit an affidavit in the form required [see paragraph 3] above to request a partial refund of tax paid, based upon the difference between the current average wholesale value and actual price paid for the vehicle.

13. Deadline for Refund

With an exception for refunds under the Indian Act, all other refund or rebate claims must be submitted within **three years** from the date in which the tax was initially paid.

Further information regarding this information circular may be obtained at www.gov.nl.ca/fin or by contacting:

Department of Finance
Tax Administration Division
Confederation Building
P. O. Box 8700
St. John's, NL
A1B 4J6
Phone Toll Free: 1-877-729-6376
Phone: (709) 729-6297
Fax: (709) 729-2856
Email: taxadmin@gov.nl.ca

Disclaimer: Information circulars are prepared as guidelines and interpretations of the statutes. Where a conflict between the information circular and statutes arise, the statutes will take precedence.