

## THE RETAIL SALES TAX ACT

### MOTOR VEHICLE AND TRAILER DEALERS

This bulletin provides information to help motor vehicle and trailer dealers apply the Retail Sales Tax (RST) on their sales or leases of vehicles, and sales of parts and repair services. This bulletin also explains the requirement for dealers to pay tax on goods and services purchased for their own use as well as their use of vehicles.

#### Section 1 – VEHICLE SALES

- Vehicle sales**
- Dealers are required to collect the RST on the “net selling price” of new and used vehicles at the time of sale. Vehicles such as cars, trucks, motorcycles, mopeds, buses, vans, motor homes and recreational-type trailers, utility trailers and highway tractor trailers are generally required to be registered under *The Drivers and Vehicles Act*.
  - RST applies to other new and used goods sold by dealers (vendors), such as slide-in campers, truck caps, special mobile equipment, boats, snowmobiles, ATVs and other off-road equipment. These items are generally not registered under *The Drivers and Vehicles Act*, but vehicles such as snowmobiles and ATVs are required to be registered under *The Off-Road Vehicles Act*. For further information, see Bulletin No. 013 – *Off-Road Vehicle and Boat Dealers*.
- What is the “net selling price”?**
- The “net selling price” of a vehicle is the net amount charged for the vehicle after deducting any applicable discount or trade-in (as discussed below), but before the goods and services tax. It includes the price of the vehicle, freight, pre-delivery charges, accessories, undercoating, rust proofing, scotchgarding, documentation fees, extended warranty, air conditioning tax, environmental levies, Eco-fees (formerly the tire levy) and any other charges relating to the purchase of the vehicle, excluding the PPSA fee (as discussed below). For more information on trade-ins, see Section 3.
- Dealer discounts vs. manufacturer’s cash rebates**
- A dealer discount reduces the selling price of goods or services, i.e., the amount a dealer receives as payment. Therefore, RST applies to the net selling price of a vehicle **after deducting the discount**.
  - A manufacturer’s cash rebate does not reduce the amount a dealer receives as payment for a vehicle. In this case the dealer must collect RST on the selling price of the vehicle **before the manufacturer’s cash rebate is applied**, even if the purchaser assigns the rebate to the dealer.

Note: Revision to contents of previous Bulletin (November 2014) have been identified by shading ( ).

**Example 1:** The net selling price of a vehicle is \$20,000 and the manufacturer of the vehicle sends a \$1,000 cash rebate directly to the purchaser. The dealer must collect  $7\% \times \$20,000 = \$1,400$  RST from the purchaser.

**Example 2:** The purchaser assigns the \$1,000 manufacturer's rebate in the above example to the dealer. This reduces the amount payable by the purchaser, but does not reduce the selling price of the vehicle. The dealer receives \$19,000 (before taxes) from the purchaser and \$1,000 from the manufacturer for a total of \$20,000. The dealer must collect  $7\% \times \$20,000 = \$1,400$  RST from the purchaser.

- For additional information, see Bulletin No. 028 – *Discounts, Coupons and Cash Rebates*.

### Warranties

- RST is payable on the sale of a service, maintenance or warranty contract. For example, if the charge for an extended warranty contract is in addition to the selling price (or lease price) of a vehicle, the dealer must collect RST on the total of the selling price of the vehicle and the charge for the extended warranty contract.
- In the case of a manufacturer's warranty provided at no charge, its value is included in the selling price of the vehicle.
- For further information, see Bulletin No. 023 – *Service, Maintenance and Warranty Contracts*.

### PPSA fee

- When a dealer passes on the fee for registering a lien under *The Personal Property Security Act* (commonly referred to as a PPSA fee), no RST applies if the fee is:
  - Not marked up by the dealer;
  - Segregated on the invoice; and
  - Payable by the customer at the time of delivery of the vehicle.

### Repossession and collection agency charges

- No RST applies on repossession and collection agency charges.

### Sales to farmers, fishers and trappers

- Farmers, fishers and trappers do not qualify for an RST exemption on vehicles required to be registered under *The Drivers and Vehicles Act* or *The Off-Road Vehicles Act*. Dealers must collect the tax on the sale of these vehicles and related parts and repair services, even if a "farm-use certificate" is provided. However, farmers may purchase the hoist and power take-off for a farm truck RST-exempt by certifying in writing that it is for farm-use.

### Sales invoices

- Dealers must quote their RST number on their sales invoices in all cases where:
  - RST is collected by the dealer;
  - RST is collectible on the payments under a lease contract (even if there is no RST collectible at the time of completing the contract); or

- The sale is subject to tax, but RST is not collected because the value of the trade-in is equal to, or greater than the value of the purchased vehicle.

**Please note:** For an RST exempt sale (see Section 4), the reason for the exemption must be clearly stated on the sales invoice.

## Section 2 – VEHICLE RENTALS AND LEASES

### Rental/lease without an operator

- All charges in connection with vehicle rentals without an operator are subject to RST.
- All charges in connection with a long-term lease are subject to RST on the “net selling price” of the lease as discussed in Section 1. RST is due when the payments are billed, i.e., the down payment, the monthly lease payments and the option to purchase (if exercised).

**Please note:** If the dealer bills the customer separately for other charges connected to the rental/lease in addition to the rental/lease payment, the dealer must collect RST on the rental/lease payment and on the additional charges billed separately. For example, dealers must collect tax on accessory charges, financing charges, vehicle insurance (as explained below), documentation fees, mileage charges (but not fuel charges such as a prepaid tank of fuel or a fuel recharge fee when a vehicle is returned), drop-off fees, damage assessment, collision waiver fees, etc. that are not amortized as part of the taxable lease payments.

### Insurance charges

- Charges for vehicle-related insurance (e.g., loss or damage, no deductible, liability) for daily/weekly rentals are subject to RST.

**Please note:** RST does not apply to Autopac insurance premiums for term leases that are paid directly by the lessee, or are paid by the lessor on behalf of the lessee and charged to the lessee separately from the lease payments. If the Autopac insurance premiums are part of the lease charge, i.e., not shown separately on the invoice, the total lease charge is taxable.

- All other insurance charges such as cargo insurance or group creditor insurance are taxable.
- For further information, see Bulletin No. 061 – *Insurance*.

### Security deposits

- A security deposit taken at the time of rental/lease and returned to the customer is not taxable. However, RST must be applied when the security deposit is withheld or applied against a payment on the lease/rental or for damages.

### Lease cancellation charges

- A fee or penalty charged to cancel a lease contract before it is due is considered to be part of the lease charges and subject to RST.

### Exempt fees and charges

- No RST applies to the following charges or fees associated with the lease of a vehicle:

- Repossession and collection agency charges, as these costs are not part of the lease.
- A charge for the dealer passing on the registration fee for a lien under *The Personal Property Security Act* (commonly referred to as a PPSA fee) under the circumstances described in section 1,
- Parking or traffic violation fines, if segregated from the rental price on the invoice.

**Lease-out plans**

- Dealers are not required to collect RST on the sale of a vehicle (such as a motor home) where the purchaser immediately enters into to a lease-out arrangement with the dealer, and the dealer:
  - Is in complete control of the vehicle at all times;
  - Collects RST from everyone who rents the vehicle, including when the owner uses it (at normal rental/lease rates); and
  - Collects and remits RST from the owner on the total fair value of the vehicle, when it is removed from the lease-out plan.

**Sales invoices**

- The RST number must appear on the dealer's sales invoices for term leases as discussed in Section 1.

**Rental with an operator**

- Rental charges for vehicles provided with an operator are RST exempt. The dealer providing the vehicles with an operator is responsible for paying RST on the purchase of these vehicles, including related parts and repair services. For further information, see Bulletin No. 048 – *Rental of Machinery and Equipment*.

**Section 3 – TRADE-INS****General information**

- If a vehicle purchaser trades-in a vehicle(s) of "the same general kind" (defined below), the RST applies to the net difference payable. If the trade-in is not of "the same general kind", the dealer must collect RST on the selling price of the vehicle before deducting the trade-in allowance.
- Dealers must ensure that the customer owns the vehicle traded-in at the time of trade-in, i.e., when completing the Transfer of Ownership Document. If the trade-in is not owned by the customer, the dealer must collect RST on the selling price of the vehicle before deducting the trade-in allowance.
- The trade-in allowance does not include GST.

**Cash pay out for trade-in**

- When a dealer purchases a customer's vehicle outright, instead of treating it as a trade-in on the sale of another vehicle, the dealer must collect tax on the full selling price of the vehicle sold (or on the payments of a lease). In this case the customer may be eligible for an RST refund, as discussed in Section 9, on the vehicle sold to the dealer, and must apply for it directly to the Taxation Division.

**Dealer pays out lien on trade-in**

- When a vehicle that is traded-in on a lease is encumbered, and the dealer pays out the debt on behalf of the customer, RST applies on the amount equal to the amortized lease payments before the amount of the debt is added to the lease contract, providing:

- a) The dealer shows the amount of the debt paid-out (loan) separately on the lease document and retains a record of the lease contract as follows:

Vehicle selling price	\$25,000
Less trade-in	- <u>\$15,000</u>
Net selling price	<u>\$10,000</u> <sup>(1)</sup>
Loan pay-out	\$ 8,000 <sup>(2)</sup>
Total amount of contract	<u>\$18,000</u> , and

- b) The invoice for the lease payments shows the portion of the payment applicable to the lease <sup>(1)</sup> separately from the payment applicable to the loan <sup>(2)</sup>. Then the RST applies to the lease payment but not to the loan payment as follows:

<sup>(1)</sup>Assume monthly lease payment is  $1/36^{\text{th}} \times \$10,000 = \$277.78$

<sup>(2)</sup>Assume monthly loan payment is  $1/36^{\text{th}} \times \$ 8,000 = \$222.22$

*(The monthly payment calculation is for illustration purposes only and does not include other factors such as finance charges, etc.)*

Example invoice: Lease payment	\$277.78
+ 7% RST	<u>19.44</u>
Loan payment	<u>222.22</u> (RST-exempt)
Total due	<u>\$519.44</u>

If the invoice shows the lease payment as \$500 (\$277.78 + \$222.22), the total amount is subject to RST, i.e.,  $\$500.00 \times 7\% = \$35.00$ .

- c) If the value of the trade-in is greater than the amortized value of the new vehicle, no tax would apply on the lease payment:

Vehicle selling price	\$25,000
Less trade-in	- <u>\$26,000</u>
Net selling price	- <u>\$1,000</u>
Loan pay-out	\$20,000
Total amount of contract	<u>\$19,000</u>

Assume the monthly lease payment is  $1/36^{\text{th}} \times \$19,000 = 527.78$

*(The monthly payment calculation is for illustration purposes only and does not include other factors such as finance charges, etc.)*

The payment strictly relates to the repayment of the loan on the trade-in, thus no component of the payment would be subject to retail sales tax.

Example invoice: Lease payment	\$527.78
+ 7% RST	0
Total due	<u>\$527.78</u>

**Definition of  
“the same  
general kind”**

- Vehicles required to be registered under *The Drivers and Vehicles Act* are considered the same general kind, and off-road vehicles required to be registered under *The Off-Road Vehicles Act* are considered the same general kind.

- **For example:** A trade-in of “the same general kind” is a car traded-in on a truck, a snowmobile traded-in on an ATV, or a motor boat traded-in on a sail boat. RST applies on the net difference payable when any vehicle that is required to be registered under *The Drivers and Vehicles Act* is traded-in for another vehicle in that group, and when any vehicle required to be registered under *The Off-Road Vehicles Act* is traded-in for another vehicle in that group.
- When a vehicle in one group is traded for a vehicle in another group, RST applies to the selling price of the vehicle sold before deducting the trade-in allowance (see Section 1 for more examples of the types of vehicles in each group).

**Please note:** Although a camper or truck cap is not similar to a motor vehicle, when a person trades-in a camper/cap and truck (as a unit), the total value of the unit is considered to be the trade-in value of the truck.

#### Section 4 – EXEMPT VEHICLE SALES

##### Purchases for resale

- Dealers may purchase vehicles for resale purposes, RST-exempt. To do so they must provide the supplier with their RST number.
- Leasing and rental companies may similarly quote their RST number to purchase their vehicles RST-exempt for lease/rental (resale).

##### Inter-jurisdictional motor carriers

- See Bulletin No. 046 – *Sales to Interjurisdictional Motor Carriers* for information on the RST exemption on trucks and trailers sold to interjurisdictional motor carriers.

##### Non-residents

- RST does not apply on vehicles purchased for out-of-province use by non-residents of Manitoba, when:
  - The dealer delivers the vehicle outside the province, or has it shipped by common carrier for delivery outside the province. Dealers must retain a receipt signed by the customer acknowledging delivery outside the province, or a common carrier's bill of lading showing delivery outside the province, or an equivalent document to substantiate delivery of the vehicle outside Manitoba.
  - The non-resident purchaser takes delivery of the vehicle in Manitoba and the dealer issues an interim registration sticker (supplied by the Manitoba Public Insurance) to the purchaser. In this case the dealer must note the purchaser's out-of-province address and registration sticker number on the sale invoice.
  - The non-resident purchaser has obtained licence plates and insurance from the home province that enables him/her to drive the vehicle. In this case the dealer must note the purchaser's out-of-province address and licence plate number on the sale invoice.
- The dealer must collect the RST on vehicle sales to non-residents when the above conditions are not fulfilled. However, dealers should advise non-resident purchasers that they may be eligible for a refund of RST as

discussed further in Section 9.

### Status Indians and Indian Bands

- Status Indians and Indian Bands may purchase vehicles RST-exempt provided:
  - The title to the vehicle is transferred on a reserve; and
  - The purchase documents are signed on a reserve, and
  - The purchaser takes possession of the vehicle on a reserve (the dealer delivers the vehicle or ships it by common carrier F.O.B. to the reserve).

**Please note:** If a Status Indian or Indian Band purchases a vehicle with a non Status Indian, RST applies on the non Status Indian's percentage share of the vehicle.

- To qualify for exemption on a lease the Status Indian must reside on a reserve, in addition to the above conditions.

**Please note:** Corporations held by Status Indians or Indian Bands do not qualify for the RST exemption available to Status Indians and Indian Bands. The dealer must collect the tax on all sales to these corporations.

- Dealers must document tax-exempt sales with the following information on the sale invoice/lease contract or a statement attached to the invoice:
  - The purchaser's Certificate of Indian Status Registry No. (or Band number if the sale is to an Indian Band);
  - The name of the reserve on which legal title to the vehicle was transferred and to which the vehicle was delivered;
  - The purchaser's address on reserve for RST-exempt lease contracts; and
  - A statement signed by the purchaser, and by an official of the dealership, confirming the title was transferred on the reserve, the dealer delivered the vehicle to the reserve, and the customer took possession on the reserve. When a common carrier ships the vehicle on behalf of the dealer to the reserve, the dealer must retain the shipping documents.
- See Bulletin No. 023 – *Service, Maintenance and Warranty Contracts* for information on warranties.

### Government purchases

- RST is not payable on sales/leases made directly to departments of the federal government. To allow the exemption the dealer should obtain the federal government's RST number from the purchase order and record it on the purchase invoice.

**Please note:** Purchases by federal and provincial Crown corporations are subject to RST. Dealers may contact the Taxation Division for assistance to determine whether a purchaser is a department of the federal government or a Crown corporation.

- Purchases by employees of the federal government for personal use are subject to RST.

- Purchases by the Province of Manitoba, municipalities, municipal governments and local government districts are subject to RST.
- Foreign diplomats**
- Foreign diplomats that are eligible for an RST exemption are issued an RST number (in the form of picture ID cards) by the Taxation Division. Upon presentation of the RST number, the dealer must record the RST number on the sale invoice to allow the exemption to the foreign diplomat.
  - Where the diplomat is unable to present his/her RST number, the dealer shall collect the tax on the sale and advise the diplomat to contact the Taxation Division to apply for a RST refund.
- Physically disabled persons**
- RST is not applicable on wheelchair lifts and vehicle modifications such as a raised roof or a dropped floor, hand controls, and similar items installed on a motor vehicle for physically disabled persons (however the vehicle chassis is subject to tax).
  - The dealer's sales invoice/lease agreement must segregate these items for the RST exemption to apply.
- Dealer's responsibility to document exemption**
- Dealer's records are subject to audit by the Taxation Division. Dealers that allow an RST exemption but fail to fully comply with the documentation requirements may be liable for payment of the uncollected RST, accrued interest and penalties.

## Section 5 – SALES OF REPAIR PARTS AND LABOUR

- General information**
- The total amount charged for vehicle maintenance and repair services is subject to RST, including parts, labour and any other charges in connection with the service, such as shop supplies (i.e. lubricants, protective materials, cleaning agents), washing, painting and towing.
  - Dealers may purchase parts, labour and certain shop supplies (that qualify as direct agents) used to perform vehicle maintenance and repair services RST-exempt by quoting their RST number to their supplier. See section 6 for information on shop supplies that qualify for the direct agent exemption.
  - Charges for engine analysis and other vehicle maintenance inspections are subject to RST (even if no parts or supplies are used).
- Government inspections**
- Charges for a vehicle inspection certificate required under *The Drivers and Vehicles Act*, or a Vehicle Appraisal Report to verify the fair value of a used vehicle purchased privately are not subject to RST.
- Exempt purchasers**
- The purchasers listed in Section 4 may generally purchase vehicle repair parts and services RST-exempt. To allow the exemption, dealers must obtain the following documentation if:
    - The part or service is purchased for resale purposes, or the purchaser is a foreign diplomat or a department of the federal government; the dealer must record the purchaser's RST number on the invoice.
    - The purchaser is an interjurisdictional motor carrier; the dealer must

record the purchaser's IRP (International Registration Plan) number on the invoice.

- The purchaser is a Status Indian or Indian Band; the dealer must retain proof that the service was performed on a reserve, or that the dealer delivered the repaired vehicle to the customer on a reserve.
- The purchaser is a non-resident of Manitoba; the dealer must retain proof that they delivered the repaired vehicle out-of-province.

### **Leased vehicles**

- If the lessor is responsible for vehicle maintenance as part of the lease contract, the lessor may purchase the maintenance and repair parts and services RST-exempt. To allow the exemption, the dealer must obtain the lessor's RST number and record it on the invoice.

### **Autopac repairs**

- When the lessee purchases vehicle repair services, RST applies to the total charges payable by the lessee, including a deductible amount paid by the lessee on a maintenance-included contract. This type of deductible amount is considered an additional lease payment.
- Manitoba Public Insurance (MPI) generally pays RST on all insured auto repair claims. In the case of repairs to a leased vehicle, MPI is required to pay RST on a repair claim only if the vehicle is insured by the lessee. The lessee is not required to pay tax on the deductible amount on an MPI claim, as tax has already been collected on the repair.
- If the vehicle is insured by the lessor, MPI is not required to pay RST on the repair claims. To allow the RST exemption on the lessor's Autopac claim, the auto body shop must obtain the lessor's RST number.

### **Emergency roadside services**

- Emergency services provided at roadside such as towing, battery boosting, bringing gas and unlocking doors are not considered repair services and are RST-exempt. These services are subject to RST when provided in connection with a taxable repair service. For example, if a vehicle is towed-in for an engine tune-up, the total charge for the tune-up and towing is taxable.

### **Warranty repairs**

- RST does not apply to repair services provided to a customer at no charge under a manufacturer's warranty, repairer's guarantee or other extended warranty or maintenance contract.
- The parts and labour required to provide the service under the contract may be purchased RST-exempt by the manufacturer, maintenance or warranty company.
- If the customer is required to pay a deductible fee or is charged for part of the repairs provided under a maintenance or warranty contract, the dealer must collect RST on the amount charged to the customer.
- For further information, see Bulletin No. 023 – Service, Maintenance and Warranty Contracts.

## **Section 6 – PURCHASES FOR OWN USE**

### **General information**

- Dealers are required to pay RST on all purchases of equipment, supplies and taxable services acquired for own use. Some examples are shop

equipment, office equipment, service vehicles (see Section 7), signs, mechanics' tools, brochures, forms and other stationery, building materials, computer software, promotional items, uniforms, building cleaning supplies, hand wipes and equipment repair services.

- When a dealer purchases taxable items from a vendor that did not collect Manitoba RST (e.g., out-of-province vendor), the dealer is required to remit the applicable tax to the Taxation Division on the next RST return.
- Dealers may purchase the following RST-exempt:
  - Materials that are incorporated into an item or service for resale, such as accessories, parts, lubricants, glue, tape, bolts, electrical wire and connectors, welding rods and gasket materials;
  - Shop supplies that qualify for exemption as direct agents. That is, goods that are consumed while transforming and in direct contact with goods to which a taxable service is being provided. Examples include abrasive materials, drill bits, saw and knife blades, welding gases, wiping rags, solvents and other chemicals.
  - Welding tips and nozzles used in providing a service to a customer.

#### Promotional items

- RST applies on taxable promotional items purchased by dealers as follows:
  - Dealers must pay RST on their cost for promotional items given away to potential customers, such as brochures, hats and balloons, if there is no condition for the customer to purchase anything.
  - Dealers do not pay RST on their cost for promotional items given away on condition that the customer purchases a taxable item. For example, a dealer may purchase a TV RST-exempt that is given away “free” with the purchase of a vehicle.

**Please note:** If the dealer’s combined cost of a vehicle and any taxable promotional items included as part of a sale exceeds the selling price of the sale, the dealer must pay RST on the amount of cost above the selling price.

- For additional information pertaining to purchases of promotional items given away, see Bulletin No. 37 – *Promotional Distributor*.

#### Driver education vehicles

- Dealers are not required to pay RST on vehicles they transfer to MPI for driver training purposes. MPI is responsible for paying the tax at the time of registration.

### Section 7 – DEALER-USE VEHICLES

There are two types of dealer-use vehicles:

#### Dealer-use vehicles acquired for use

- New or used vehicles that are **purchased or modified for use** in the operation of a dealership and/or are not readily available for sale are considered to be dealer-use vehicles. These may include tow trucks, parts vehicles and shuttle vans with special paint or marking.

**Dealer-use vehicles acquired for resale and used temporarily**

- New or used vehicles that are purchased for resale, held in inventory for resale and readily available for sale at all times that are **temporarily** assigned to, or used by company officials, family members, sales personnel, other employees, and customers for personal or business use are also considered to be dealer-use vehicles. These may include staff vehicles, courtesy cars and rental vehicles that are provided for a nominal charge or without charge.
- Vehicles that are used **solely** by potential customers for sales demonstration purposes (i.e. not used by the dealer as described above) are **not** considered to be dealer-use vehicles.

**Tax on dealer-use vehicles**

- Vehicles **purchased or modified** for dealer use are subject to tax at **7 per cent** of the purchase price of the vehicle. The trade-in and refund provisions of the Act apply if the vehicle is sold or traded-in on the purchase of another vehicle. A return to inventory does not constitute a sale. A vehicle that has been modified in any way and/or is not readily available for sale does not qualify for the temporary use provisions described below and is subject to tax at **7 per cent** on the full purchase price.
- Vehicles purchased for resale and used **temporarily** as dealer-use vehicles are taxable at **7%** of  $1/36^{\text{th}}$  of the purchase price of the vehicle for each month or part month the vehicle is used. If a dealer-use vehicle is replaced during a month with another vehicle, the RST for that month is payable only on the vehicle with the greater purchase price.

**Please note:** Dealer-use vehicles are subject to RST even though the vehicle may also be used for demonstration to potential customers or for rental.

**Simplified tax calculation option for temporary dealer-use vehicles**

- To simplify the calculation of sales tax on **“temporary”** dealer-use vehicles, dealers may choose to self-assess tax using the following amounts (per vehicle for each month or part month of use):

New Vehicle	-	\$40	Used Vehicle	-	\$20
-------------	---	------	--------------	---	------

The dealer is required to self assess on only one vehicle per month per individual although the individual may use several different vehicles in that month. Dealers who do not use the simplified option for temporary dealer-use vehicles must use the  $1/36^{\text{th}}$  formula. The option chosen (either **7%** of  $1/36^{\text{th}}$  of purchase price, or \$40/\$20) must be used for all temporary dealer-use vehicles used that month.

- A courtesy car is a dealer-use vehicle that is provided to a person without charge or for a nominal charge. RST must be collected and remitted on amounts charged for the use of the vehicle. Also, if there is no charge for the use of the vehicle or the amount charged is less than the established rental charge, the dealer must pay RST on the vehicle using either the  $1/36^{\text{th}}$  formula or the simplified option.
- When a rental vehicle is provided free or for an amount lower than the established rental charge the dealer must collect RST on the charge to the customer or employee. The dealer must also self-assess tax on own use of

the vehicle using the 1/36<sup>th</sup> formula or the simplified option.

- If a dealer rents a vehicle from a rental company and provides that vehicle to a person without charge, the dealer must pay RST to the rental company.

#### **Records for dealer-use vehicles**

- Dealers are required to maintain sufficient records for RST audit purposes to substantiate the number of their dealer-use vehicles for each month. If a dealer's records do not accurately represent the number of dealer-use vehicles, the Taxation Division may estimate the additional RST payable.

**For example:** It is apparent to the Taxation Division auditor that the business owner uses a vehicle for transportation between home and the place of business or for other personal uses, but the business has not paid the RST on the vehicle as required. In this case, the auditor will estimate the RST payable and propose it as an audit adjustment.

#### **Repair and maintenance**

- Dealers are required to pay RST on their cost (excluding employee labour) to repair and maintain vehicles **purchased or modified** for dealer use.
- No RST applies on repairs of vehicles acquired for resale and used **temporarily** as dealer-use vehicles.

### **Section 8 – TIRE ECO-FEES**

#### **General information**

- Dealers are required to collect an Eco-fee (formerly the tire levy) on new tires sold with vehicles or sold separately.
- Further information on the Eco-fee can be obtained from Tire Stewardship Manitoba at [www.tirestewardshipmb.ca](http://www.tirestewardshipmb.ca) or from:

Tire Stewardship Manitoba  
1791 Dublin Avenue, Unit B  
Winnipeg, MB R3H 1A9  
Phone: (204) 661-3242 or Toll Free (866) 724-5002  
E-mail: [info@tsmb.ca](mailto:info@tsmb.ca)

### **Section 9 – REFUNDS ADMINISTERED BY TAXATION DIVISION**

Dealers may wish to inform their customers that they may be eligible for the following refunds (further information is available at the Taxation Division contact points listed at the end of this bulletin):

#### **Buy-sell refunds**

- Where a person buys or leases a vehicle, pays the tax on it and privately sells a used vehicle within 6 months, an RST refund may be available. The vehicles must be of the same general kind as discussed on page 5.

**Please note: No refund is available when a person buys a vehicle, pays the tax on it and subsequently privately sells that same vehicle within 6 months of its purchase for export outside of Manitoba.**

- Non-resident purchasers**
- Where a person pays RST on a vehicle purchased in Manitoba, removes it within 30 days of purchase for permanent use outside the province and pays any applicable tax in another jurisdiction, a refund of the RST is available.
- Motor vehicle returned to manufacturer**
- Where a person returns a motor vehicle to a manufacturer as a result of a ruling by an independent, impartial third party dispute resolution process and receives a refund or credit of all or a portion of the purchase price (but not the related RST), the purchaser may apply for a refund of the tax paid on the amount refunded or allowed as a credit.

## Section 10 – REGISTRATION REQUIREMENT

- Registration Requirement**
- Dealers who sell or intend to sell taxable goods or services in Manitoba must be registered with the Taxation Division. This **includes** out-of-province dealers, who sell or lease goods in Manitoba, if they
    - Solicit directly or through an agent, orders for goods from persons in Manitoba by advertising or any other means,
    - Accept orders originating in Manitoba to purchase goods,
    - Sell goods for consumption or use in Manitoba, and
    - Cause the goods to be delivered in Manitoba.
  - For additional information, see Bulletin No. 004 – *Information for Vendors*.
  - The application for registration form is available from the Taxation Division offices or web site listed below. It can also be filed online at [www.manitoba.ca/TAXcess](http://www.manitoba.ca/TAXcess)

## 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 Retail Sales Tax Act* and *Regulations*. 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) 945-0896

### Westman Regional Office

Manitoba Finance  
Taxation Division  
314, 340 - 9th Street  
Brandon, Manitoba R7A 6C2  
Fax (204) 726-6763

E-mail: [MBTax@gov.mb.ca](mailto:MBTax@gov.mb.ca)

## ONLINE SERVICES

Our Web site at [manitoba.ca/finance/taxation](http://manitoba.ca/finance/taxation) provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at [manitoba.ca/TAXcess](http://manitoba.ca/TAXcess) provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.