

# Retail Sales Tax – How It Applies to Your Vehicle Purchase

*This brochure outlines how Manitoba retail sales tax (RST) applies to the most common vehicle purchase and sale transactions.*

## General

- In this brochure, “vehicle” includes:
  - a vehicle that must be registered under *The Highway Traffic Act* (car, truck, trailer, motorcycle)
  - a vehicle that must be registered under *The Off-Road Vehicles Act* (snowmobile, dirt bike, all-terrain vehicle).
- The RST is applied on all purchases of new and used vehicles at 7 per cent.

## Purchases from Motor Vehicle Dealers

- If you buy your vehicle from a motor vehicle dealer, you pay RST to the dealer at the time of your purchase.
- If you trade-in a vehicle on the purchase of another vehicle *of the same general kind*, you pay RST calculated on the **net** amount – i.e. the purchase price of the vehicle less the trade-in value.
- For the purposes of RST and trade-in transactions, “same general kind” means that **both** the purchased vehicle and the trade-in must be vehicles required to be registered under *The Highway Traffic Act*, or **both** must be vehicles required to be registered under *The Off-Road Vehicles Act*. For example, a trade-in of a snowmobile for a car is **not** recognized for RST purposes, and RST is applied to the full purchase price of the car.
- RST is also payable when you rent or lease a vehicle, or when you exercise a buyout option at the end of a lease.

## Private Vehicle Purchases

- If you buy your vehicle privately, your Autopac agent will collect RST when you register your vehicle.
- For passenger cars, light trucks and vans, RST is calculated on the greater of the vehicle's purchase price and its average wholesale price in the *Sanford Evans Gold Book*.
- RST is calculated on the purchase price for:
  - heavy trucks, buses, trailers, motorhomes, motorcycles, off-road and other recreational vehicles
  - vehicles with an average wholesale price of less than \$1,000
- If your vehicle has severe damage or excessive use at the time of purchase, you have the option of having the vehicle appraised by an authorized appraiser (such as a motor vehicle dealer).

If an appraisal report is completed, RST is payable at the time of registration on the greater of the purchase price or the appraised value. If the appraisal report is obtained after the vehicle is registered, you may submit a refund application to the Taxation Division for any RST that may be refundable.

Vehicle Appraisal Report forms are available from your Autopac agent or from a Taxation Division office listed on the back of this brochure.

- More information can be found in the RST brochure *Vehicle Valuation Program For Motor Vehicles Purchased Privately* that is available from your Autopac agent, or Taxation Division offices, or on our web site listed on the back of this brochure.

## Common RST Exemptions

There are several RST exemptions related to vehicles. In the following common situations, your Autopac agent will not collect RST, and will have you sign a declaration certifying that you meet the requirements for the specific exemption.

- You brought your vehicle into Manitoba as **settler's effects**, meaning:
  - you have resided outside Manitoba for at least six consecutive months and
  - you purchased the vehicle at least 30 days prior to taking up residence in Manitoba and
  - you brought the vehicle into Manitoba within six months after taking up residence.
- You acquired the vehicle through a **bequest** or devolution of the estate of a deceased person.
- You acquired the vehicle as a **gift from a qualified family member who has paid RST** on the vehicle.

Family member means a parent, grandparent, child, grandchild, son/daughter-in-law, father/mother-in-law, spouse or common-law partner. For purposes of determining the relationship between family members, a qualifying common-law partner is treated the same as a spouse, e.g., a man's common-law wife is regarded to be the daughter-in-law of the man's parents.

Common-law partners are persons who have cohabited in a conjugal relationship for 3 years or more without a child, or who have cohabited in a conjugal relationship for 1 year or more and there is a child of their union.

**Please note:** RST is payable where a gift, or a series of gifts within 12 months, results in the transfer of a vehicle between family members other than those listed above (such as between brother and sister). For example, where a child gifts a vehicle to a parent who then gifts the vehicle to another child, the series of gifts is considered to be a transfer between siblings. In this case, the recipient child must pay RST on the fair value of the vehicle, unless the donor (parent) has owned it for at least 12 consecutive months immediately prior to gifting it or has paid the RST on the vehicle.

- You are a **Status Indian** or Indian Band and:
  - the purchase documents were signed on a reserve and
  - you took possession of the vehicle on a reserve (the seller delivered the vehicle or shipped it by common carrier to a reserve) and
  - title to the vehicle was transferred to you on a reserve.
- You are a **charitable institution** that received the vehicle as a gift from a donor who has paid the RST on the vehicle.
- You won the vehicle as a **prize**. The Autopac agent must receive a copy of:
  - the purchase invoice showing that the RST has been paid on your behalf by the contest sponsor and
  - a letter from the contest sponsor confirming that you are the prizewinner.
- You **transfer** your vehicle to your **corporation at the time of incorporation**. Please contact the Taxation Division concerning your eligibility for this exemption.

## Vehicle Refunds

*An Application for Refund must be filed with the Taxation Division within **two years** of the purchase date of the vehicle.*

- You may be eligible for an RST refund if you or your spouse have bought or leased a vehicle, and within six months before or after the date of purchase or lease, you or your spouse have sold a vehicle.
- The RST refund is equal to the lesser of 7 per cent of the selling price of the vehicle sold or the RST you paid on the vehicle you purchased.
- If you sell a vehicle and, within six months before or after the sale, you lease a vehicle, you will not receive a refund until the RST paid on the down payment and the monthly lease payments equals 7 per cent of the selling price of the vehicle sold, or until the conclusion or termination of the lease, whichever occurs first. The refund application must be filed within two years of the start of the lease.
- If you sold a vehicle within six months before the private purchase and registration of another vehicle, your Autopac agent can deduct the RST refund owing to you at time of registration. You will then pay the **net** RST owing to your Autopac agent, which eliminates the need to apply for a refund from the Taxation Division. More information can be found in the RST brochure *Automatic Refunds by Autopac Agents on Motor Vehicles* available from your Autopac agent, or Taxation Division offices, or on our web site listed on the back of this brochure.
- A trade-in is not considered a sale. The RST is payable only on the net price difference, either at the time of purchase from a motor vehicle dealer or at registration. This eliminates the need to apply for a refund from the Taxation Division.
- When a vehicle is stolen or written-off in an accident, transferring the vehicle to an insurer is not considered a sale. The RST is included in your insurance settlement from Manitoba Public Insurance.
- To apply for a buy/lease-and-sell RST refund from the Taxation Division, you must complete an Application for Refund available from your Autopac agent, or Taxation Division offices, or on our web site listed on the back of this brochure. Please include the following information with your application:
  - a copy of the dated bill of sale for the vehicle purchased or leased, signed by both the seller and the purchaser and
  - a copy of the dated bill of sale for the vehicle sold, signed by both the seller and the purchaser and
  - if purchased privately, a copy of the tax receipt (RT 12) issued by the Autopac agent at time of vehicle registration.
- A \$25 fee is deducted from the refundable amount for each buy/lease-and-sell refund application that is processed by the Taxation Division. When the Autopac agent nets the refund against the RST payable on the purchased vehicle, the \$25 fee does not apply.

- When you purchase a vehicle in Manitoba, remove it within 30 days for permanent use outside the province, and pay any applicable tax in another jurisdiction, you may apply for an RST refund from the Taxation Division.
- **Please note** that RST refunds are payable to the legal owner(s) of the vehicle. The legal owner and the registered owner of a vehicle may not necessarily be the same person.

If you require additional information, please contact Manitoba Finance – Taxation Division at:

### Winnipeg Office

101-401 York Avenue  
Winnipeg, MB R3C 0P8

Telephone: (204) 945-5603

Manitoba Toll Free: 1-800-782-0318

Fax: (204) 948-2087

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

Web Site: [www.gov.mb.ca/finance/taxation](http://www.gov.mb.ca/finance/taxation)

### Westman Regional Office

349, 340 – 9th Street  
Brandon, MB R7A 6C2

Telephone: (204) 726-6153

Manitoba Toll Free: 1-800-275-9290

Fax: (204) 726-6763

Hours 8:00 a.m. – 4:30 p.m.  
(Monday to Friday)

This brochure is intended to serve as a guideline and is not all-inclusive. For the specific wording of the tax law, please refer to *The Retail Sales Tax Act and Regulations*.

August 2005

## Retail Sales Tax

# How It Applies

## To Your Vehicle Purchase