

Provincial Vehicle Tax– Exemptions

The purpose of this bulletin is to provide clarification pertaining to the Provincial Vehicle Tax (PVT) exemptions that are currently provided for under the *Harmonized Sales Tax Act* and the General Regulation.

Setting up Residence

Under section 17 of the *Harmonized Sales Tax Act*, an exemption is provided where an individual takes up residence in the Province and brings a vehicle into the Province for his or her own personal use.

Setting up Residence means:

- the acceptance of employment of a full time nature within the Province;
- posting to a place within the Province while on duty within the service of Canadian Armed Forces or Royal Canadian Mounted Police;
- the chief place of residence is within the Province; and
- any combination of the aforementioned events, in which case a settler is deemed to have taken up residence at the earliest date upon which any of the events above occur.

For more information, please consult [Bulletin PVTB-105](#); Setting Up Residence Exemption.

Family Gifts

Under subsections 20(1) and 20(2) of the General Regulation, an exemption is provided where an individual transfers a vehicle to a member of his or her immediate family and the following requirements are met:

- the tax has been paid by the donor;
- the donor and the recipient fall within the definition of "immediate family;"
- the donor has not gifted a vehicle to the recipient in the past 12 month period;
- the vehicle has not been the object of a family gift exemption in the past 12 month period; and
- a Family Gift affidavit is completed by the donor and recipient attesting that no consideration is involved in the transaction.

For more information, please consult [Bulletin PVTB-104](#); Family Gift Exemption and / or [PVT Family Gift Exemption](#); [Frequently Asked Questions](#).

Trades

Section 16(2) of the *Harmonized Sales Tax Act*, prescribes the application of tax where an individual trades, as part of the consideration of the purchase price, one or more vehicles required to be registered under the *Motor Vehicle Act* or the *Off-Road Vehicle Act*.

The transaction is not subject to PVT where the following criterion are met:

- the vehicles must meet the eligibility described above;
- the trade must be between two non-registrants;
- there are no cash payments or other considerations, such as services or other goods, involved; and
- the Red Book / Blue Book valuations are within \$1,000 of one another.

If the trade does not meet the standards above, PVT is applied.

If there is no cash payment involved, tax is calculated on the difference between the Red Book / Blue Book values.

If there is a cash payment involved, tax is calculated on the difference between the Red Book / Blue Book values or on the cash payment, whichever is greater.

For more information, please consult [Bulletin PVTB-106](#); Trades.

Inheritance

Under subsections 21(e) of the General Regulation, an exemption is provided where a vehicle transfer is deemed an inheritance.

Prior to the exemption being applied, the transfer of vehicle ownership must be ruled as an inheritance by the Department of Public Safety.

For more information, please consult [Bulletin PVTB-107](#); Inheritance Exemption.

First Nation

Section 87 of the Federal *Indian Act* provides an exemption from taxation for goods and services purchased on a reserve by an Indian or Indian Band.

In addition, the sale must take place on a reserve located in Canada or the vehicle purchased must have been delivered to a reserve located in Canada for the transaction to qualify as tax exempt. This information will be included in a Declaration completed at Service New Brunswick at the time of the transfer of vehicle ownership.

To claim this exemption, presentation of a valid Certificate of Indian Status Card or Temporary Confirmation of Registration Document must be provided. This does not include Métis people, Inuit or Indians from the United States, as they do not meet the definition of an *Indian* under the federal legislation.

We recognize that many indigenous people in Canada prefer not to describe themselves as Indians. However, the term Indian is used for consistency with the legal definition in the *Indian Act*.

For more information, please consult [Bulletin PVTB-108](#); Status First Nation Exemption.

Additional Information

If this bulletin does not address your particular situation, or if you have further concerns regarding taxes, please refer to the [Act](#) and related regulations, visit our website at: www.gnb.ca/finance or contact:

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