

Provincial Vehicle Tax – Family Gift Exemption

The purpose of this bulletin is to provide clarification pertaining to the exemption of Provincial Vehicle Tax (PVT) ordinarily imposed under the **Harmonized Sales Tax Act** and the General Regulation, where an individual transfers a vehicle to a member of his or her immediate family and there is no other consideration for the transfer.

Eligibility

Under subsections 20(1) and 20(2) of the General Regulation, an exemption is provided where all 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.

Note: For the purpose of claiming this exemption, a gift of a vehicle does not include a vehicle you receive as a result of a loan takeover. In this case, tax is payable on the greater of the outstanding loan amount or the average wholesale value. In addition, where other forms of consideration are provided in exchange for a vehicle the transaction does not qualify for the exemption. For example, vehicles traded between two immediate family members do not qualify as a "family gift" because the vehicles are deemed to be consideration. Instead, the transaction would be processed as a trade. For more information, please consult [Bulletin PVTB-106](#); Trades.

Definitions

Immediate family: Includes an individual's relation to;

- spouse
- common law spouse (must be cohabitating for a period of at least 12 months at the same place of residence)
- mother / father, stepmother / stepfather
- son / daughter
- stepchildren (includes stepchildren and common law stepchildren in relationship to the parents)
- sister / brother (Note: Step-brother/sister cannot gift, exempt of tax, to each other.)
- grandfather / grandmother (including great grandparents)
- grandson / granddaughter (including great grandchildren)

Note: An individual's relation to his or her uncles, aunts, cousins, nephews and nieces, or to those of his or her spouse, does not meet the definition of immediate family (unless these persons are related to the individual in a manner described above), and as a result does not qualify for the exemption.

Consideration: Value in money, debt (particularly a debt related to the vehicle) assumed by the recipient, value of services rendered, actual value of goods given in exchange, and any service or form of payment accepted as the price of the vehicle.

Donor: The registered owner of the vehicle gifted to the recipient.

Gift: A voluntary transfer of property without expectation of payment or return consideration to the donor.

For more information please refer to the [PVT Family Gift Exemption; Frequently Asked Questions](#).

Documentation Requirements

To claim the exemption, the recipient and the donor of the vehicle must complete a Family Gift Affidavit at Service New Brunswick when transferring ownership of the vehicle attesting to the above, and provide proof that the donor paid tax on the vehicle. You will be asked to provide documentation substantiating the relationship. The documents generally include the following:

- a marriage contract or marriage certificate
- a birth certificate (long-form)
- an adoption judgment
- a driver's license

In its continuous efforts to ensure fairness and protect the integrity of the tax system, Finance and Treasury Board routinely conducts comprehensive reviews and audits of vehicle transactions. Either party may be contacted to verify eligibility for the exemption. If it is determined that the transfer did not qualify for the exemption, an assessment will be issued and may also result in the issuance of fines and / or penalties. Any person who knowingly provides false or misleading information, or who presents fraudulent documentation, commits a serious offence. The department has recently reallocated resources to ensure the detection and subsequent assessment of individuals involved in tax evasion.

For more information, please refer to the [Bulletin PVTB-115](#); Tax Evasion Bulletin.

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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