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Tax Relief for Specially Equipped Motor Vehicles

From: **Canada Revenue Agency**

GST/HST Info Sheet GI-199

April 2022

This info sheet cancels and replaces GST/HST Technical Information Bulletin B-086, Rebate for Specially-equipped Vehicles for Persons With Disabilities.

This info sheet explains the tax relief available for specially equipped motor vehicles that are for use by, or to transport, individuals using wheelchairs and for vehicles equipped with auxiliary driving controls for individuals with a disability.

Except as otherwise noted, all statutory references in this publication are to the provisions of the Excise Tax Act (ETA). The information in this publication does not replace the law found in the ETA and its regulations.

If this information does not completely address your particular situation, you may wish to refer to the ETA or relevant regulation, or call GST/HST Rulings at 1-800-959-8287 for additional information. If you require certainty with respect to any particular GST/HST matter, you may request a ruling. [GST/HST Memorandum 1-4, Excise and GST/HST Rulings and Interpretations Service](#), explains how to obtain a ruling or an interpretation and lists the GST/HST rulings centres.

If you are located in Quebec and wish to request a ruling related to the GST/HST, please call Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec website at [revenuquebec.ca](#) to obtain general information.

For listed financial institutions that are selected listed financial institutions (SLFIs) for GST/HST or Quebec sales tax (QST) purposes or both, whether or not they are located in Quebec, the CRA administers the GST/HST and the QST. If you wish to make a technical GST/HST or QST enquiry related to SLFIs, please call 1-855-666-5166.

GST/HST rates

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario and 15% in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, refer to [GST/HST Technical Information Bulletin B-103, Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province](#).

General

Generally, the GST/HST applies to most property and services supplied in or imported into Canada. However, the ETA provides relief in respect of certain specially equipped motor vehicles and related property and services.

This info sheet explains the tax relief available and the criteria that must be met.

Meaning of significant terms

Non-participating province means a province that is not a participating province, or another area in Canada that is outside the participating provinces.

Participating province means a province that has harmonized its provincial sales tax with the GST to implement the HST. Participating provinces include New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island, but do not include the Nova Scotia offshore area or the Newfoundland offshore area except to the extent that offshore activities, as defined in subsection 123(1), are carried on in that area.

Qualifying motor vehicle means a motor vehicle that is equipped with either:

- a device designed exclusively to assist in placing a wheelchair in the vehicle without having to collapse the wheelchair
- an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability

Specified motor vehicle means a vehicle that is or would, if it were imported, be classified under one of several tariff items in Schedule I to the Customs Tariff. Generally, this includes all motor vehicles, other than racing cars classified under heading number 87.03 of Schedule I to the Customs Tariff and any prescribed motor vehicles. Currently, there are no prescribed motor vehicles under the ETA.

Zero-rated means subject to the GST/HST at 0%.

Zero-rated property and services

A supply of an auxiliary driving control that is designed for attachment to a motor vehicle to facilitate the operation of the vehicle by an individual with a disability is zero-rated.

In addition, a supply of a service of installing, maintaining, restoring, repairing or modifying an auxiliary driving control is also zero-rated along with any part for it supplied in conjunction with the service.

Example 1

A car dealer in a participating province supplies and installs hand controls in an individual's car so that it can be driven by an individual with a disability. The dealer charges \$3,000, and of the total price, \$1,000 is the price for the parts and \$2,000 is the price for the installation service. The dealer is not required to collect and remit the HST on the \$3,000 price since the supply of the hand controls and the installation service is zero-rated.

Example 2

An individual buys a hand control for \$1,500 from a distributor of car parts in a non-participating province to have it installed in their car so that the car can be driven by an individual with a disability. The individual asks an authorized car dealer in the same province to install the hand control in the car. The dealer charges \$2,000 for the installation service.

The distributor is not required to collect and remit the GST on the hand control since the sale of the auxiliary driving control is zero-rated. The dealer is also not required to collect and remit the GST on the installation service since it is also zero-rated as it is a service of installing the auxiliary driving control.

A supply of a part, accessory or attachment that is specially designed for an auxiliary driving control is also zero-rated.

Example 3

A car dealer must repair their customer's auxiliary driving control. The car dealer orders a specially designed part for the auxiliary driving control from a distributor.

The supply of the part by the distributor to the car dealer is zero-rated as the part is specially designed for an auxiliary driving control.

A supply of a service of modifying a motor vehicle to adapt it for the transportation of an individual using a wheelchair is zero-rated as is any property provided together with this modification service (other than the vehicle itself).

Example 4

An individual owns a minivan. They ask a mechanic to modify the minivan to allow side-entry wheelchair access. The mechanic is not required to collect and remit the GST/HST on the charge since the supply of the modification and the property provided with it is zero-rated.

Example 5

A non-profit organization that provides transit services owns a minivan used for the purpose of transporting passengers. It hires a mechanic to modify the minivan to allow side-entry wheelchair access so it can offer more services to passengers with a disability. The mechanic is not required to collect and remit the GST/HST on the charge since the supply of the modification and the property provided with it is zero-rated.

Rebate for the purchase of a qualifying motor vehicle in Canada

A partial rebate is available for the GST/HST paid on the purchase of a qualifying motor vehicle in Canada.

The rebate is available for the GST/HST paid on the portion of the purchase price of the qualifying motor vehicle that is reasonably attributable to special features incorporated into, or adaptations that have been made to, the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

Example 6

An individual purchases a vehicle from a car dealer in Canada. The vehicle was purchased to drive their child who is legally blind. The model purchased makes it easier for the child to enter and exit the vehicle without injury. No modifications were made to the vehicle and no special features are incorporated into, or adaptations have been made to, the vehicle for any of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

As the vehicle does not meet the conditions to be a qualifying motor vehicle, the individual is not entitled to a rebate.

A rebate is not available unless the supplier identifies, in writing, the portion of the purchase price of the qualifying motor vehicle that can reasonably be attributed to special features that have been incorporated into, or adaptations that have been made to, the vehicle for the purpose of its use by, or in transporting, an individual using a wheelchair, or to equip the vehicle with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability.

The rebate can be paid or credited by the supplier directly to the purchaser of the vehicle or it can be submitted to the Canada Revenue Agency (CRA) by the purchaser.

Rebate paid or credited by the supplier

The supplier of a qualifying motor vehicle can pay or credit a rebate directly to the purchaser if the purchaser completes and signs Form GST518, GST/HST Specially Equipped Motor Vehicle Rebate Application, and submits it to the supplier within four years after the first day on which any tax in respect of the purchase becomes payable.

Suppliers who pay or credit a rebate to the purchaser must send the completed Form GST518 to the CRA, along with their GST/HST return for the reporting period during which the rebate amount was paid or credited.

Example 7

A charity buys a new minivan from a car dealer in Newfoundland and Labrador for a purchase price of \$70,000 plus \$10,500 HST ($15\% \times \$70,000$). The minivan has been modified to allow side-entry wheelchair access. The car dealer identifies, in writing, that the portion of the purchase price that is reasonably attributable to the special features incorporated into the minivan to allow wheelchair access is \$15,000.

The authorized person for the charity completes and signs [Form GST518](#) and gives it to the car dealer. The car dealer then credits a rebate to the charity in the amount of \$2,250 ($15\% \times \$15,000$) for the HST calculated on the portion of the vehicle purchase price reasonably attributable to the special features incorporated into the vehicle.

The car dealer sends Form GST518 with their GST/HST return for the reporting period during which they credited the amount of the rebate to the charity. The charity may be entitled to claim a public service bodies' rebate of a percentage of the remaining HST payable on the minivan. Refer to [Guide RC4034, GST/HST Public Service Bodies' Rebate](#).

If a supplier pays or credits an amount equal to the amount of a rebate claimed on an application and the supplier knows or ought to know that the purchaser is not entitled to the rebate or that the amount paid or credited is more than the rebate that the purchaser is entitled to, the supplier and the purchaser are jointly and severally or solidarily liable to pay to the Receiver General the amount that was paid or credited for the rebate or the excess amount.

Rebate submitted to the CRA by the purchaser

Alternatively, the purchaser of a qualifying motor vehicle who pays the full amount of the GST/HST and who is not paid or credited the amount of the rebate by the supplier can claim a rebate by submitting completed [Form GST518](#) to the CRA. Rebate applications must be filed within four years after the first day on which any tax in respect of the purchase becomes payable.

Example 8

On October 31, 2021, an individual bought and paid for a used minivan from a car dealer in Newfoundland and Labrador. The purchase price was \$35,000 plus \$5,250 HST ($15\% \times \$35,000$). The minivan was modified to allow side-entry wheelchair access. The dealer identified, in writing, that the portion of the purchase price that is reasonably attributable to the special features incorporated into the minivan to allow wheelchair access was \$10,000. The individual chose to apply for a rebate directly to the CRA.

To claim the rebate of \$1,500 ($15\% \times \$10,000$) for the HST paid on the portion of the vehicle purchase price reasonably attributable to the special features incorporated into the vehicle, the individual has to complete and sign Form GST518 and submit it to the CRA by October 31, 2025.

Rebate for the purchase of a qualifying motor vehicle outside Canada or outside a participating province

A partial rebate of the GST/HST is available where a person purchases a qualifying motor vehicle outside Canada or outside a participating province and then imports the vehicle into Canada or brings it into a participating province.

Rebates for qualifying motor vehicles that are imported into Canada or brought into a participating province from a non-participating province can be claimed on Form GST518. Rebate applications must be filed within four years after the day the person imports the vehicle into Canada or brings it into the participating province.

The supplier of the vehicle must identify, in writing, to the recipient the portion of the purchase price that can reasonably be attributed to special features that have been incorporated into, or adaptations that have been made to, the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

Qualifying motor vehicle purchased outside Canada

Where a qualifying motor vehicle purchased outside Canada is imported into Canada, a rebate is available for the portion of the GST paid in respect of the importation, calculated on the portion of the purchase price of the vehicle that is reasonably attributable to special features that have been incorporated into, or adaptations that have been made to, the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

The rebate will also include the GST/HST paid on the amount of duties and taxes payable under customs legislation, if any, calculated on the portion of the purchase price of the vehicle that is reasonably attributable to the special features or adaptations.

Example 9

An individual buys a van from a car dealer in Michigan for CAN\$52,500. The dealer identifies, in writing, that the portion of the purchase price that is reasonably attributable to the special features incorporated into the van to allow wheelchair access is \$20,000. The van is imported into Canada and brought into Ontario, a participating province, at the same time.

The individual pays \$2,625 GST ($5\% \times \$52,500$) to the Canada Border Services Agency in respect of the importation of the van into Ontario. When the individual registers the van in Ontario, they pay \$4,200 ($8\% \times \$52,500$) to the provincial motor vehicle authority for the provincial part of the HST.

The individual can claim a total rebate of \$2,600 ($[\$20,000 \div \$52,500] \times [\$2,625 + \$4,200]$) for the GST paid at the time of importation and the provincial part of the HST paid upon the van's registration, calculated on the portion of the purchase price that is reasonably attributable to the special features incorporated into the van. To be

eligible for the rebate, the individual must complete and sign [Form GST518](#) and submit it to the CRA within four years after the day the van was imported into Canada and brought into Ontario.

Qualifying motor vehicle purchased outside a participating province

Payment of the provincial part of the HST is generally required where a specified motor vehicle is brought into a participating province from outside Canada, from a non-participating province or from another participating province for which the rate of the provincial part of the HST is lower. The amount payable is generally calculated based on the difference in the provincial rates. Generally, all motor vehicles, including qualifying motor vehicles, are specified motor vehicles. For more information on specified motor vehicles and the self-assessment of the provincial part of the HST, refer to [GST/HST Info Sheet GI-119, Harmonized Sales Tax – Place of Supply of Specified Motor Vehicles Delivered and Registered in a Different Province](#).

The provincial part of the HST that is payable in respect of a specified motor vehicle is required to be paid to the provincial motor vehicle registration authority of the relevant participating province (which collects the provincial part of the HST on behalf of the CRA).

Where a qualifying motor vehicle is purchased in Canada but outside a participating province, a rebate is available for the provincial part of the HST paid in respect of the transfer into a participating province. The rebate is available on the portion of the purchase price of the vehicle that is reasonably attributable to the special features that have been incorporated into, or adaptations that have been made to, the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

Where the qualifying motor vehicle is brought into a participating province from a non-participating province, a rebate is available for the provincial part of the HST paid, calculated on the portion of the purchase price of the vehicle that is reasonably attributable to the special features that have been incorporated into, or adaptations that have been made to, the vehicle.

Example 10

A resident of New Brunswick buys a minivan in Quebec from a car dealer for a purchase price of \$60,000 plus \$3,000 GST (5% × \$60,000). The minivan has been modified to allow side-entry wheelchair access. The dealer identifies, in writing, that the portion of the purchase price that is reasonably attributable to the special features incorporated into the minivan to allow wheelchair access is \$15,000.

The dealer provides a rebate to the purchaser in the amount of \$750 (5% × \$15,000) for the GST calculated on the portion of the vehicle purchase price that is reasonably attributable to the special features incorporated into the vehicle.

The purchaser drives the minivan to New Brunswick and pays \$6,000 (10% × \$60,000) for the provincial part of the HST to the provincial motor vehicle registration authority upon registering the vehicle in New Brunswick.

The purchaser can claim a rebate of \$1,500 ($10\% \times \$15,000$) for the provincial part of the HST payable on the portion of the purchase price attributable to the special features incorporated into the minivan. To be eligible for the rebate, the purchaser must complete and sign [Form GST518](#) and submit it to the CRA within four years after the day the minivan is brought into New Brunswick.

Relief from the GST/HST on leases of qualifying motor vehicles

Partial relief from the GST/HST is also provided with respect to leases of qualifying motor vehicles. This relief does not take the form of a rebate. Instead, the lessor does not charge the GST/HST on the portion of each lease payment that is reasonably attributable to special features that have been incorporated into, or adaptations that have been made to, the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

To qualify for this relief, the lessor must identify, in writing, to the lessee the portion of the lease payment that is reasonably attributable to the special features or adaptations.

If the lessee paid the GST/HST on the part of a lease payment that is reasonably attributable to the special features or adaptations, the lessee may apply for a rebate for tax paid in error within two years after the day the amount was paid using [Form GST189, General Application for GST/HST Rebates](#). Alternatively, the lessor may refund or credit the lessee with the excess tax collected within two years after the day the tax was collected. For more information, refer to [GST/HST Memorandum 12-2, Refund, Adjustment, or Credit of the GST/HST under Section 232 of the Excise Tax Act](#).

If, at a later time, the lessee exercises an option to purchase the vehicle, the vehicle is deemed to be a qualifying motor vehicle at that later time, for purposes of the rebate. The option must be exercised under the agreement for the lease or under an agreement for the variation or renewal of the lease. Where these conditions are met, the rules on rebates discussed above for the purchase of a qualifying motor vehicle in Canada, or for the purchase of a qualifying motor vehicle outside Canada or outside a participating province, would then apply to the purchase of the vehicle.

Example 11

A resident of Manitoba leases a minivan from a car dealer for \$1,200 per month. The minivan has been modified to allow side-entry wheelchair access. The dealer identifies, in writing, that the portion of the lease payment that is reasonably attributable to this special feature incorporated into the minivan to allow wheelchair access is \$200. In the lease contract, it is indicated that the individual has the option to purchase the minivan within the year.

The GST on the lease payment is calculated on \$1,000 ($\$1,200 - \200) as the \$200 is attributable to the special features incorporated into the vehicle. No GST applies to the \$200 as that amount is not included for the purpose of calculating the GST.

Six months later, the individual purchases the van for \$50,000. The dealer identifies, in writing, that the portion of the purchase price that is reasonably attributable to the special features incorporated into the minivan to allow wheelchair access is \$10,000.

The individual is entitled to a rebate of \$500 ($5\% \times \$10,000$) for the GST calculated on the portion of the vehicle purchase price reasonably attributable to the special features incorporated into the vehicle.

To claim the rebate, the individual has to complete and sign [Form GST518](#) and give it to the dealer or apply for the rebate directly to the CRA.

Rebate for modification services performed outside Canada or outside a participating province

A partial rebate of the GST/HST is available where a person acquires a service of modifying a motor vehicle performed outside Canada or outside a participating province and then imports the vehicle into Canada or brings it into a participating province.

To qualify for the rebate, the modification service must be made to specially equip or adapt the vehicle for one of the following purposes:

- to enable an individual who uses a wheelchair to use the vehicle
- to enable the transportation of an individual using a wheelchair
- to equip it with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability

The rebate for these modification services can also be claimed on [Form GST518](#). Rebate applications must be filed within four years after the day the person imports the vehicle into Canada or brings it into the participating province.

Modification services performed outside Canada

Where the modified vehicle is imported into Canada, a rebate is available for the GST/HST paid in respect of the importation, calculated on the portion of the value of the vehicle that is reasonably attributable to the modification service and any property supplied together with, and because of, that service.

The rebate will also include the GST/HST paid on the amount of duties and taxes payable under customs legislation, if any, calculated on the portion of the value of the vehicle reasonably attributable to the modification service and property supplied together with that service.

Example 12

An individual buys a used van in Michigan for CAN\$32,500. At the individual's request, a car dealer in Michigan supplies and installs hand controls in the van for a cost of \$3,000 so that it can be driven by an individual with a disability. The van is imported into Canada and brought into Ontario, a participating province, at the same time.

The individual pays \$1,775 GST ($5\% \times [\$32,500 + \$3,000]$) to the Canada Border Services Agency in respect of the importation of the van into Ontario. When the individual registers the van in Ontario, they pay \$2,840 ($8\% \times [\$32,500 + \$3,000]$) for the provincial part of the HST to the provincial motor vehicle authority.

The individual can claim a total rebate of \$390 ($[\$3,000 \div \$35,500] \times [\$1,775 + \$2,840]$) for the GST paid on the importation and for the provincial part of the HST paid upon the van's registration, calculated on the portion of the purchase price that is reasonably attributable to the special features incorporated into the van. To be eligible for the rebate, the individual must complete and sign [Form GST518](#) and submit it to the CRA within four years after the day the van is imported into Canada and brought into Ontario.

Modification services performed outside a participating province

Where the modification service is performed outside a participating province and the modified vehicle is brought into a participating province, a rebate is available for the provincial part of the HST paid upon bringing the vehicle into the participating province. The rebate is calculated on the portion of the value of the vehicle that is reasonably attributable to the modification service and any property supplied together with, and because of, that service and that is included in determining the value of the vehicle to which the tax rate for the participating province applies.

Example 13

A resident of Ontario buys a car in Alberta from a car dealer for \$28,500 plus \$1,425 GST ($5\% \times \$28,500$). After the purchase, the individual has the dealer supply and install auxiliary driving controls in the car for \$900 so that it can be operated by a person with a disability. The dealer does not collect and remit 5% GST on the \$900 charge since the supply of the auxiliary driving controls and the installation service is zero-rated.

The individual brings the car into Ontario and registers it with the provincial motor vehicle registration authority. They pay \$2,352 ($8\% \times [\$28,500 + \$900]$) for the provincial part of the HST to the registration authority, calculated on the total value of the car.

The individual can claim a rebate of \$72 ($8\% \times \900) for the provincial part of the HST payable on the portion of the value of the vehicle attributable to the modification service and the property supplied together with the service. To be eligible for the rebate, the individual must complete and sign [Form GST518](#) and submit it to the CRA within four years after the day the car is brought into Ontario.

Suppliers' entitlements and obligations

Suppliers who pay or credit a rebate can deduct an amount equal to the rebate in determining their net tax for the reporting period in which they paid or credited the rebate.

Suppliers who pay or credit a rebate must attach the purchaser's completed Form GST518 to their GST/HST return for the reporting period in which the amount on account of the rebate is paid or credited to the purchaser.

If the supplier files their GST/HST return electronically, they must send the completed Form GST518 to the Prince Edward Island Tax Centre at the address shown below:

Canada Revenue Agency
Prince Edward Island Tax Centre
275 Pope Rd
Summerside PE C1N 6A2

Documents required

To claim a rebate from the CRA, the purchaser must also submit copies of the receipts and invoices for all purchases reported on [Form GST518](#). For purchases outside Canada, all applicable customs documents are required. Also, proof of payment of the provincial part of the HST is required if the rebate application is for the tax paid upon registering a vehicle in a participating province.

Books and records

Original documentation and any books, records and invoices that pertain to a rebate must be retained for six years as the rebate may be subject to further review at a later date.

Rebate of excise tax for certain fuel-inefficient vehicles

An excise tax (Green Levy) is imposed on certain fuel-inefficient vehicles.

A rebate of the fuel-inefficient vehicle tax paid on a van may be available to the first final consumer of the van if it has been equipped with a device designed exclusively to assist in placing a wheelchair in the van without having to collapse the wheelchair.

For more information, go to [Lists of automobiles and associated rates of excise tax on fuel-inefficient vehicles](#).

Further information

All **GST/HST technical publications** are available at [GST/HST technical information](#).

To make a **GST/HST enquiry by telephone**:

- for **GST/HST general enquiries**, call **Business Enquiries** at **1-800-959-5525**
- for **GST/HST technical enquiries**, call **GST/HST Rulings** at **1-800-959-8287**

If you are located in **Quebec**, call **Revenu Québec** at **1-800-567-4692** or visit their website at [revenuquebec.ca](#).

If you are a **selected listed financial institution** (whether or not you are located in Quebec) and require information on the **GST/HST** or the **QST**, go to [GST/HST and QST - Financial institutions, including selected listed financial institutions](#) or:

- for **general GST/HST or QST enquiries**, call **Business Enquiries** at **1-800-959-5525**
- for **technical GST/HST or QST enquiries**, call **GST/HST Rulings SLFI** at **1-855-666-5166**



Date modified:
2022-04-28