



Collision & Rental Division PST/ PVRT BULLETIN

Effective April 1, 2008, Passenger Vehicle Rental Tax (PVRT) will be charged in certain circumstances when a courtesy vehicle is provided and charged to a customer including services provided under ICBC's Alternate Transportation Program (ATP).

This bulletin outlines the new rules related to the PVRT and provides examples showing how these costs are billed to your customer and in turn, to the insurance company.

The Rules

- a. PVRT is charged at a rate of \$1.50 per day or portion thereof.
- b. PVRT is **not** charged if the rental period is 8 consecutive hours or less.
- c. PVRT is **not** charged if the rental period is more than 28 consecutive days.
- d. PVRT is **not** charged if you do not receive a fee from the customer. Note that the hourly allowance under the ATP is considered a fee received.
- e. PVRT is taxable for GST purposes.
- f. Collision repair shops will bill this charge to their customers or insurance companies along with applicable GST.
- g. PVRT is calculated using the number of days or portions thereof that "the customer was actually in a vehicle", regardless of the price charged.

Remitting PVRT

PVRT is remitted on your Social Service Tax Return, form FIN400. Add any PVRT to your "Tax Collectable on Sales" in Box "B" of the return.

Examples

The following examples show the billing and accounting entries needed depending on the circumstances. Some customers are GST registrants and therefore GST is not billed to ICBC. A similar situation occurs if the customer is PST exempt.

Courtesy Cars obtained from Rental Company by Repair Shop

The following three tables illustrate the billing calculations and accounting entries required when courtesy cars provided by the repair shop are rented from a rental car company.

Table 1: This chart shows the billing from the car rental company to the repair shop. You will note that in all cases GST is charged and PST is not. This is because the repair shop recovers all GST paid and is PST exempt. The effects of any exemptions for customers show when the repair shop bills them or the insurance company.

Car Rental Billing to Collision Repair Shop									
	All Taxes Applicable			Customer is a GST Registrant			Customer is PST Exempt		
	Amount	Rate	Total	Amount	Rate	Total	Amount	Rate	Total
Car Rental Invoice to Shop									
Gross rental including Vehicle Licensing Fee (VLF)	10 days	37.25	372.50	10 days	37.25	372.50	10 days	37.25	372.50
GST (on rental)	372.50	5%	18.63	372.50	5%	18.63	372.50	5%	18.63
Total Payment to Rental Company			391.13			391.13			391.13

Table 2 – This chart uses the same data in Table 1 and illustrates how ICBC would be billed. You will note the differing amounts when the customer is either a GST registrant or PST exempt. PVRT is not part of the \$17.25 clawback, so it must be added on.

Billing to ICBC under Alternate Transportation Program (ATP)									
	All Taxes Applicable			Customer is a GST Registrant			Customer is PST Exempt		
	Amount	Rate	Total	Amount	Rate	Total	Amount	Rate	Total
Customer Charges to be Collected from ICBC									
Gross rental including Vehicle Licensing Fee (VLF)	10 days	37.25	372.50	10 days	37.25	372.50	10 days	37.25	372.50
PVRT	10 days	1.50	15.00	10 days	1.50	15.00	10 days	1.50	15.00
GST (on rental and PVRT)	387.50	5%	19.38	387.50	0%	0.00	387.50	5%	19.38
PST	372.50	7%	26.08	372.50	7%	26.08	372.50	0%	0.00
Total Charges			432.96			413.58			406.88
Less: ATP Clawback	10 days	17.25	172.50	10 days	17.25	172.50	10 days	17.25	172.50
Total Payment from ICBC			260.46			241.08			234.38

Table 3 – This chart continues the example to show the entries needed to record the ICBC billing. The “Net” columns show the breakdown necessary to enter the ICBC transaction into the repair shop’s accounting records.

Accounting entry for ICBC billing under ATP with outside rental									
	All Taxes Applicable			Customer is a GST Registrant			Customer is PST Exempt		
	Total	Clawback	Net	Total	Clawback	Net	Total	Clawback	Net
Customer Charges to be Collected from ICBC									
Gross rental including Vehicle Licensing Fee (VLF)	372.50	(154.02)	218.48	372.50	(161.21)	211.29	372.50	(164.29)	208.21
PVRT	15.00		15.00	15.00		15.00	15.00		15.00
GST (on rental and PVRT)	19.38	(7.70)	11.68	0.00		0.00	19.38	(8.21)	11.17
PST	26.08	(10.78)	15.30	26.08	(11.29)	14.79	0.00		0.00
Total Charges	432.96		260.46	413.58		241.08	406.88		234.38
Less: ATP Clawback	172.50	(172.50)	0.00	172.50	(172.50)	0.00	172.50	(172.50)	0.00
Total Payment from ICBC	260.46		260.46	241.08		241.08	234.38		234.38

Courtesy Cars owned by Repair Shop

The PVRT will also be applicable in situations where the repair shop owns and provides the courtesy car. The next couple of chart shows how insurance companies would be billed.

Table 4 – The chart shows the billing calculations under the ATP. You will note that the hourly ATP rate is used.

Billing to ICBC under Alternate Transportation Program (ATP)									
	All Taxes Applicable			Customer is a GST Registrant			Customer is PST Exempt		
	Amount	Rate	Total	Amount	Rate	Total	Amount	Rate	Total
Customer Charges to be collected from ICBC									
Per Diem ATP Charges	15 hrs	6.31	94.65	15 hrs	6.31	94.65	15 hrs	6.31	94.65
PVRT	7 days	1.50	10.50	7 days	1.50	10.50	7 days	1.50	10.50
GST (on rental and PVRT)	105.15	5%	5.26	105.15	0%	0.00	105.15	5%	5.26
PST	94.65	7%	6.63	94.65	7%	6.63	94.65	0%	0.00
Total Payment from ICBC			117.04			111.78			110.41

Table 5 – This chart shows billing calculations for insurance companies, other than ICBC. This example is similar with some private insurers where the number of rental days is determined by multiplying .3 by the labour hours. Note PVRT is the actual days the customer was using the vehicle.

Billing to Private Insurance Company									
	All Taxes Applicable			Customer is a GST Registrant			Customer is PST Exempt		
	Amount	Rate	Total	Amount	Rate	Total	Amount	Rate	Total
Customer Charges to be collected from Ins. Co.									
Gross rental charges to Customer	5 days	40.00	200.00	5 days	40.00	200.00	5 days	40.00	200.00
PVRT	7 days	1.50	10.50	7 days	1.50	10.50	7 days	1.50	10.50
GST (on rental and PVRT)	210.50	5%	10.53	210.50	0%	0.00	210.50	5%	10.53
PST	200.00	7%	14.00	200.00	7%	14.00	200.00	0%	0.00
Total Payment from Private Insurance Company			235.03			224.50			221.03

Table 5 note: number of days charged does not equal number of days charged for PVRT

This article is a general overview and is not specific legal or accounting advice. Please see your Tax lawyer or Accountant for specifics.

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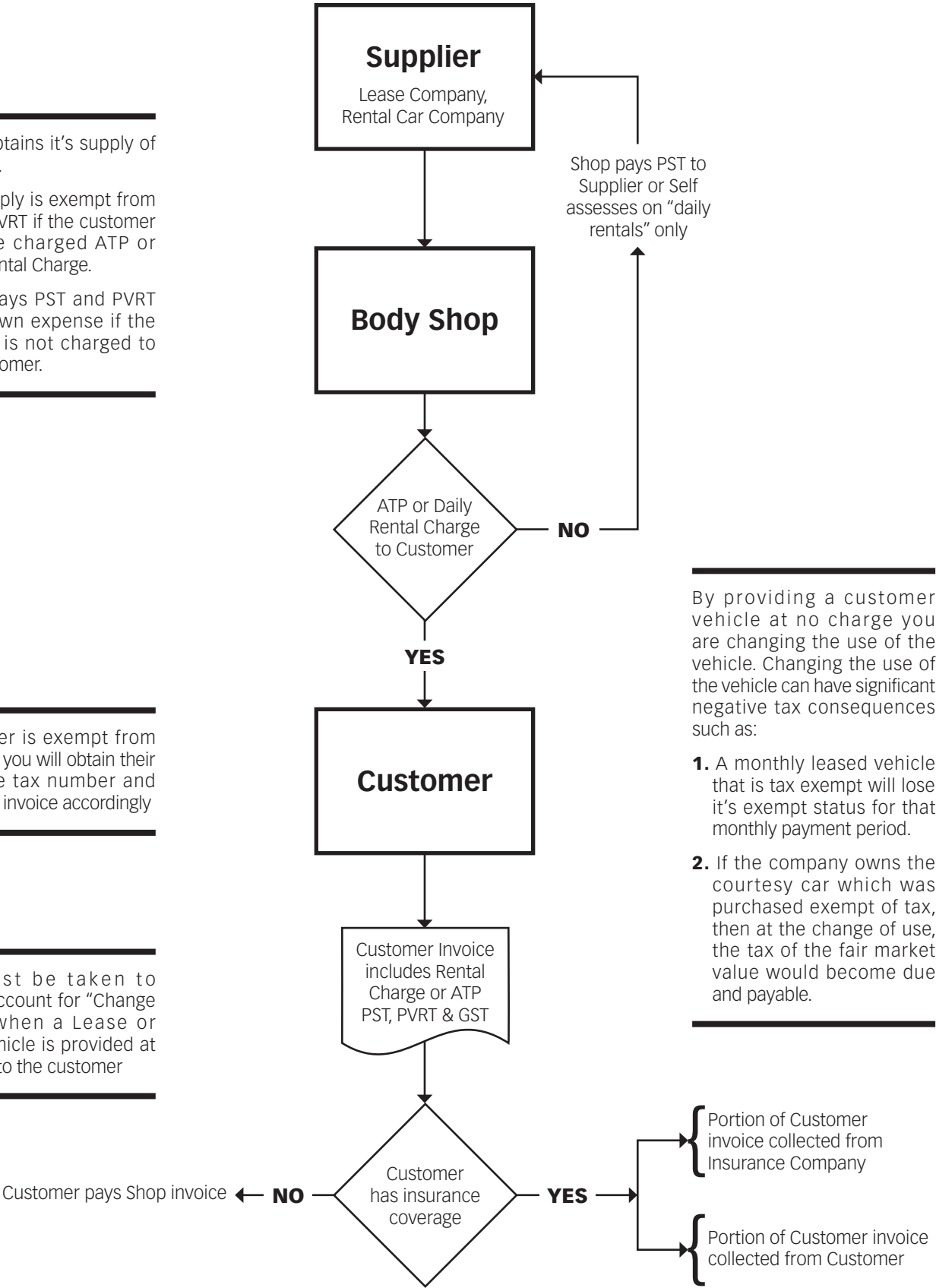
PST on Rental Vehicles for Body Shops

April 1, 2008

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1. Shop obtains its supply of vehicles.
 2. The supply is exempt from PST & PVRT if the customer is to be charged ATP or Daily Rental Charge.
 3. Shop pays PST and PVRT as its own expense if the vehicle is not charged to the customer.
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If Customer is exempt from PST or GST, you will obtain their respective tax number and adjust your invoice accordingly

Care must be taken to properly account for "Change of Use" when a Lease or Owned vehicle is provided at no charge to the customer



By providing a customer vehicle at no charge you are changing the use of the vehicle. Changing the use of the vehicle can have significant negative tax consequences such as:

1. A monthly leased vehicle that is tax exempt will lose its exempt status for that monthly payment period.
 2. If the company owns the courtesy car which was purchased exempt of tax, then at the change of use, the tax of the fair market value would become due and payable.
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