



Service Nova Scotia and Internal Services

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Tax exemptions

If you received the motor vehicle as an inheritance or a gift from a family member, you may not have to pay tax.

For information on these and other exemptions refer to **Guide 2006, Nova Scotia Sales Tax Applicable to Private Transfers/Purchases of Motor Vehicles and Designated Tangible Property**. The guide is available at your nearest Access Nova Scotia Office or on our website.

This guide is provided for reference purposes only.

To view the Revenue Act and Regulations, see the official versions or visit

nslegislature.ca

For more details on fair-value appraisals and tax exemptions for private vehicle sales in Nova Scotia and for related forms, visit us online at: novascotia.ca/nsst

Tax on Privately Purchased Vehicles

What You Need to Know

What You Need to Know...

You must pay tax on the purchase of a used vehicle in Nova Scotia.

This is done in one of two ways.

- If you buy a vehicle from a dealership or business, they will collect the Harmonized Sales Tax (HST).
- If it is a private sale, you will pay the Nova Scotia Sales Tax when you register the vehicle. If you purchased the vehicle from an individual, or from a business that is not required to collect HST, it is considered to be a private sale.

The Nova Scotia Sales Tax is a tax on the purchase of a motor vehicle, boat, vessel, or aircraft from anyone not registered to charge HST.

Any device designed to haul or transport persons or property may also be subject to Nova Scotia Sales Tax.

How the tax is applied

You will be charged taxes based on the purchase price or the vehicle's fair value: whichever is greater.

EXAMPLE

You buy a car privately for **\$2,000** but the fair value is \$2,500. You will pay tax on **\$2,500** ($2,500 \times 15\% =$ **\$375**) when you register the car.

Fair value

The value of the vehicle is determined using the Canadian Red Book wholesale listing price. If a Canadian Red Book listing is not available, you will pay tax on your purchase price, and it will be reviewed by the Provincial Tax Commission. If the price you paid is less than fair value, you will be asked to pay the additional tax.

The Canadian Red Book is one of the standard tools used by the vehicle industry across the country. It provides the average wholesale price of vehicles.

Appraisals

If you feel the fair value is too high, you can, at your own cost, seek an independent appraisal by a registered used vehicle appraiser or a licensed motor vehicle dealer.

If the appraisal is completed before you register the vehicle, you will be charged taxes based on the purchase price or the appraised value, whichever is greater.

If the appraisal is completed after you register the vehicle, you may submit a refund application supported by the appraisal to recover any excess tax that you paid.

IMPORTANT

Only appraisals by licensed motor vehicle dealers and/or businesses registered with the province as used vehicle appraisers (with a valid number) will be accepted. Only appraisals completed within 2 months of the purchase or acquisition of a vehicle or within 2 months after registration will be accepted.

Trading against the purchase price of a vehicle

If you trade something you own, such as a boat, for a vehicle, you will owe tax on the difference between the purchase price of the vehicle and the amount of credit you received for your trade.

The item traded must be tangible personal property, which is an item you own - such as a boat or motorcycle. It does not include real estate or services rendered.

EXAMPLE

The owner of a car you purchase is asking \$5,000, but you trade your boat plus \$2,500 cash instead. You will pay tax on the \$2,500 difference between the value of your boat and the car ($\$2,500 \times 15\% =$ \$375).

IMPORTANT

You need a signed bill of sale to show the value of the items you trade. The Provincial Tax Commission will review the declared value of all items traded. If the fair value of a vehicle acquired is determined to be greater than the fair value of the property traded, you will be charged additional tax.

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