
Provincial Vehicle Tax – Refund for Extensively Damaged Vehicles

The purpose of this bulletin is to provide clarification pertaining to the refund of Provincial Vehicle Tax (PVT) assessed under the **Harmonized Sales Tax Act**, where a vehicle has been purchased in extensively damaged condition.

The *Harmonized Sales Tax Act* imposes the tax at a rate of 15% on the fair value of a vehicle acquired in any transaction other than a purchase from a business registered to collect the Harmonized Sales Tax, where the fair value is the greatest of:

1. The purchase price detailed on a valid bill of sale;
2. The average wholesale value determined through the use of approved trade publications; and
3. The value established by the Provincial Tax Commissioner.

Note: Minimum fair values for the purpose of taxation are \$1,000 for motor vehicles, \$500 for motorcycles and \$500 for off-road vehicles.

The tax is collected by Service New Brunswick (SNB), on behalf of Finance and Treasury Board, when the vehicle is registered in the purchaser's name. As per subsection 21.1(3) of the General Regulation under the *Harmonized Sales Tax Act*, a purchaser may apply for a refund of a portion of the PVT paid if the tax has been imposed on a value other than the bill of sale, or minimum value, and the purchaser can demonstrate that the fair value should be lower due to the extensive damage sustained by the vehicle at the time of purchase.

The average wholesale values in the approved trade publications already take minor issues due to wear and tear into consideration. For this reason, routine maintenance and minor issues that are determined to be normal wear and tear associated with age and reasonable mileage (such as exhaust, cooling, battery, gaskets, bushings, pump, seals, etc., paint issues, tires, brakes, suspension and other wear items) would not constitute extensive damage.

Definitions

Average Condition: Defined as normal wear and tear; may have a few mechanical and/or cosmetic problems, may have a considerable amount of scratches or dings, interior material is slightly worn and faded, tires have some usable tread remaining, or vehicle has a clean title and ability to pass an inspection.

Extensive Damage: Defined as major vehicle component failure, major structural damage, major paint/finish defects or flaws, airbag replacement, or overall poor condition that warrants a refund.

Examples of Extensive Damage

Below are some examples of items that may be considered as extensive damage.

Major vehicle component failure:

- engine damage;
- airbag replacement;
- engine control unit (ECU) replacement;
- transmission failure; and,
- steering pump replacement.

Major structural damage:

- when any part of the vehicle which is part of the main body or frame or is designed to ensure structural integrity is damaged.

Major paint/finish defects or flaws:

- significant peeling, bubbling or other finish flaws on newer vehicles; and
- rust perforations that must be repaired to pass safety inspection.

Overall poor condition:

- when a vehicle has not received proper maintenance and significant repairs, completed within 30 days of the date of purchase, are necessary to bring the vehicle to average condition. A combination (three or more) of the following may be considered:
 - complete replacement of front/rear brakes and front/rear brake components;
 - manifold gaskets or exhaust gaskets;
 - drive axles;
 - small bearings, bushings or seals;
 - glass chips or cracks that occur in the wiper line; and
 - missing and/or damaged mirrors and/or headlight assemblies.

Application Process

Applications for a refund can be obtained:

- at any SNB service centre;
- online at www.snb.ca (click on “Forms by Department”) or www.gnb.ca/finance (click on “Forms”);
- by contacting SNB Teleservices at 1-888-762-8600 (no charge dial); or
- by contacting the Revenue Administration Division, Finance and Treasury Board at 1-800-669-7070 (in this case they are mailed out to customers).

Documentation Requirements

Please ensure that the following documentation is submitted with the appropriate refund application:

- copy of the bill of sale;
- copy of the SNB receipt showing payment of the PVT;
- reliable documentation pertaining to the damage sustained by the vehicle which may include:
 - copy of a recent Motor Vehicle Inspection Report;
 - copy of a recent repair invoice or service estimate from a licensed car dealer or licensed repair facility;
 - photographs showing damage;
 - copies of accident reports filed by police;
 - insurance documentation providing details of loss or damage; and

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- copies of invoices for parts (must include taxes paid and must have been purchased to repair the damage);

Once the application has been received, the total processing time is between 2 to 4 weeks provided all required documentation is included with the application.

Please note:

Under no circumstances will a refund be issued for a value below the purchase price indicated on the bill of sale or the minimum value imposed on the vehicle.

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:

Finance and Treasury Board
Revenue Administration Division
Marysville Place, P. O. Box 3000
Fredericton, NB E3B 5G5

Telephone: (800) 669-7070
E-mail: wwwfin@gnb.ca