



# Provincial Sales Tax (PST) Bulletin

Bulletin PST 312

**Subscribe**

Issued: November 2015

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## Gifts

### Provincial Sales Tax Act

Latest Revision: The revision bar ( | ) identifies changes to the previous version of this bulletin dated April 2018. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains how PST applies to gifts of vehicles, boats, aircraft and other goods.

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## Definitions

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In this bulletin:

- An **applicable tax** means any of the following:
  - PST
  - social service tax (SST) - the former BC provincial sales tax that was in effect before July 1, 2010
  - tax on designated property (TDP) - the former 12% BC tax on private sales of vehicles, boats or aircraft that was in effect from July 1, 2010 to March 31, 2013
  - the provincial portion of the harmonized sales tax (HST) for any HST-participating province (Ontario, PEI, Nova Scotia, New Brunswick, Newfoundland and Labrador, and BC from July 1, 2010 to March 31, 2013)
  - the sales tax of another province

**Note:** this does not include the federal GST in provinces or territories with no sales tax (Alberta, Yukon, Northwest Territories and Nunavut).

- A **BC resident** is a person who resides, ordinarily resides or carries on business in BC, or a person who enters BC with the intention of residing or carrying on business in BC.
- A **collector** is a person who is registered to collect PST (i.e. has a PST number) or a person who is not registered but is required to be registered.
- A **donor** is a person who provides a good as a gift.
- A **qualifying donor** is a donor that:
  - paid an applicable tax in respect of a good and has not received and is not eligible for a refund, credit or rebate of that tax, including input tax credits,
  - was exempt from PST, TDP or SST in respect of a good, or
  - received a good as a gift in BC prior to April 1, 2013.
- The **fair market value** of a good is the price the good would normally sell for in the open market.
- A **registered charity** has the same meaning as under the Income Tax Act (Canada).

## Related Individuals

In this bulletin, a **related individual** is:

- a person's spouse (legally married or living for a continuous period of at least 2 years with another person in a marriage-like relationship), child, grandchild, great grandchild, parent, grandparent, great grandparent, or sibling,
- the spouse of a person's child, grandchild or great grandchild, or
- the child, parent, grandparent or great grandparent of a person's spouse.

The following are **not** considered related individuals for PST purposes:

- Brother-in-law or sister-in-law
- Foster parent or foster child
- Uncle or aunt
- Niece or nephew
- Cousin
- Persons no longer legally married or living in a marriage-like relationship

## **PST on Gifts**

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### **Gifts in BC**

Gifts you receive in BC are not subject to PST unless the gift is a vehicle, boat or aircraft.

If you receive a vehicle, boat or aircraft as a gift in BC, you must pay PST on the fair market value of the vehicle, boat or aircraft, unless a specific exemption applies.

### **Gifts from Outside BC**

If you are a BC resident and you receive a taxable good as a gift outside BC, and bring or send that good into BC, you must pay PST on the fair market value of the good, unless a specific exemption applies (see Exemptions below).

If you are a BC resident and you obtain goods from outside BC to give as a gift to another person in BC, you may be required to pay PST on the gift (see Paying PST on Gifts below).

### **PST Rates**

The following PST rates apply to gifts that are subject to PST.

<b>Item</b>	<b>PST Rate</b>
Goods (other than those listed below)	7% of the fair market value
Vapour products	20% of the fair market value
Liquor	10% of the fair market value
Vehicles	Rates vary. PST applies on the fair market value (see <a href="#">Bulletin PST 308</a> , PST on Vehicles)
Boats	7% or 12% of the fair market value (see <a href="#">Bulletin PST 108</a> , Boats)
Aircraft	7% or 12% of the fair market value (see <a href="#">Bulletin PST 134</a> , Aircraft)
Manufactured mobile homes	7% of 50% of the fair market value
Manufactured modular homes	7% of 55% of the fair market value
Portable buildings	7% of 45% of the fair market value

## **Paying PST on Gifts**

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### **How Gift Recipients Pay PST**

#### **Gifts of Vehicles, Boats and Aircraft Donated by Collectors**

If you receive a vehicle, boat or aircraft as a gift in BC from a donor who is a collector, the donor must collect the PST from you at the time you receive the gift, unless a specific exemption applies.

## Example

Your friend, who is registered as a collector, gives you a boat as a gift. Your friend must collect the PST from you at the time you receive the gift because she is a collector.

If you received a vehicle, boat or aircraft as a gift in BC from a donor who is a collector and you have not paid the PST to the collector, you must pay the PST due at the earliest of the following:

- Vehicles only – at the time you register the vehicle with ICBC (in which case ICBC will collect the PST at the time of registration)
- If you have a PST number, on your next PST return
- If you do not have a PST number, by self-assessing (paying directly to us) the PST by the date specified in, Self-Assessing PST below

### **PST Collected by Canada Border Services Agency or Canada Post**

Generally, if you are a BC resident and bring or send goods into BC from outside Canada, or receive delivery of goods from outside Canada, either Canada Border Services Agency (CBSA) or Canada Post will collect the PST due. If CBSA or Canada Post does not collect the PST due on goods you receive as a gift and you are required to pay PST on those goods, you must self-assess the PST (see Self-Assessing PST below).

**Note:** CBSA and Canada Post do not collect PST on some types of goods that are generally subject to PST, including commercial goods, motor vehicles, trailers, all-terrain vehicles and certain goods listed in Schedule VII of the federal Excise Tax Act. If CBSA or Canada Post does not collect PST on goods from outside Canada, you should not assume those goods are exempt from PST. Contact us if you have any questions about whether PST applies.

### **Self-Assessing PST**

If you are required to pay PST on a gift and you have not paid the PST to a collector, to ICBC, to CBSA or Canada Post, you must self-assess the PST.

If you have a PST number, you self-assess the PST on your next PST return. If you do not have a PST number, you self-assess the PST due using a Casual Remittance Return ([FIN 405](#)) by the following date, as applicable:

- For a vehicle, boat or aircraft received as a gift in BC, on or before the last day of the month following the month in which you received the vehicle, boat or aircraft
- For gifts received outside BC, on or before the last day of the month following the month in which you brought or sent the gift into BC

## Example

Your friend gave you a vehicle in BC in November 2019. You decide to store the vehicle until the following summer and do not register it with ICBC. You do not have a PST number. You must file a Casual Remittance Return and pay the PST on or before December 31, 2019.

## How Gift Donors Pay PST

### Goods that Donors Purchase in BC

If you purchase goods in BC to give as a gift to another person, you must pay PST on those goods, unless a specific exemption applies. For more information on exemptions, see [Bulletin PST 200](#), PST Exemptions and Documentation Requirements.

### Goods that Donors Bring into BC from Outside BC

If you are a BC resident and you obtain goods outside BC to give as a gift to another person in BC, you must pay PST when you bring or send those goods into BC, or receive delivery of those goods in BC, unless:

- the goods are sent from a location outside Canada and you paid PST to CBSA or Canada Post, or
- a specific exemption applies (see [Vehicle, Boat or Aircraft Brought into BC by a Donor to be Given as a Gift](#) below).

If you have not paid the PST to CBSA or Canada Post, you must self-assess the PST due (see [Self-Assessing PST](#) above).

#### Example 1

You purchase a necklace while traveling in Ontario and bring it back to BC to provide to your spouse as a gift. You must self-assess PST on the purchase price of the necklace when you bring it into BC (see [Self-Assessing PST](#) above).

#### Example 2

You order a signed baseball from an online store in the United States and arrange for it to be delivered through Canada Post as a gift to your friend. Your friend pays PST to Canada Post when she receives the ball at the post office. You do not self-assess PST because your friend has paid PST to Canada Post.

## Exemptions

### What is an Exemption?

An exemption is when you do not need to pay tax on a gift that would otherwise be taxable. You may qualify for one of the exemptions described below.

### Eligibility and Supporting Documentation

We may contact you to review your eligibility for an exemption. If you believe you qualify for an exemption, keep supporting documents that prove your eligibility.

If you qualify for an exemption on a vehicle you have received as a gift, ICBC requires documentation to show you qualify for the exemption at the time you register the vehicle. Even if ICBC accepts your eligibility for an exemption, keep the documentation in case we later contact you to review your eligibility.

For information on record keeping requirements, see [Records](#) below.

**Note:** The exemptions described below **do not** apply if CBSA or Canada Post collects the PST on goods brought or sent into BC from outside Canada. However, in some cases, refunds of PST paid to CBSA or Canada Post are available (see Refunds below).

## **Vehicle, Boat or Aircraft Received as a Gift from a Related Individual**

If you receive a vehicle, boat or aircraft as a gift from a related individual who is a qualifying donor (see the definitions above), you are exempt from PST on that vehicle, boat or aircraft.

Only one gift of a specific vehicle, boat or aircraft between related individuals is eligible for this exemption in a 12-month period. Any future gifts of that vehicle, boat or aircraft within 12 months will be subject to PST. The only exception is if a gift vehicle, boat or aircraft is gifted back from the recipient to the original qualifying donor.

This exemption does not apply if the qualifying donor:

- was exempt from PST under circumstances described in Appendix 1, or
- paid PST or SST on that vehicle, boat or aircraft under the temporary use formula (see [Bulletin PST 307](#), Goods Brought Into BC for Temporary Use), and the total amount of PST or SST paid was less than the amount of PST that would currently apply to the gift of the vehicle, boat or aircraft.

### **Example 1**

You receive a vehicle as a gift from your grandmother who paid PST when she purchased the vehicle. She is not eligible to obtain a refund, credit or rebate of that tax. You may qualify for the exemption because your grandmother is a related individual and she paid an applicable tax.

### **Example 2:**

You receive a vehicle as a gift from your uncle, who paid PST when he purchased the vehicle. You do not qualify for the exemption because your uncle is not a related individual for the purposes of the PST.

### **Example 3:**

You receive a vehicle as a gift from your sister, who paid GST when she purchased the vehicle in Alberta. You do not qualify for the exemption because your sister did not pay an applicable tax.

## **Documentation**

### **Vehicles**

To claim the exemption, you and the qualifying donor of the vehicle must complete the Gift of a Vehicle form ([FIN 319](#)) and, in the case of vehicles brought into BC from outside the province, provide supporting documents showing the qualifying donor paid an applicable tax. If the donor was exempt from PST, TDP or SST, or if the donor received the vehicle as a gift in BC before April 1, 2013, they must provide specific information on the gift form.

### **Boats and Aircraft**

You may be asked to provide a copy of a gift letter from the qualifying donor that includes the donor's full name, address, telephone number, their relationship to you and information about

the applicable tax that was paid on the boat or aircraft. You may also be asked to provide documentation showing you received the boat or aircraft from a qualifying donor.

## **Goods Other Than Vehicles, Boats or Aircraft Received as a Gift Outside BC**

If you receive a good (except a vehicle, boat or aircraft) as a gift outside BC from a qualifying donor and bring or send that good into BC, you are exempt from PST on that good.

The exemption does not apply if the qualifying donor:

- was exempt from PST under the exemption for goods shipped outside BC (see Appendix 1), or
- paid PST or SST on that good under the temporary use formula (see [Bulletin PST 307](#), Goods Brought Into BC for Temporary Use), and the total amount of PST or SST paid was less than the amount of PST that would currently apply to the good.

### **Example 1:**

Your friend purchased a computer and paid Saskatchewan's PST at the time of purchase. She is not eligible to obtain a refund, credit or rebate of that tax. While visiting your friend in Saskatchewan, she gave the computer to you as a gift. When you bring the computer into BC, you are exempt from PST because your friend paid an applicable tax.

### **Example 2:**

Your father purchased a television in Alberta and paid GST at the time of purchase. While visiting your father in Alberta, he gave the television to you as a gift. When you bring the television into BC, you must pay PST because your father did not pay an applicable tax.

## **Documentation**

You may be asked to provide a copy of a gift letter from the qualifying donor that includes the donor's full name, address, telephone number and information about the applicable tax paid on the good. You may also be asked to provide documentation showing you received the good from a qualifying donor.

## **Gifts Received by Registered Charities**

If a registered charity receives a good from a qualifying donor, including a vehicle, boat or aircraft, the charity is exempt from PST, whether the gift was received in BC or outside BC.

This exemption does not apply if the qualifying donor:

- was exempt from PST under circumstances described in Appendix 1, or
- paid PST or SST on that good under the temporary use formula (see [Bulletin PST 307](#), Goods Brought Into BC for Temporary Use), and the total amount of PST or SST paid was less than the amount of PST that would currently apply to the good.

## **Documentation**

### **Vehicles**

To claim the exemption, you must provide:

- Evidence the donor owns the vehicle (such as a copy of the current registration)

- Evidence the donor paid an applicable tax on the vehicle
- A completed Transfer/Tax form (APV9T) available from ICBC and signed by both parties (the person signing on behalf of the charity must have signing authority)
- A Gift of a Vehicle form ([FIN 319](#)) completed by both parties

We must approve this documentation before your ICBC Autoplan broker can process the exemption. Your ICBC Autoplan broker can facilitate this for you. The qualifying donor must provide specific information on the gift form.

#### **Other Goods**

You may be asked to provide a copy of a gift letter from the qualifying donor that includes the donor's full name, address, telephone number and information about the applicable tax that was paid on the good. You may also be asked to provide documentation showing you received the good from a qualifying donor.

#### **Inheritances**

If you receive a good (including a vehicle, boat or aircraft) as part of the distribution of a deceased's estate, you are exempt from PST on that good. This exemption applies to goods you receive in BC and to goods you receive outside BC and bring or send into BC.

This exemption does not apply if you purchase goods from an estate.

#### **Example:**

The will of a deceased individual specifies that the executor is authorized to distribute the estate as they see fit, and the executor chooses to transfer all of the deceased individual's household furniture to you. You are exempt from PST when you receive the furniture.

#### **Documentation**

Generally, to claim this exemption when registering a vehicle at ICBC you must provide a copy of the death certificate and will. For all other types of goods, you may be asked to provide a copy of the death certificate and will.

#### **PST-Exempt Goods Received as a Gift Outside BC**

Some goods, such as non-motorized bicycles and specified children-sized clothing and footwear, are specifically exempt from PST. You are not required to pay PST on exempt goods you receive as gifts outside BC and bring or send into BC.

#### **Example:**

While visiting your friend in Alberta, you receive a set of leg warmers for your infant as a gift from your friend. When you bring the leg warmers back to BC, you are not required to pay PST because leg warmers for infants are exempt as children-sized clothing.

For more information, see [Bulletin PST 200](#), PST Exemptions and Documentation Requirements.

#### **Vehicle, Boat or Aircraft Received as a Prize or Award**

If you win a vehicle, boat or aircraft in a lottery contest, game of chance or skill or a draw, or you receive a vehicle, boat or aircraft from a qualifying donor as an award for an achievement in a

field of endeavor, including an athletic or sporting event, you are exempt from PST on that vehicle, boat or aircraft.

This exemption does not apply if the qualifying donor:

- was exempt from PST under circumstances described in Appendix 1, or
- paid PST or SST on that vehicle, boat or aircraft under the temporary use formula (see [Bulletin PST 307](#), Goods Brought Into BC for Temporary Use), and the total amount of PST or SST paid was less than the amount of PST that would currently apply to the gift of the vehicle, boat or aircraft.

**Note:** The lottery must be a lawful lottery, such as a BC Lottery Corporation lottery or licensed gaming event. In addition, the only consideration that can be provided by the winner to be entered into the draw is an entrance or admission fee, ticket fee or similar charge. The exemption does not apply if you received the vehicle as a result of a private arrangement, including a bet, between two or more persons.

## Documentation

### Vehicles

To claim the exemption, you must provide:

- Documentation showing the provider of the vehicle is a qualifying donor
- A letter from the sponsor of the draw, lottery or award indicating:
  - that you are the winner
  - the prize you won
  - the current registration for the vehicle

We must approve this documentation before your ICBC Autoplan broker can process the exemption. Your ICBC Autoplan broker can facilitate this for you.

### Boats and Aircraft

You may be asked to provide the following:

- Documentation showing the provider of the boat or aircraft is a qualifying donor
- A letter from the sponsor of the draw, lottery or award indicating:
  - that you are the winner
  - the prize you won

## Vehicle, Boat or Aircraft Brought Into BC by a Donor to be Given as a Gift

A BC resident is ordinarily required to pay PST if they bring or send goods into BC, or receive delivery of goods in BC, for their own use or the use of another person at their expense. However, if you bring or send a vehicle, boat or aircraft into BC, or receive delivery of a vehicle, boat or aircraft in BC, solely for the purpose of giving that vehicle, boat or aircraft to another person as a gift, you are exempt from PST if you are a qualifying donor.

This exemption does not apply if:

- you were exempt from PST under circumstances described in Appendix 1, or

- you paid PST or SST on that vehicle, boat or aircraft under the temporary use formula (see [Bulletin PST 307](#), Goods Brought Into BC for Temporary Use), and the total amount of PST or SST paid was less than the amount of PST that would currently apply to the bringing-in of the vehicle, boat or aircraft.

## Documentation

We may ask you to provide documentation to show you are a qualifying donor.

**Note:** If you bring or send goods into BC, other than a vehicle, boat or aircraft, to be given as a gift, you must pay PST on those goods.

## Refunds

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Generally, if you are a BC resident and bring or send goods into BC from outside Canada, or receive delivery of goods in BC from outside Canada, either CBSA or Canada Post will collect the PST due. In some cases, PST is collected by ICBC.

The following refunds may apply in cases where PST has been paid on goods brought or sent into BC from outside Canada (additional criteria and documentation requirements apply):

- Gifts from outside Canada
- Prizes, draws and awards from outside Canada

For information on the criteria for these refunds, and documentation requirements, see [Bulletin PST 400](#), PST Refunds.

## Records

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We may audit your records to determine whether you have correctly paid PST on the gift of vehicles, boats, aircraft and other goods, and that you have claimed exemptions correctly. You may be required to provide records if we audit or examine your payment of PST or if we contact you to determine whether PST applies in respect of a particular good received as a gift.

If you are required to pay PST on a gift, you must keep sufficient records to show you paid the PST. Also, if you qualify for a specific exemption in relation to a gift, you must keep documentation that proves your eligibility. If you are unable to provide sufficient documentation for claiming an exemption, you may be required to pay the PST.

You must keep records relating to taxable and exempt gifts for five years. You may destroy records older than five years at your discretion. If you wish to destroy any of these records before five years, you need written permission from us.

In some cases, you may wish to keep your records for longer periods of time to prove your (or another person's) entitlement to an exemption on future transfers of ownership. For example, if you qualify for an exemption on receiving a boat from your father and you intend to eventually gift that same boat to your daughter, your daughter will only qualify for the exemption for boats received from a related individual if you retain records to show you were exempt from PST at the time you received the boat from your father. If we contact your daughter to confirm that the exemption applies, these records will be required even if you received the boat from your father more than five years ago.



## Need more info?

Online: [gov.bc.ca/pst](http://gov.bc.ca/pst)

Toll free: 1-877-388-4440

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Subscribe to our [What's New](#) page to receive email updates when information changes.

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

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### Latest Revision

December 2020

- Updated the rate of PST on vapour products to 20%
  - Other minor revisions
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References: Provincial Sales Tax Act, sections 1 “BC resident”, “boat”, “collector”, “BC resident”, “Excise Tax Act”, “fair market value”, “liquor”, “manufactured building”, “manufactured mobile home”, “manufactured modular home”, “motor vehicle”, “passenger vehicle”, “portable building”, “registered charity”, “related individual”, “vehicle”, 28, 30, 31, 36, 49, 50, 51, 55, 100, 145 and 192; Provincial Sales Tax Exemption and Refund Regulation, sections 17.1-21, 23-26 and 125.1-126; Provincial Sales Tax Regulation, sections 72, 88 and 92-93.

## Appendix 1 – Circumstances That Do Not Qualify for Exemptions

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Generally, in the following circumstances, the recipient of the good is exempt from PST if the donor was exempt from PST for that good:

- Vehicle, boat or aircraft received as a gift from a related individual (page 5)
- Gifts received by registered charities (page 7)
- Vehicle, boat or aircraft received as a prize or award (page 8)

However, if the donor was exempt from PST under any of the following three circumstances, the recipient of the good does not qualify for an exemption and must pay PST.

1. The **exemption for vehicles purchased for use outside BC** (see [Bulletin PST 308](#), PST on Vehicles)

### Example:

An Alberta resident purchased a vehicle in BC for use primarily in Alberta. The Alberta resident will not use the vehicle in BC and did not register the vehicle in BC. The Alberta resident qualifies for an exemption from PST on this purchase.

If that Alberta resident later gifts the vehicle to a related individual that resides in BC, that related individual will not be eligible for the exemption described in the Vehicle, Boat or Aircraft Received from a Related Individual section above.

2. The **exemption for non-turbine aircraft purchased for use outside BC** (see [Bulletin PST 134](#), Aircraft)

### Example:

A Yukon resident purchased a non-turbine aircraft in BC for use primarily in the Yukon. The Yukon resident will not use the aircraft in BC. The Yukon resident qualifies for an exemption from PST on this purchase.

If that Yukon resident later gifts the aircraft to a registered charity in BC, that registered charity will not be eligible for the exemption described in the Gifts Received by Registered Charities section above.

3. The **exemption for goods shipped out of BC**, provided no use of the goods is made by the purchaser (see [Bulletin PST 309](#), PST and Non-Residents)

### Example:

A company with locations in BC and Alberta purchased a boat in BC and requested that the seller arrange for the boat to be shipped out of BC. The company qualifies for an exemption from PST on this purchase.

That company later provided that boat to a BC resident as a prize in a lottery contest. That BC resident is not eligible for the exemption described in the Vehicle, Boat or Aircraft Received as a Prize or Award section above.