

Motor Vehicle Parking

TransLink Tax Bulletin



Bulletin 105

Issued by the South Coast British Columbia Transportation Authority (TransLink) under the *South Coast British Columbia Transportation Authority Act*

Do you sell parking rights within the South Coast British Columbia transportation service region?

Do you need to know how Parking Tax applies to your business?

This bulletin provides specific information to help sellers of parking rights understand how the Parking Tax applies to their businesses.

For general GST information that applies to all businesses, please see the Canada Revenue Agency website at cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps, or call 1.800.959.5525

Contents

- Definitions 2
- Overview 2
- Sales 3
- Purchases 5
- Contact 5

Revised 2021

Definitions

South Coast British Columbia Transportation Authority (“TransLink”) is established to provide a regional transportation system within the Metro Vancouver region.

TransLink’s **transportation service region** currently includes:

- Anmore
- Belcarra
- Bowen Island
- Burnaby
- Coquitlam
- Delta
- Electoral Area A (UBC)
- Langley City
- Langley Township
- Lions Bay
- Maple Ridge
- New Westminster
- North Vancouver City
- North Vancouver District
- Pitt Meadows
- Port Coquitlam
- Port Moody
- Richmond
- Surrey
- Tsawwassen
- Vancouver
- West Vancouver
- White Rock

Motor vehicle is a vehicle, not run on rails, that is designed to be self-propelled, such as a car, truck, sports utility vehicle, recreational vehicle, van and motorcycle.

Parking right is the right to park a motor vehicle at a parking site for any period of time.

Parking site is any location within TransLink’s transportation service region where a motor vehicle may be parked for a fee or any other consideration.

Purchase price is the price paid by the purchaser for the parking right, including the value of any services or property exchanged for that right.

Purchaser is anyone who agrees or is obligated to pay for a parking right.

Overview

Parking Tax is calculated on the purchase price of parking rights within TransLink’s transportation service region. This includes parking rights that are sold by the hour, month, year or any other basis.

Effective July 1st, 2019, the Parking Tax rate set by TransLink is 24%. The tax was administered by Ministry of Finance, and collected and remitted to TransLink. Effective July 1, 2010, the authority for the administration, enforcement and collection of the tax was transferred from the Ministry of Finance to TransLink.

Please note: The Canada Revenue Agency has advised that the Goods and Services Tax (GST) applies to the TransLink Parking Tax effective January 1, 2010. For information on how GST applies to parking, please see the Canada Revenue Agency website at cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps or contact them at 1.800.959.5525.

Sales

WHEN TO CHARGE PARKING TAX

You charge Parking Tax on the sale of parking rights within the TransLink's transportation service region, including parking rights sold through ticket vending machines, unless there is a specific exemption from tax. For details on exemptions, see the section on page 4, Exemptions.

The following are examples of taxable parking sites, including parking lots and parkades:

- commercial and municipally run sites, including hospitals, universities and other institutions;
- residential building sites where visitors are charged for parking; and
- hotels, motels, retailers and other businesses if there is a separate charge for parking.

PERMITS

Sale of on-street parking rights through permits or passes are subject to Parking Tax unless there is a specific exemption that the sale falls under. This includes the sale of permits for parking rights at metered on-street parking spots which are not eligible for exemption because the purchase price for the parking right is not being paid into a meter.

VENDING MACHINE SALES

If you sell taxable parking rights through a ticket vending machine, you charge Parking Tax at the time of the sale, and may include the Parking Tax in the purchase price. If a receipt is issued, the tax should be set out as a separate item on the receipt, or the receipt should indicate that the purchase price includes the tax.

If you include the Parking Tax in the purchase price, calculate your remittance by using one of the following formulas:

GST AND PARKING TAX INCLUDED

$$\text{total sales} \times \frac{(\text{tax rate})}{(\text{GST rate} + 1) \times (\text{tax rate} + 1)} = \begin{array}{l} \text{parking tax} \\ \text{remittance} \end{array}$$

where *tax rate* is the current Parking Tax rate.

For example, if you have sales of \$20,328 from parking sold at Parking Tax and GST included prices, and the GST rate is 5% and the Parking Tax rate is 24%, calculate the Parking Tax portion as follows:

$$\$20,328 \times \frac{(0.24)}{(0.05+1) \times (0.24+1)} = \$20,328 \times \frac{(0.24)}{1.302} = \$3,747.10$$

In this example, the Parking Tax to be remitted is \$ 3,747.10.

ONLY PARKING TAX INCLUDED

$$\text{total sales} \times \frac{(\text{tax rate})}{(\text{tax rate} + 1)} = \text{parking tax remittance}$$

where *tax rate* is the current Parking Tax rate.

WHEN NOT TO CHARGE PARKING TAX

You do not charge Parking Tax on parking if:

- There is no fee or other consideration paid for the parking;
- a vehicle is stored rather than parked;
- a vehicle does not meet the definition of a motor vehicle, such as a trailer or other vehicle that is not designed to be self-propelled; or
- there is a specific exemption from Parking Tax.

A motor vehicle is considered to be stored if it is parked for 28 or more consecutive days between the time it enters the storage location and the time it is removed.

EXEMPTIONS

The following are exempt from Parking Tax:

- Residential parking in or near the building where the resident lives, if used as the resident's primary parking while in the residence.
- Metered street parking, including pay and display meters that dispense tickets for multiple parking spaces along the street.
- Parking sites used solely to park a vehicle that cannot be safely driven.
- Parking sites purchased for 28 consecutive days or more to park a motor vehicle used solely for a business purpose.
- Parking sites purchased by a person in the leasing business solely to park inventory while not leased.
- Parking sites provided with the purchase of temporary accommodation, if there is no separate charge for the parking.
- Parking sites provided with the purchase or lease of space in a building above or near the parking space, if there is no separate charge for the parking.

FIRST HOUR FREE PARKING

If you offer a portion of a parking right free of charge, you charge Parking Tax only on the amount that you charge your customer.

SALES TO OTHER RETAILERS

You do not charge Parking Tax on parking rights sold to other retailers for the purpose of resale, if they provide their Parking Tax registration number. When you sell to other retailers, you record their Parking tax registration number on each invoice and keep it in your records to show why you did not charge Parking Tax.

SALES TO MEMBERS OF THE DIPLOMATIC AND CONSULAR CORPS

You do not charge Parking Tax on the sale of parking rights to customers who are members of the diplomatic or consular corps.

The customer must show you his or her diplomatic or consular identity card (issued by Foreign Affairs Canada) and British Columbia must be listed on the back of the card as a province granting exemption. To show why you did not charge Parking Tax, your records must show the number and expiry date of your customer's identity card on the sales invoice or in a logbook kept for this purpose, and your customer's signature.

Purchases

WHEN NOT TO PAY PARKING TAX

If you purchase parking rights for resale then you do not pay Parking Tax on your purchase of those rights. For example, if a business purchases parking rights to resell to its customers and employees at or above cost, the business may purchase the parking rights without paying Parking Tax. To purchase parking rights without paying Parking Tax, you must provide the supplier your Parking Tax registration number.

WHEN TO PAY PARKING TAX

If you purchase parking rights to use in your business, including to give away free of charge, then you are not purchasing the parking rights for resale. In this case, you pay Parking Tax on your purchase of the parking rights. For example, a retail store pays Parking Tax when it purchases parking rights for the exclusive free use of its customers.

If the seller does not charge you Parking Tax on parking rights that you purchase for use in your business, you self-assess the Parking Tax due and submit the payment to TransLink. Please contact TransLink Parking Tax Services for details on submitting the payment.

If you are a reseller of parking rights, there are circumstances which would require you to remit Parking Tax:

- If you take parking rights from your resale inventory for business or personal use, you self-assess Parking Tax on your cost of the parking rights; and
- If you resell parking rights for a sale price below your own cost, absent exceptional circumstances, TransLink will deem the fair market value of the sale price to be equal to your own cost and you will need to remit Parking Tax on the full fair market value price (even if some of the remitted taxes are in addition to the Parking Tax you actually collected on your below cost price).

Need more info?

Telephone: 778.375.7829

Mon to Fri, 8 a.m. to 4 p.m.

E-mail: parkingtax@translink.ca

Website: translink.ca/parkingtax

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. Any conflict or inconsistency between applicable legislation and this bulletin will be resolved by referring to applicable legislation. Access to the *South Coast British Columbia Transportation Authority Act* and Regulations are available on our website at translink.ca/parkingtax.