

# Valet Parking Services

## TransLink Tax Bulletin



Bulletin 106

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

*Do you sell parking rights to businesses who provide valet parking services within the South Coast British Columbia transportation service region?*

*Do you need to know how Parking Tax applies to your valet parking service business?*

This bulletin provides specific tax information to help sellers of parking rights, where valet services are provided, understand how the Parking Tax applies to their businesses.

For general GST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the GST, please see the Canada Revenue Agency website at [cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps](http://cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps)

### Contents

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

### Overview

Parking Tax will be applicable on the purchase of parking rights associated with the purchase of valet parking services. This is a change to information provided in a previous version of **Bulletin 105** on when to pay and when not to pay the Parking Tax, using valet services as an example.

Revised 2019

## Sale to Valet Parking Service Providers

### FOR BUSINESSES SELLING PARKING RIGHTS TO VALET PARKING SERVICE PROVIDERS

Effective immediately for new sales or on July 1st, 2014 for existing sales arrangements, a business purchasing parking rights for use in providing valet parking services to customers for a price is considered a retailer of parking rights.

When selling parking rights to a valet parking service provider:

- You do not charge the parking tax on parking rights sold if they provide their parking tax registration number; and
- 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.

## Purchase and Resale by Valet Parking Service Providers

### FOR VALET PARKING SERVICE PROVIDERS PURCHASING PARKING RIGHTS FOR RESALE TO CUSTOMERS

A business purchasing parking rights for use in the sale of valet parking services to customers is considered a retailer of parking rights.

As a retailer, the valet parking service provider must register with TransLink for a Parking Tax registration number, which is required in order to be exempted from the Parking Tax on parking rights purchased for resale.

The sale price charged to the customers of the valet parking service is considered to include consideration paid for both the sale of the parking right and the provision of the valet service. Valet parking service providers must accordingly allocate the sale price of the valet parking service transaction between the price paid for the sale of the parking right and the price paid for the valet service. The portion of the sale price allocated to the sale of the parking right *must* reflect the fair market value of the parking right.

Fair market value means the price at which the parking right (on its own) would be provided by a willing seller acting in good faith to a willing buyer acting in good faith in an arm's length retail sale in the open market. For example, where a pay parking lot is located close to the parking lot utilized by the valet parking service, the amount charged by the pay parking lot to park for a similar duration of time, could be considered as the fair market value of the parking right sold as part of the valet parking service transaction. This assumes both parking lots are comparable (eg. both are underground and heated).

You may include the Parking Tax in the sale price of the valet parking service, as long as you display a sign saying that the Parking Tax is included in the price. If you include the Parking Tax in the sale price, calculate your remittance by using one of the following formulas:

### GST AND PARKING TAX INCLUDED

$$\frac{\text{total valet service sales}}{(\text{GST rate} + 1)} - \text{total valet service portion of sales} = \text{total parking right portion of sales}$$

THEN:

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

Where:

- *total valet parking service sales* is the total sales that include the sale of valet services, the sale of parking rights, the Parking Tax and GST as applicable;
- *total valet service portion of sales* is the total value of valet services sold;
- *total parking right portion of sales* is the total value of parking rights sold, including the Parking Tax; and
- *tax rate* is the current Parking Tax rate.

For example, if you have total valet parking service sales of \$26,250 at Parking Tax and GST included prices, of which the value of valet services and parking rights sold are \$5,160 and \$16,000, respectively, and the GST rate is 5% and the Parking Tax rate is 24%; you would calculate the Parking Tax portion as follows:

$$\$26,250 \div (0.05+1) - \$5,160 = \$19,840$$

THEN:

$$\$19,840 \times \frac{(0.24)}{(0.24 + 1)} = \$3,840$$

In this example, the Parking Tax to be remitted is \$3,840.

## Need more info?

Telephone: 778.375.7829  
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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](https://translink.ca/parkingtax).