

GST/HST applied on Parking Rights Tax

TransLink Tax Bulletin



Bulletin 110

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 federal goods and services tax (GST) or harmonized sales tax (HST) is applied to the sales of parking rights and the Parking Tax?

This bulletin provides specific tax information to help sellers of parking rights understand how the GST/HST is applied to their sales and the Parking Tax.

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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 1, 2019, the Parking Tax rate set by TransLink increased from 21% to 24%. Since July 1, 2010, the tax has been administered directly by TransLink.

Revised 2019

Please note: The Canada Revenue Agency advised that the federal goods and services tax (GST) or harmonized sales tax is applied to the TransLink Parking Tax. For general information on the GST/HST, 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**.

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 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.

For more details on applying the Parking Tax to sales of parking rights, see **Bulletin #105**.

HST on Sales of Parking Rights

From July 1, 2010 to March 31, 2013, when you sell taxable parking rights directly to a customer or through a ticket vending machine, you charge the Parking Tax at the time of the sale. Where you are selling parking rights through a ticket vending machine, you may include the Parking Tax in the purchase price, 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 purchase price, calculate your remittance by using one of the following formulas:

HST AND PARKING TAX INCLUDED

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

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 HST included prices, and the HST rate is 12% and the Parking Tax rate is 21%, calculate the Parking Tax portion as follows:

$$\$20,328 \times \frac{(0.21)}{(0.12+1) \times (0.21+1)} = \$20,328 \times \frac{(0.21)}{1.3552} = \$3,150$$

In this example, the Parking Tax to be remitted is \$3,150.

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.

GST on Sales of Parking Rights

From April 1, 2013, when you sell taxable parking rights directly to a customer or through a ticket vending machine, you charge the Parking Tax at the time of the sale. Where you are selling parking rights through a ticket vending machine, you may include the Parking Tax in the purchase price, 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 purchase price, calculate your remittance by using one of the following formulas:

GST AND PARKING TAX INCLUDED

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

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% (effective July 1st, 2019), calculate the Parking Tax portion as follows:

$$\$20,328 \times \frac{(0.24)}{(0.05+1) \times (0.24+1)} = \$20,328 \times \frac{(0.24)}{1.3020} = \$3,747.10$$

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.

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.