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Tax Commission - Revenue Act Tax Bulletins and Guides - No. 5025r

Bulletin: 5025R

Date: October 3, 2003

Subject: Provincial Tax on Purchase of Boats and Vessels From Persons Other Than HST/GST Registrants - Section 31B of the Revenue Act

Tax Information Bulletins are published by the Provincial Tax Commission for the sole purpose of providing the Commission's interpretation of legislation it administers. For legislative approved text of provisions of the Revenue Act and Regulations, see official volumes.

This bulletin outlines the application of Nova Scotia Sales Tax on the PRIVATE PURCHASE OF BOATS AND VESSELS. For purposes of this Bulletin, the term boats and vessels means any type of water craft, including those propelled by oars, paddles, sails, engines or other means, and also those with no means of self-propulsion.

Under the Revenue Act of Nova Scotia, tax applies to the private purchase of boats and vessels. Tax applies to the total purchase amount paid by the purchaser where the purchase is **not** a taxable supply made by a registrant (HST) pursuant to Part IX of the Excise Tax Act (Canada). Private individuals who only occasionally sell boats are not required to be registered as vendors with the province. As a result, individuals who sell boats or vessels do not collect and remit tax to the province when they sell a boat or vessel. The purchaser of a boat or vessel on a private sale basis is required to pay the applicable tax directly to the Department of Service Nova Scotia and Municipal Relations, with payment made out to the N. S. Minister of Finance.

Importation of Boats and Vessels into Nova Scotia from Within Canada

Every person who brings or receives delivery of a boat or vessel into the Province for the person's own consumption or use or for the consumption or use of other persons at that person's expense, or on behalf of, or as an agent for a principal who desires to acquire such property for consumption or use at the principals expense shall pay NSST on the boat or vessel as would have been payable if the boat or vessel had been purchased in Nova Scotia.

Importation of Boats and Vessels into Nova Scotia from Outside Canada

Boats or vessels imported into Nova Scotia from outside Canada are not subject to NSST, however, the Canada Customs and Revenue Agency should be contacted for the payment of any applicable taxes and/or duties which may be due under the authority of the Excise Tax Act (Canada).

Exemptions

1. Boats and vessels purchased by commercial fishers for use in the fishing trade. A commercial fisher means a person who derives at least 51% of gross revenue, or \$10,000.00 dollars in a taxation year, from fishing and is recognized by the Department of Fisheries and Oceans as a fisher and includes a person engaged in commercial sea harvesting, aquaculture, as that term is defined in the *Aquaculture Act*, and a person engaged in the wholesaling of live crustaceans in a wholesale facility.
2. Boats and vessels purchased that are more than five (5) hundred tonnes gross.
3. Boats and vessels that do not exceed five (5) hundred tonnes gross and that are operated for commercial purposes. Commercial purposes, as defined in the *Revenue Act Regulations* means, a regularly scheduled ferry service for the general public, tugboat operations, the transportation of goods or passengers for profit, salvage operations, and dredging operations.
4. Boats and vessels purchased by a status Indian or Indian Band provided that the transfer of possession

takes place on a reserve.

5. Boats and vessels acquired through an inheritance, regardless of the deceased owner's former place of residence.

6. Boats and vessels purchased by municipal, provincial and federal governments.

Trade-Ins on Purchase of Boats and Vessels

Where tangible personal property is accepted by a seller of a boat or vessel at the time of sale and the seller is not an HST/GST registrant, the purchaser shall pay NSST to the Province on the difference between the selling price and the amount of credit allowed for the tangible personal property used as a trade-in.

The following conditions must be met for transactions involving a trade-in that is accepted against a future delivery of a boat or vessel resulting from a sale:

1. There must be a firm commitment between the purchaser and seller/broker to purchase a boat or vessel. This commitment must be supported by documentation at the time of the trade. These documents must be in the form of a contract, purchase order or credit note signed and retained by the purchaser and seller.
2. The time lapse between acceptance of the traded unit and delivery of the boat or vessel must be reasonable in the circumstances.
3. The amount of credit allowed for the trade-in unit must be reasonable in the circumstances.

Rebates

GST/HST Registrants

A rebate of the NSST is available to qualified applicants who are GST/HST registrants. A person may apply for a rebate of the NSST if that person is a HST/GST registrant and uses the boat or vessel in the course of the registrants commercial activity. Rebates will apply in proportion to the use in the registrants commercial activity.

Removal From The Province

Persons may apply for a rebate of 100% of the NSST paid if the boat or vessel is permanently removed from Nova Scotia within 30 days from the date of purchase. Rebate forms may be obtained by contacting the Refund/Rebate Unit at (902) 424-2850.

Should you require further information please contact:

Program Management and Corporate Services
P.O. Box 1003
1505 Barrington Street, 8th Floor (South)
Halifax, Nova Scotia
B3J 2X1
Telephone: 902-424-6300 (Metro area) or 1-800-565-2336 (toll free)

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