

Tax Information

Guide 2006

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Date: May 1, 2024 (Updated March 06, 2025)
Subject: Nova Scotia Sales Tax (NSST) Applicable to Private Transfers/Purchases of Motor Vehicles and Designated Tangible Personal Property

Introduction

The Nova Scotia Sales Tax (NSST) is a provincial tax on the private purchase of a motor vehicle, boat, vessel, or aircraft in Nova Scotia or within Canada for use in Nova Scotia from an individual, or from a business that is not required to collect the Harmonized Sales Tax (HST). If the seller is an individual or a business registered to collect the HST, NSST will not apply.

The NSST is a provincial tax under the authority of the provincial *Revenue Act* while the Harmonized Sales Tax (HST) is a federal tax under the authority of the federal *Excise Tax Act* of Canada.

The NSST does not apply to imports from outside of Canada as these transactions are subject to the HST. The Canada Border Services Agency (CBSA) collects 5% HST based on their assessment of the value of the vehicle and RMV collects the remaining 9% HST, based on the CBSA valuation, at the time the vehicle is registered in Nova Scotia.

Payment and Calculation of Tax - Motor Vehicles

Motor vehicles for the purposes of this guide and the application of NSST include vehicles requiring registration under the *Motor Vehicles Act* or *Off-Highway Vehicles Act*. Examples include cars, trucks, SUVs, motor homes, travel trailers, motorcycles, minibikes, mopeds, all-terrain vehicles, snow vehicles, dune buggies, vintage and antique vehicles, commercial trucks, exotic vehicles, limited production vehicles, and trailers.

For motor vehicles that have undergone a transfer of ownership and require registration with the Registry of Motor Vehicles (RMV), the NSST must be paid at the time the motor vehicle is registered. For motor vehicles not being registered with RMV, NSST is due immediately after acquisition in Nova Scotia, or entry of the motor vehicle into Nova Scotia.

Section 31B of the *Revenue Act* imposes NSST at a **rate of 14%** on the greater of the purchase price or the official used vehicle wholesale valuation set out in the Canadian Red Book which is current at the time of sale.

“Purchase price” or fair value or sale price of a motor vehicle is defined in clause 13(s) of the *Revenue Act* as including a price in money and also the value of services rendered, the actual value of the thing exchanged and other considerations accepted by the seller or person for whom the property passes as price or on account of the price of the thing covered by contract, sale or exchange.

For motor vehicles not included in the current Canadian Red Book, the NSST is calculated on the purchase price of the motor vehicle as defined in clause 13(s) of the *Revenue Act*. Examples of motor vehicles subject to the 14% NSST that are not covered by the Canadian Red Book include motor

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homes, motorcycles, all-terrain vehicles, off-highway vehicles, snowmobiles, trailers, buses, commercial trucks, exotic vehicles, limited production vehicles, vehicles over 15 years old, and antique or vintage vehicles.

Purchasers must present documentation required by RMV for the transfer of the used motor vehicle, which includes the details of all consideration (including the price in money, the value of services rendered, the actual value of a thing exchanged) which has been accepted by the seller for the purchase of the vehicle as set out in the *Revenue Act*.

Vehicle Appraisals

If a person feels that the motor vehicle is not worth the currently listed Canadian Red Book value, the person may have the vehicle appraised at their expense by an appraiser registered with SNS or by a dealership holding a valid dealer's license under the *Motor Vehicle Act*.

NSST is paid on the greater of the appraised value or the purchase price as defined in 13(s) of the *Revenue Act*. An appraisal must be performed within 2 months of acquiring or purchasing the vehicle or within 2 months following registration. Appraisals must be submitted using the [Motor Vehicle Appraisal Record](#) form.

The appraised value on which the NSST is paid is subject to review by the Provincial Tax Commission. If the review determines that the appraised value is less than the actual value, an assessment for additional and outstanding tax and interest may be levied by the Provincial Tax Commission.

Payment and Calculation of Tax - Other Designated Tangible Personal Property (DTPP) (e.g. Boats and Aircraft)

Persons who have acquired or purchased DTPP through a private purchase are required to pay the NSST immediately after acquisition or entry of the DTPP into Nova Scotia.

NSST is calculated on the purchase price as defined in subsection 13(s) of the *Revenue Act* and should be supported by a bill of sale or similar document, if applicable. The purchase price is subject to review by the Provincial Tax Commission. If this review determines that the purchase price is less than fair value, an assessment for additional or outstanding tax may be levied by the Provincial Tax Commissioner.

The purchaser of a boat or vessel in a private purchase is required to pay the applicable tax directly to the Service Nova Scotia with payment made out to the NS Minister of Finance. A copy of the bill of sale must accompany the payment. For further information in respect to your payment, phone 1-800-429-0621 ext. 3354. Payments may be made by mail or in person to:

Service Nova Scotia
1505 Barrington Street, 6th Floor (North) PO Box 755
Halifax, Nova Scotia B3J 2V4

Motor Vehicles - Transfers of Ownership from a Non HST registered Limited Company

Ownership transfers of motor vehicles and DTPP from limited companies not registered with the Canada Revenue Agency to collect GST/HST are private purchases and attract NSST. Ownership transfers of this type include transfers from the limited company to an officer(s) of the company.

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Exemptions from Payment of Tax

Gifts from Family Members of Motor Vehicles or DTPP

A gift of a vehicle between immediate family members is exempt from Nova Scotia Sales Tax if:

1. The vehicle is registered to the donor in:
 - Nova Scotia;
 - or**
 - another harmonized province and has been owned by the donor for more than 30 days and not permanently removed from the province within 30 days of the donor's purchase;
 - or**
 - a non-harmonized province or territory and has been owned by the donor for more than 12 months and not permanently removed from the province or territory within 30 days of the donor's purchase.
2. There was no consideration exchanged between the donor and the gift recipient. Taking over a loan on a vehicle is not a gift transaction as the outstanding loan amount is the purchase price as per subsection 13(s) of the *Revenue Act*. Other consideration, such as trades, do not constitute the gift of a vehicle.
3. The vehicle was not transferred as a family gift within the family unit in the twelve-month period preceding the transfer (a vehicle may only be gifted once per twelve-month period within the family unit).

A gift of a vehicle from another province or territory that was not required to be registered in that province or territory must be supported by a bill of sale or insurance policy confirming sufficient tenure of ownership.

When the above conditions are met, all applicable family members must complete a Sworn Statement for a Family Gift form prior to registering the motor vehicle in order to receive the tax exemption. In the case of a motor vehicle, the Sworn Statement form must be signed by both the donor(s) and the recipient(s) of the motor vehicle and witnessed by one of the following: Commissioner of Oaths, Registry of Motor Vehicle Staff Person, Barrister or Notary.

In respect to DTPP, the Sworn Statement form must be signed by both the donor(s) and the recipient(s) of the DTPP and witnessed by one of the following: Commissioner of Oaths, Barrister or Notary.

For the purposes of transferring a motor vehicle or DTPP as a family gift, immediate family members are defined as: Father, Mother, Son, Daughter, Brother, Sister, Grandfather, Grandmother, Grandson, Granddaughter, Spouse, Step Parents, Step Child, Father-in-Law, Mother-in-Law, Son-in-Law, Daughter-in-Law.

A great-grandparent qualifies as an immediate family member under grandparent.

Common law partners co-habiting for at least one year or partners registered under the *Vital Statistics Act* as "domestic partners" are also considered to be immediate family members.

Spouses, common law partners and domestic partners can be the same sex.

Step relationships include immediate family members of common law partners or domestic partners registered under the *Vital Statistics Act*.

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Motor Vehicles and DTPP Imported into Nova Scotia from Outside Canada

Where motor vehicles or other designated tangible personal property are imported into Nova Scotia from outside Canada, the transaction is subject to the federal Harmonized Sales Tax (HST) rather than the provincial Nova Scotia Sales Tax (NSST). The Canada Border Services Agency should be contacted for the payment of any applicable HST and/or duties which may be due under the authority of the *Excise Tax Act* (a federal statute). The Canada Border Services Agency collects 5% HST based on their assessment of the value of the vehicle and RMV collects the remaining 9% HST when the vehicle is registered in Nova Scotia.

Exemption for Persons with Status Under the *Indian Act*

Motor vehicles and DTPP are not subject to the NSST when the purchaser is a person\individual who has status under the Indian Act and the property is received by the purchaser on Canadian Reserve lands or the purchaser is a person\individual who has status under the *Indian Act* who resides on a Canadian Reserve.

In order to receive the tax exemption, a person\individual who has status under the *Indian Act* who purchases a motor vehicle or DTPP must reside on a Nova Scotia Reserve or must ensure that the seller prepares a statement which certifies that the vehicle or DTPP was delivered to a Canadian Reserve. In the case of motor vehicles, the purchaser must present this statement to Registry of Motor Vehicles staff at the time of vehicle registration.

Ambassadors, Consuls and Other Representatives of Foreign States

Motor vehicles and DTPP are not subject to the NSST when the vehicle is purchased on a private basis by representatives of foreign states who are certified by the Department of Foreign Affairs, Trade and Development Canada to have diplomatic status and who hold no other office or employment in Nova Scotia. Foreign representatives should contact the Provincial Tax Commission for an eligibility assessment.

Inheritance

Motor vehicles and DTPP are not subject to the NSST when the property has been acquired through an inheritance, regardless of the deceased owner's former place of residence.

Required documentation:

- copy of the will and/or Grant of Probate/Administration identifying the executor/administrator;
- sworn statement from the executor and beneficiaries; and
- certificate of death.
- If there is no will or Grant of Administration and the value of the estate does not exceed \$50,000—next of kin completes an Estate Statutory Declaration.

Commercial Exemptions Farm Equipment

Tractors and farm equipment are exempt from the NSST when purchased on a private basis by persons registered as farmers with the Nova Scotia Department of Agriculture and where at least 51% of the applicant's gross revenue or \$10,000 per tax year is derived from farming. The farm equipment exemption is limited to equipment used exclusively on the farm and does not include motor vehicles such as trucks which may be used on public highways.

A rebate of the NSST is available to farmers who are HST registrants when the vehicles/equipment in question are for use in the registrant's commercial activity. The rebate is in proportion to the use of the vehicles/equipment in the farmer's commercial activity.

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Fishing Boats

Boats purchased by commercial fishers are exempt from the payment of NSST. A commercial fisher is a person who derives at least 51 percent of gross revenue, or \$10,000 in a taxation year from fishing and is recognized by the federal Department of Fisheries and Oceans Canada as a fisher and includes a person engaged in commercial sea harvesting, aquaculture, and a person engaged in wholesaling live crustaceans in a wholesale facility.

Other Exempt Vessels

Vessels of more than 500 tonnes gross are exempt from NSST. Vessels that do not exceed 500 tonnes gross and that are operated for “commercial purposes” also qualify for exemption. “Commercial purposes” means,

- regularly scheduled ferry services for the general public,
- tugboat operations,
- the transportation of goods or passengers for profit,
- salvage operations, and
- dredging operations.

Commercial Aircraft

Aircraft purchased on a private basis and normally engaged in foreign or interprovincial public carriage of passengers or freight for gain are not subject to NSST.

Municipal, Provincial, Federal Governments

Motor vehicles and DTPP purchased privately by provincial, federal or municipal governments are not subject to the NSST.

Volunteer Fire Departments

Private purchases of motor vehicles and DTPP by volunteer fire departments are not subject to NSST.

Rebates of NSST

Rebates of the NSST may be issued for the following applicants:

Motor Vehicles and DTPP Removed from Nova Scotia

Persons who purchase motor vehicles or other DTPP in Nova Scotia and pay the NSST and who permanently remove the vehicle from Nova Scotia within 30 days of purchase may apply for a rebate. Required documentation includes: Proof of tax paid to another Province or Territory; proof of NSST paid; copy of the bill of sale; and copy of the registration certificate from the other jurisdiction.

The application for the rebate must be made within 24 months of payment of the tax for which a rebate is requested.

GST/HST registrants who have paid the NSST for vehicles or DTPP which are used exclusively in the course of their commercial activity may apply for a rebate. Motor vehicles or DTPP which are not exclusively used in a commercial activity may qualify for a rebate of a portion of the NSST based on the percentage of use in a commercial activity. “Commercial Activity” has the meaning assigned to it under subsection 123(1) of the *Excise Tax Act* (Canada).

Person Who is Without the Use of Both Lower Limbs

A person who is without the use of both lower limbs may apply for a rebate of up to \$3,750.00 of the Nova Scotia Sales Tax paid on the purchase of a passenger vehicle, light truck or van.

The rebate is provided to assist with the cost of modifying the vehicle for use by a person or to transport a person who is without the use of both lower limbs.

(A) Requirements for the applicant/purchaser who is also the driver of the vehicle are as follows:

- the applicant/purchaser is without the use of *both* lower limbs,
- the applicant/purchaser must have a valid driver's license, and
- the vehicle is used primarily for personal transportation, and
- the vehicle is the only vehicle currently registered in the applicant's/purchaser's name with the Registry of Motor Vehicles for which a rebate has been granted.

(B) Requirements for the applicant/purchaser who uses the vehicle *primarily* for the purpose of transporting a person who is without the use of *both* lower limbs are as follows:

- the vehicle is equipped with a device used primarily to enable wheelchairs to enter and leave the vehicle,
- the vehicle is not operated or permitted to be operated for profit or as part of an undertaking carried on for gain, and
- the vehicle is the only vehicle currently registered in the applicant's/purchaser's name with the Registry of Motor Vehicles for which a rebate has been granted.

The application for the rebate must be made within 24 months of payment of the tax for which a rebate is requested.

Religious and Charitable Organizations

Duly incorporated religious or charitable organizations may be eligible for a rebate of up to 90% of the NSST paid for motor vehicles used exclusively by the organization, if all the following conditions are met:

- the organization is recognized as a charitable organization under the *Income Tax Act (Canada)*;
- the organization provides its services to the public free of charge or for a fee that, in the opinion of the Minister, is a token fee; and
- the organization receives no funding from the Province or receives funding that does not form a significant part of the organization's budget.
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The application for the rebate must be made within 24 months of payment of the tax for which a rebate is requested.

Mail: Service Nova Scotia
Provincial Tax Commission
1505 Barrington Street, 7th Floor
(North) PO Box 1003
Halifax, NS B3J 2X1

Phone: 902-424-6538

Email: taxcommission@novascotia.ca

**NSST
Information
and Forms:** novascotia.ca/nsst

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