

## **Provincial Vehicle Tax (PVT)**

### **Family Gift Exemption: Frequently Asked Questions**

**I want to give my vehicle to my brother; will he have to pay taxes?**

The *Harmonized Sales Tax Act* provides for an exemption from the taxes ordinarily imposed under the *Act* where a vehicle is gifted to an immediate family member provided that **all** of the following conditions are met:

- the tax has been paid by the donor;
- the donor has not gifted a vehicle to this recipient in the past 12 month period;
- the vehicle has not been the object of a family gift exemption in the past 12 month period; and
- no cash or other form of consideration is involved.

### **Who is considered immediate family?**

For the purpose of taxation, a person's "immediate family" includes:

- a spouse (including common-law spouse - must be cohabitating for a period of at least 12 months);
- father / mother, stepfather / stepmother;
- son / daughter, stepson / stepdaughter;
- sister / brother (includes half-brother/sister where the half-brother/sister have the same biological father or mother. NOTE: Step-brother/sister cannot gift to each other.);
- grandfather / grandmother (includes great grandparents);
- grandson / granddaughter (includes great grandchildren).

**My mother is giving me her vehicle and I am taking over the remaining payments, will I have to pay tax to get the vehicle transferred into my name?**

Yes, you will have to pay PVT when the vehicle is registered into your name because the payment takeover is deemed a consideration within the transaction. This means that it is considered to be a sale and not a gift. You will pay PVT on the greater of the outstanding loan amount and the average wholesale value.

**My grandfather moved here from Ontario and wants to give me the vehicle he brought with him; will I have to pay taxes?**

If your grandfather paid taxes upon registering the vehicle in New Brunswick, you will not have to pay taxes to have the vehicle registered in your name, provided the other exemption requirements are met. If your grandfather did not pay taxes upon registering the vehicle in New Brunswick, you will be required to pay PVT on the average wholesale value of the vehicle when registering the vehicle in your name.

**My spouse is giving me a vehicle; do we both have to go to Service New Brunswick to have it transferred?**

Yes, if the transaction qualifies for the exemption, both the donor and the recipient must be present to sign the Family Gift Affidavit.

**My sister is giving me a vehicle that she received as a tax exempt gift from our parents 2 years ago; will I have to pay tax?**

Yes, because your sister did not pay tax when she acquired the vehicle, the transaction is subject to the imposition of PVT on the average wholesale value of the vehicle.

**My dad is giving me a mint condition 1960 Ford T-Bird car that he inherited from his father; will I have to pay tax?**

If your father inherited the vehicle and was not required to pay tax upon registration, you will have to pay PVT when the vehicle is registered into your name. The PVT will be collected on the declared value of the vehicle that you will indicate on a Vehicle Purchase Affidavit (VPA). The VPA will allow for a preliminary assessment of the applicable tax at the time of transfer and is subject to audit. For more information, please refer to the [PVT Vehicle Purchase Affidavit: Frequently Asked Questions](#).

**My husband left me his vehicle in his will, do I have to pay tax to transfer it into my name? If I gift it to my sister, will she pay tax?**

No, you will not pay PVT to transfer it into your name, provided the Department of Public Safety has deemed the transfer an inheritance. For more information please see [Bulletin PVTB-107](#); Inheritance Exemption.

However, your sister will pay PVT because, as the donor, you did not pay tax on the vehicle when it was acquired. For more information please see [Bulletin PVTB-104](#); Family Gift Exemption.

**I am giving my sister my truck and she is going to give me her car; will we have to pay tax?**

Due to the fact that you are receiving a vehicle in exchange, there is a consideration within the transfer and it would not be eligible to be processed exempt of tax. Instead, the transaction would be subject to the imposition of tax involved in trading vehicles. For more information, please consult [Bulletin PVTB-106](#); Trades.

**Why is it important that the information provided on the Family Gift Affidavit be consistent with the actual transaction that took place between the donor and the recipient?**

The Family Gift Affidavit is a legal document and all information contained in the affidavit must be true and accurate. In its continuous efforts to ensure fairness and protect the integrity of the tax system, Finance and Treasury Board routinely conducts

comprehensive reviews and audits of vehicle transactions. Either party may be contacted to verify eligibility for the exemption. If it is determined that the transfer did not qualify for the exemption, an assessment will be issued and may also result in the issuance of fines and / or penalties. Any person who knowingly provides false or misleading information, or who presents fraudulent documentation, commits a serious offence. The department has recently reallocated resources to ensure the detection and subsequent assessment of individuals involved in tax evasion.

For more information, please refer to [Bulletin PVTB-115](#); Tax Evasion.

**Who can I contact if I have questions or concerns about the taxation of my vehicle?**

Please contact the Revenue Administration Division of Finance and Treasury Board at 1-800-669-7070 or via email at [wwwfin@gnb.ca](mailto:wwwfin@gnb.ca). You may also write to the Department at P.O. Box 3000, Fredericton, NB E3B 5G5.