

## **Backgrounder**

### **Removing the PST on Used Cars and Trucks**

A Saskatchewan Party government will eliminate the PST on the sale of used vehicles on which the PST has already been paid once.

#### **Benefit:**

Under the Saskatchewan Party plan, approximately 100,000 vehicles sold in the province each year will be PST exempt.

Assuming an average taxable sales amount of \$9,000 per vehicle, the Saskatchewan Party plan will save 100,000 Saskatchewan residents \$450 annually.

#### **Cost:**

Total cost of the Saskatchewan Party plan is estimated at \$45-million in year one, growing by 2.5% by per year to \$46-million in year two, \$47-million in year three and \$48.5-million in year four. Over four years, the cost of eliminating the PST on used vehicles is estimated to be \$186.5-million.

#### **Details:**

- Saskatchewan residents who trade in a vehicle when purchasing a used vehicle from a new car dealer or independent car dealer currently pay PST on the difference between the value of their trade-in and the purchase price of the used vehicle.
- Saskatchewan residents who purchase a used vehicle through private sales are eligible for a \$3,000 PST exemption on the purchase price.
- The Saskatchewan Party plan assumes that 30% of used vehicles sold through new car dealers and 20% of used vehicles sold through independent dealers are ineligible for a PST sales exemption because they were purchased from out-of-province sources by dealers. In addition, a percentage of used vehicle sales by dealers are to out of province wholesalers, and so would not be eligible under the Saskatchewan Party plan. As a result, approximately 100,000 (80% to 85%) of the estimated 116,000 to 125,000 used light vehicles sold in the province will be eligible for a PST exemption under the Saskatchewan Party plan.
- The Saskatchewan Party plan assumes the following average PST paid by sales channel and taxable sales amount (purchase price, less value of trade-in or \$3,000 PST exemption on private vehicle sales):
  - New Car Dealers: 31,000 used vehicle sales x \$12,000 taxable sales amount = \$18.6-million PST
  - Independent Dealers: 23,000 used vehicle sales x \$9,000 taxable sale amount = \$10.4-million PST
  - Private Sales: 46,000 used vehicles sales x \$7,000 taxable sales amount = \$16-million PST