

November 16, 2007

Industry Advisory

Reduction of GST and Impact on PDV Rates

On October 30, 2007, the Government of Canada announced that its Goods and Services Tax ("GST") will be reduced from 6% to 5% effective January 1, 2008. The Board is proceeding with this advisory based on an expectation that the federal government will make legislative changes for the announced GST reduction.

This advisory applies to taxis, limousines and other passenger directed vehicles ("PDVs") in British Columbia.

A. Rates for Limousines and Other Non-Taxi PDVs

- The federal GST rate of 5% is to be effective January 1, 2008. Fares collected for limousine services provided as of that date are subject to 5% GST. This also applies to other passenger directed vehicles ("PDVs") such as shuttle vans.
- If a licensee's Board-approved rates **do not** include GST, then no change to the approved rates is required.
- In limited cases, Board-approved rates for a limousine or shuttle van service includes GST. These licensees **must** submit a letter to the Board by **December 8, 2007**, requesting that their rates be adjusted in one of two ways:
 - (a) to reflect the GST reduction, or
 - (b) to exclude GST.

B. Rates for Taxicabs in BC

Background:

- Taxi meters automatically add GST to the Board-approved rates, and the change in GST means that taxi meters must be reprogrammed. Some taxis in BC do not use taxi meters and charge rates with GST included; these rates must be revised to reflect the GST reduction.
- The Board recognizes the operational realities for taxi operators at the end of December and acknowledges the difficulty of having meters reprogrammed and rates re-stated at that time. Thus, the Board is setting January 7, 2008, as the effective date for adjustments to Board-approved taxi rates that include GST.

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Requirements:

- If taxicab rates are metered, then operators **must** have their meters reprogrammed to reflect the federal GST rate of 5% effective January 7, 2008.
- If taxicab operators do not use a meter and have GST included in their rates, then licensees must submit a letter to the Board by **December 8, 2007** requesting that their rates be adjusted to reflect the GST reduction. The Board will send out adjusted rates before January 7, 2008.

Note: The Board has issued a Taxi Cost Index (“TCI”) 2008 rule. Taxi operators in BC can request a TCI increase. For TCI requests that are received on or before December 8, 2007, the Board will issue rates effective January 7, 2008, that (a) include the allowable TCI increase and (b) reflects the new federal GST rate of 5%. In addition to the Board Rule, see the Industry Advisory dated November 14, 2007: Taxi Cost Index 2008.