

February 27, 2013

## TCI 2013 & GST Backgrounder

### ***Taxi Meters Change March 31, 2013***

All taxi meters in British Columbia must be re-programmed effective March 31, 2013. Changes reflect the return to 5% GST for taxi fares in British Columbia. It also reflects the 2013 Taxi Cost Index (“TCI”) rate increase of 1.9% that was approved by the Passenger Transportation Board.

In early March, all taxi companies can expect to receive an updated rate sheet in the mail. New rate sheets will reflect both the tax change and the TCI rate increase. Rate sheets are being sent to taxi companies with metered and non-metered taxi rates.

The 1.9% TCI rate increase is optional. Companies can decline the 1.9% increase by March 22, 2013.

### ***Return to GST***

As of April 1, 2013, federal GST will apply to taxi fares. The 5% GST will replace 12% HST. The provincial government announced that PST will not apply to taxi fares.

Information about these tax changes is available from the following external sources:

BC Government Website: [PST in BC](#)

BC Government Bulletin: [What’s Taxable under the PST and What’s Not?](#)

### ***TCI 2013 Increase***

The Board approved a Taxi Cost Index (“TCI”) rate increase of 1.9%.

The TCI 2013 increase is being implemented at the same time as the return to GST for taxi fares. This approach simplifies processing. Taxi companies will automatically receive an updated rate sheet that reflects the tax change and TCI rate increase. Companies that do

not want the TCI rate increase of 1.9% have until March 22, 2013, to tell the Board in writing.

The 1.9% rate increase is based on a comparison of TCI data for the 2011 and 2012 calendar years. The TCI is an objective measure of changes in taxi operating costs in British Columbia. Each Spring, the Board reviews the latest cost data. This year, data was reviewed earlier than usual. This is because of the timing of the tax change, and because the taxi industry told the Board it wants to avoid two taxi meter changes in a short period of time.

Table 1 summarizes the 2012 changes in costs of operating a typical taxi in B.C. It also identifies the data sources for each of the four TCI components.

**Table 1: TCI Cost Changes in 2012**

TCI Component	TCI Weighting	Cost Changes in 2012	Data Source
Wages	31%	2.02%	Statistics Canada
Fuel	19%	1.41%	MJ Ervin & Associates
Taxi Insurance	13%	5.19%	ICBC
CPI	37%*	1.11%	Statistics Canada

\* CPI is adjusted to 80% to encourage business efficiencies and reduce duplication of fuel and other costs.

### ***“Opting Out” of a TCI Increase***

TCI rate increases are optional. Normally, TCI increases are available when requested by licensees. This year, taxi companies must re-program their taxi meters and adjust their non-metered rates to reflect the return to 5% GST from 12% HST. Thus, it is easier to process the 1.9% TCI rate increases and let taxi companies “opt out” or decline the rate increase, if they choose to do so.

**To decline the 1.9% increase, the Board must receive requests by March 22, 2013.**

You can reach the Board by email ([ptboard@gov.bc.ca](mailto:ptboard@gov.bc.ca)) or fax (250-953-3788).

Companies can send a letter or use the form provided with the notice that the Board is mailing to taxi licensees.

If you want a TCI increase that is less than 1.9%, you may specify a different increase. To get a rate increase that is more than 1.9%, you must make a [change of rates application](#).

If you operate under a common rate rule, written requests to opt out of the TCI increase must be received from a majority in your area. In Prince George, Nanaimo, Penticton, Port Alberni, or the Capital Regional District, at least 51% of licensees must ask to opt out. In the Lower Mainland or Fraser Valley, requests must be received from licensees that together operate at least 51% of the taxis in the common rate area.

### ***Municipal Notices***

The Passenger Transportation Board is notifying local governments in British Columbia that taxi meters and fares are changing.

### ***TCI History & Methodology***

The TCI has been used since 2002 to identify taxi rate increases in British Columbia. A review of the TCI methodology concluded in January 2013. More information is available in the Board's [Report on Taxi Cost Index \(TCI\) Methodology](#).

### ***Additional Information***

- Webpage: [Taxi Cost Index](#)
- Webpage: [Taxi Rates in BC](#)
- Board Rule: [Taxi Cost Index 2013](#)
- Board Rule: [Taxi Rate Increases That Exceed TCI](#)