

NEW HST RULE FOR OUT-OF-PROVINCE PURCHASERS

A new HST rule should help many dealers in eastern and north-western Ontario who regularly sell to purchasers in Quebec and Manitoba.

Dealers who are not located near the Quebec or Manitoba borders should be careful if they choose this option.

The new rule deems delivery to take place in the other province if the vehicle is registered in the buyer's name in the other province within 7 days of the sale date. **It doesn't matter if the buyer actually takes delivery in Ontario or not.**

For example, if a dealer sells a vehicle to a Quebec resident, who takes delivery of the vehicle at the dealership and registers it in Quebec within 7 days of the sale, delivery would be considered to have taken place in Quebec and only 5% GST would be applicable. **Dealers will need proof of registration, if they are audited.**

If a dealer is able to register a vehicle in the customer's home province within 7 days of the sale, only 5% GST needs to be charged. The dealer needs to keep a copy of the registration as proof.

Manitoba or Quebec's provincial sales tax will also need to be paid when the vehicle is registered in the other province. Quebec's provincial sales tax rate is 8.5% and Manitoba's is 7%.

Unless absolutely certain that a vehicle will be

registered in the other province within 7 days and that the purchaser will provide a copy of the registration for proof, dealers should charge 13% HST, as they normally do.

In these cases, after registering and paying applicable provincial tax in their home province, purchasers would be entitled to apply to Canada Revenue Agency for a rebate of Ontario's 8% provincial portion of the HST. A rebate form can be downloaded from www.ucda.org by clicking on "HST ... Selling out-of-province".

Here's a summary of HST and GST tax rates in all Canadian jurisdictions.

Delivered To	Tax Rate
Nova Scotia	15% HST
New Brunswick	13% HST
Newfoundland	13% HST
Ontario	13% HST
British Columbia	12% HST
Alberta	5% GST
Manitoba	5% GST
North West Territories	5% GST
Nunavut	5% GST
Prince Edward Island	5% GST
Quebec	5% GST
Saskatchewan	5% GST
Yukon	5% GST

Buying From Private Sellers

Dealers know how tight used vehicle inventories are right now. Because of this, more and more often dealers are buying cars from the general public.

Common questions that arise:

When buying from a private (non-dealer) owner.

1. Do we have to pay tax to the seller?

The answer is **no**, unless the seller is an HST Registrant (like you ... a business). Ordinary citizens do not collect tax and would have no one to remit the tax to even if they did!

2. What bill of sale do we use, wholesale or retail?

Use a UCDA Wholesale Bill of Sale.

Identify the customer as the seller, you as the buyer, mark the HST ... Not Applicable, then complete the disclosure section ... you and the seller must sign it.

Credit Reports through UCDA

Equifax is the number one provider of credit reporting data services in Canada and Equifax Credit Reports have been available through the UCDA for over ten years.

More and more members are providing in-house financing to their customers and these days, confirming credit worthiness is crucial.

Fax Process is Easy and Cost Effective

The UCDA has a fast and cost effective fax service exclusively for members to request reports. You will be provided with a one page authorization for your customer to sign.

It includes a consent and privacy statement. Once signed, simply fax it to the UCDA. The report results will be returned to you within minutes.

Consumer Reports

Cost of a consumer credit report through the UCDA ... \$15.00.

If not for the UCDA's service, you would have to become a member of Equifax directly. With the UCDA service you save ...

- **Equifax Membership fee of \$110.00 annually**
- **Onsite inspection of business premises - \$110.00 fee**
- **Minimum monthly fee of \$110.00 (if the monthly billing for reports is less than \$110.00)**

Commercial Reports

From time to time, Members may also need to check the credit worthiness of companies before they extend credit to them.

A commercial search could save you serious problems with bad debts in the future.

Cost of a commercial credit report through the UCDA's member account ... \$35.00, compared to \$47.55 directly from Equifax.

Contact the UCDA for more information about pulling Credit Reports.

UCDA Travel Insurance

Going to the States?

The UCDA travel insurance coverage is included as part of the UCDA's Health & Dental Plan. It is only available to UCDA members who subscribe to the plan and cannot be purchased as a stand alone product.

Travel to the U.S. can be hazardous to your financial health if you don't have travel insurance.

Features of the UCDA's travel insurance:

- out-of-country travel for up to 60 days
- top-up coverage available
- up to \$5 Million coverage
- includes emergency Hospital, Physician & Prescriptions
- includes trip cancellation insurance (\$5,000 Max)
- includes lost baggage insurance (\$1,000 Max)

and it's insured by Royal & Sun Alliance Insurance Company of Canada.

The full travel policy is available in the UCDA Employee Benefits Booklet and also covers things like paying for visitors to visit a hospitalized member and repatriation to Canada of a member that dies out-of-country.

As with all out-of-country travel plans, one must be medically fit to travel. With the exorbitant costs associated with having a medical emergency while abroad, all UCDA members who travel regularly are strongly advised to never leave home without it.

**To Join the UCDA Health Plan
Call Ruth at: 1-800-268-2598
or visit
www.ucdabenefits.com**

Your Business Could Become Uninsurable

The UCDA has had a Garage Insurance program for more than 15 years and over 1500 members have proven to be a very good insurance risk.

But accidents happen and claims, at fault or not at fault, can put you in a position where the insurance company can refuse your renewal or cancel your policy midterm for what they determine is adverse risk.

Recently, a new member was denied coverage due to a number of excessive claims and poor driving record. His only option to keep his business operating was a \$15,000.00 Facility Insurance Policy. His previous policy was a third that price.

Protecting Your Garage Policy

The most frequent claims are collisions by distracted employees or customers on test drives, stolen vehicles and physical damage due to vandalism on the property.

Some important loss control tips:

- 1. Key Control.** Never leave keys in plain sight or in areas that are accessible to the public. At the end of each day make sure all keys are accounted for, especially the keys that were given to customers for test drives. Lock all keys up at night and routinely do an accounting of your inventory.
- 2. Test Drives.** When possible, go with a customer on the test drive. If that is not possible, tell the customer how long they can have the vehicle and define the route. Copy their driver's license and another piece of I.D and check that the license is valid. Be sure to get the keys back and check that they're the right keys.
- 3. Lot Lighting and Security.** According to loss control experts, the best deterrent for the money is good lighting. Fences, blocking devices and real or fake security cameras are very effective. If your lot looks more secure, car thieves will look for an easier target.
- 4. Customers that are under 25,** that do not have an existing insurance policy, should not be allowed to test drive your vehicles unless you are in the car. Under age drivers are rated high risk for a reason and should not be allowed to drive freely on your insurance.

One final note about your insurance policy. Make sure you have not understated your vehicle inventory or property values. Claims that exceed disclosed values will be considered your responsibility under a term the insurance industry calls "co-insurance".

Temporary Status Indian Identification

Due to a backlog in issuing new Certificate of Indian Status Cards, in June the Department of Indian and Northern Affairs (INAC) began issuing a Temporary Confirmation of Registration Document to individuals who have been newly registered as Status Indians. The document confirms that the individual named on the document is registered as a Status Indian under the *Indian Act*.

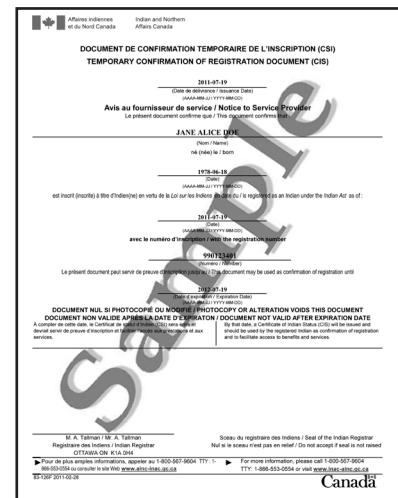
The sample at the bottom of this page can also be viewed at: <http://www.ainc-inac.gc.ca/br/is/bll/images/tmp-eng.pdf>

If a customer presents this document, it entitles them to the same tax treatment as if they had a Certificate of Indian Status Card. Dealers should also ask the person to show them a piece of photo ID, such as a driver's licence, to confirm that it is the same person.

Dealers should only accept an original document from the individual ... not a photocopy. Then make a copy of the document and the photo ID and keep them on file.

The temporary document must have the following features. If it does not, it should not be accepted:

- 1. Letterhead:** The document is printed on INAC letterhead with a red Canada logo.
- 2. Seal:** A raised seal of the Indian Registrar is included at the bottom right.
- 3. Expiry Date:** The document shows an expiry date, after which it is no longer acceptable. The Status Indian should have received their Status Card by this date.



UCDA's CanCheck™ ... A Proven Success

Since its release, CanCheck™ has proven to be a valuable resource to UCDA members across Ontario.

CanCheck™ tells you if a vehicle is or has been registered in any Province or Territory, or if the vehicle was imported from the U.S and has a branded title. It also discloses if the vehicle is branded in any Province or Territory.

No more guessing if the vehicle came here from Quebec, no more guessing if the vehicle came from the U.S. Now you can check it easily.

CanCheck™ does not cost \$10, or \$20 ... or \$40 ... its just \$4.00 and at that price we are seeing dealers not only from across Ontario run searches, but more and more dealers across Canada are becoming associate members and running CanCheck™ searches.

UCDA		CAN		VEHICLE	
		CHECK™		REGISTRATION STATUS	
BRANDING WARNING: this vehicle branded as SALVAGE					
VEHICLE INFORMATION					
VIN:		2GTEK13T141295275			
Search Date:		June 11, 2007			
CAN					
CHECK™ A CANADA-WIDE REGISTRATION AND U.S. IMPORT SEARCH					
Alberta	: Salvage	Nunavut	: No record		
British Columbia	: No record	Ontario	: Registered		
Manitoba	: No record	P. E. I.	: No record		
New Brunswick	: No record	Quebec	: Salvage		
Newfoundland	: No record	Sask	: No record		
Northwest Territories	: No record	Yukon	: No record		
Nova Scotia	: No record	USA	: Salvage		

Out-of-Province Lien Searches

CanCheck™ told you the vehicle was registered at one time in Alberta ... now what?

If you want to make sure that there isn't an Alberta lien... you can find out immediately.

On-line, by phone or by fax, the UCDA's out-of-province lien search can check all Provinces and Territories in seconds at very reasonable prices.

For example, an Alberta lien search costs \$5.00 plus the CanCheck™ at \$4.00 for a total of \$9.00.

Compare that \$9.00 cost to anything else in the market place.

Out of Province Lien Search													
Cost per Search:	\$5	\$10	\$8	\$10	\$10	\$5	\$10	\$5	\$10	\$5	\$8	\$8	\$8
	AB	BC	MAN	NB	NFLD	NWT	NS	NUN	PE	QC	SK	YT	

"Loaner" in an accident – Who Pays?

The risks of providing a courtesy "loaner", while a customer's car is in for repairs, were made clear by a recent court decision following an accident involving a loaner.

A third party was injured and brought an action against the driver and the registered owner of the car (the dealer). The court needed to determine whose insurance was on the hook to defend the suit.

The dealer's insurance company argued that the loaner was like a rental vehicle and the driver's insurance should be the primary insurer.

The driver's insurer said the loaner was not a rental, and therefore not covered by the special provisions of the Insurance Act that make the driver liable where a vehicle is rented. The driver's insurer brought a motion to make the dealer's insurer liable.

The court agreed with the driver's insurer and ordered the dealer's insurer to defend the action.

There was no rental fee charged, but this did not seem to be the most important factor in the court decision. There was also no written agreement. The customer was simply told that he could drive the vehicle "around town" until the repairs to his car were complete.

There was no set date to return the vehicle, no agreement on responsibility for things like parking tickets, damage to the vehicle or even gas used. The court said it was clear that neither the dealer nor the customer were treating the loaner like a rental.

Dealers who provide free loaners to customers would be well advised to speak with their insurer about the potential risk involved.

Changes to Drive Clean

Changes to Drive Clean testing requirements come into effect on September 1, 2011 which will affect dealers who lease vehicles. Leased vehicles being purchased by the lessee will no longer need to be tested.

Owners of vehicles less than 7 years old will not require a test when renewing their licence plates. This extends the current 5 year old exemption.

Aside from lease buyouts, models older than the current calendar year will continue to require a test when sold and plated to someone who lives in the Drive Clean testing area.

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