

FOUR MORE YEARS

Drive Clean Keeps on Running

The June 12 provincial election returned the Liberal government to power, now with a majority, until at least 2018.

Among other things, that means Drive Clean will carry on for the foreseeable future.

The UCDA will continue to impress upon the government that, while our members support cost-effective vehicle emissions testing to help maintain Ontario's cleaner air where there is a **reasonable** likelihood that the vehicle being tested may have an emissions issue, the current policy of testing **all** vehicles over one model year old when being re-sold, is overkill.

The Ontario government, continues to ignore the fact that today's vehicles are cleaner than ever and, so far, refuses to make changes to the testing criteria that would at least exempt newer vehicles from the need for a test when being sold as used vehicles.

Meanwhile, British Columbia is winding up its emissions testing at the end of 2014, and Quebec is now re-thinking whether it will introduce emissions testing at all.

The continued testing of vehicles as young as the previous model year remains an unnecessary burden on vehicle sellers and purchasers alike. This standard needs to be reviewed and ultimately harmonized with the 7 year old model year exemption that exists for vehicle owners who renew their registrations, rather than sell their vehicles. There is simply no justification for this double standard.

It's the same car whether it's being sold or not!

Towing and Storage Rates Under Fire

Prior to the election call the government had introduced two bills that would impact towing and storage rates in Ontario. These bills died on the order paper when the legislature was dissolved, but the government has since

reintroduced them in a combined bill. Bill 15 is officially known as "An Act to amend various statutes in the interest of reducing insurance fraud, enhancing tow and storage service and providing other matters regarding vehicles and highways" ... Whew!

As the name suggests, a major driving force behind the bill is combating insurance fraud and by doing so, hopefully, reducing insurance rates. The practices of some towing and storage companies have been identified by the insurance industry, and others, as a significant factor in high insurance rates. Outrageous storage costs are often being charged to insurers after damaged vehicles are removed from the accident scene.

The insurance industry must also bear part of the blame for high storage cost payouts, which accumulate during long delays that often occur before damaged vehicles are appraised. However, there can be no doubt that in some areas, particularly around the GTA, high daily storage rates, combined with unconscionably high towing fees, have created a major problem for insurers, lenders and vehicle owners (including dealers) whose cars are sitting in a storage compound for one reason or another.

Because the *Repair and Storage Liens Act* currently gives storers 60 days in which to contact the owner of a vehicle being held in storage or a lien holder, some storers have been waiting that long to send out notices of storage costs. Coupled with high daily storage rates, these costs can sometimes result in thousands of dollars in storage fees before the owner or lender even knew the car was being stored.

The new bill would reduce that 60 day notice period to a more reasonable time.

The UCDA is part of a committee looking into ways of reducing the high costs of storage and we will keep members posted on the Bill's progress.

Exporting Audit

We have written in the pages of Front Line repeatedly warning members against the practice of exempting "export buyers" from paying H.S.T. There are several good reasons for this:

1. You are underwriting the buyer's exemption, if the buyer is entitled to recover tax let the buyer ask the Canada Revenue Agency (CRA) for it back.
2. It is difficult to export vehicles properly. You can't allow the buyer to take delivery in Canada. Dropping it off at the "shipper" is not good enough. You need complete paperwork to back it up ... paperwork which can be time consuming to collect and complex to organize.
3. In many cases "export buyers" are actually curbsiders in the business of exporting vehicles overseas ... or simply selling vehicles in Canada ... without paying tax.

Now comes news of a member who is being told, in the course of a CRA audit, that he does not have

enough proof that the vehicles were exported overseas. CRA has demanded proof of licencing in the destination country!

This dealer is being asked to obtain and provide proof from Nigeria that the vehicle arrived and was "licenced" there.

It's easy to imagine how hard it will be to get this paperwork from Nigeria or any country with a different language and practices.

Our advice to members ... charge H.S.T. on every vehicle sale that is supposedly for export, no matter who or where the buyer is.

Otherwise, you must follow the tax exemption rules to the letter. The rules being cited by this auditor can be found at <http://www.cra-arc.gc.ca/E/pub/gm/4-5-2/4-5-2-e.html> and provide, in part, the following:

APPENDIX A

Evidence of exportation

1. Evidence of exportation must enable the entire shipment of tangible personal property to be traced from its origin in Canada to its destination outside Canada. When the specific destination cannot be determined because of industry practices or because the property is homogeneous, the Minister of National Revenue (the "Minister") must be able to ascertain that the property did leave Canada.
2. The following documents will establish evidence satisfactory to the Minister that the tangible personal property has been exported from Canada, whether the supply of the property has been zero-rated or tax has been paid on it. This list is not exhaustive. Paper documents as well as electronically stored data will be acceptable.

A. Standard Documentation

- a commercial invoice;
- purchase agreement(s) or billing(s) between the supplier and the customer(s);
- a copy of the transportation document that describes the delivery service. This could be in the form of a bill of lading issued by or on behalf of a carrier. A bill of lading can also be replaced by non-negotiable documents such as a pro-bill, way-bill, consist sheet, sea waybill, liner waybill, freight receipt, combined

or multimodal transport documents. When bills of lading are not used in the relevant trade, the parties should either use the terms "Free Carrier (name point)" or "Freight/Carriage paid to (name point)" or alternatively, stipulate in the F.O.B., C.& F. and C.I.F. terms that the seller should provide the buyer with the usual documents or other evidence of the delivery of the goods to the carrier;

- customs brokers' or freight forwarders' invoices relating to the supply;
- import documentation required by the country where the goods are exported; and
- copies of the documents from the foreign regulatory authority if the property has been licensed in the case of automotive vehicles, including boats, ships and aircraft.

For exports to the United States of America:

- embossed copy of U.S. Entry Summary, Form 7501 (this document is invalid unless filled out at the moment of exportation);
- U.S. Customs entry; and
- U.S. Certificate of Disposition of Imported Merchandise (Form 3227).

Stolen SUVs Crushed

Are insurers taking a new approach to the disposal of stolen and recovered vehicles?

At least one insurer recently did.

In a media event held at a Hamilton auto recycler on July 23, Economical Insurance crushed two theft-recovered SUVs while the TV cameras rolled. A white 2005 Cadillac Escalade and a silver 2005 GMC Denali met their end. The VINs had been altered on each and both SUVs had been fitted with salvaged parts from other vehicles.

Economical considered that the SUVs were too unsafe to re-sell and had them crushed.

They had been stolen in Toronto in 2009. Economical paid out over \$56,000 to their owners.

Five vehicles in total were recovered by Toronto police and arrests were made in 2010. Police said one person has been convicted.

OMVIC was also present at the event and pointed out the danger to the public of buying from curbsiders. The point was made to the media present that consumers who buy vehicles privately or from a curbsider are unprotected.

Only consumers who have purchased their vehicle from a registered dealer can turn to OMVIC for help, and if need be, file a claim with the Motor Vehicle Dealers Compensation Fund.

Hopefully, more and more consumers will get the message.

In the meantime, it will be interesting to see if insurers follow Economical's lead and start crushing stolen and recovered vehicles if they are deemed potentially unsafe to drive.

Indian Status Cards

A "Certificate of Indian Status", issued by the Government of Canada, remains the ONLY form of identification acceptable to exempt a Status Indian from paying HST.

The card must contain the words "Certificate of Indian Status".

These cards will also contain the words "Indian Affairs and Northern Development" or "Aboriginal Affairs and Northern Development Canada" in the top left corner.

It's important to check the back of the card for the words "Cardholder is not eligible for sales/transaction tax exemption". If these words are there, the individual presenting the card is NOT eligible for the tax exemption.

Other identification cards, such as "Metis", "First Nation" and "Aboriginal" cards are not issued by the Canadian Government and DO NOT exempt the holder from paying tax.

For a more detailed description of the exemption rules for Status Indians please visit www.ucda.org and click on "Sale to Status Indians" or give the Legal Department a call.

Registered Salespeople

Everyone knows only someone registered with OMVIC can buy or sell vehicles on behalf of a dealer. Anyone can check any dealership in Ontario to see who is registered at: <https://www.omvic.on.ca/RegistrantSearch/index.aspx>

Recently, a member was trying to renew his garage insurance and his insurer wanted to raise his rate based on the number of his "employees".

What surprised the dealer was that they considered he had more employees than he reported to them. More employees = higher risks = higher rates.

What the insurance company had done was check the dealer's registration status on OMVIC's website and came to the conclusion that, based on the list of people shown as "salespeople" at the dealership, he employed many more people than he actually did.

The dealer had failed to notify OMVIC when several salespeople moved on, giving the impression of a large staff.

This is another good reason to file the "Salesperson Cancellation Notice" form with OMVIC.

It's not just because it is required by the *Motor Vehicle Dealers Act, 2002*, or because there is a risk those ex-employees could still use your licence to buy cars and all the liability that could flow from that ... but also because it could cost you money in the form of higher insurance premiums!

**UCDA VEHICLE
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Fax: 416-232-0775

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PLAZA HOTEL**



An exciting and interactive day where the most influential industry professionals will gather to network, share insights, create new opportunities and have FUN!

REGISTRATION

Please register by :

Mail the completed Registration Form and payment to **Used Car Dealers Association of Ontario**
230 Norseman St
Toronto, Ontario M8Z 6A2

Fax the completed Registration Form to :
1 888 918-9310

Email : v.maclean@ucda.org

ATTENDEE INFORMATION

| | | | | | |
|--------------|---|--|---|---|--|
| ORGANIZATION | | ADDRESS | | | |
| CITY | PROVINCE | POSTAL/ZIP CODE | TELEPHONE NUMBER | FAX NUMBER | |
| SECTOR | <input type="checkbox"/> Car Dealer <input type="checkbox"/> OEM | <input type="checkbox"/> Remarketing <input type="checkbox"/> Auction | <input type="checkbox"/> Reconditioning <input type="checkbox"/> Fleet | <input type="checkbox"/> Leasing <input type="checkbox"/> Services | <input type="checkbox"/> Finance <input type="checkbox"/> Other <input type="checkbox"/> Association |
| NAME | JOB TITLE | | EMAIL | | |
| NAME | JOB TITLE | | EMAIL | | |
| NAME | JOB TITLE | | EMAIL | | |
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ATTENDEE REGISTRATION FEE

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| <p>Registration Fee (includes dinner) \$175 + \$22.75 = \$197.75</p> <p>Cocktail/Dinner Guest \$88.50+ \$11.50 = \$100</p> <p>TOTAL (\$) :</p> | <p>For assistance with registration, contact Valerie MacLean, UCDA Manager Membership Services Tel. 416-231-2600 or 1-800-268-2598 Email v.maclean@ucda.org</p> <p>Cancellation policy: All cancellations must be sent in writing to the Used Car Dealers Association of Ontario. Full refund less \$ 100 administration fee will be made for cancellations received on or before October 17th 2014. No refund after this date.</p> <p>HOTEL ACCOMMODATIONS International Plaza Hotel, 655 Dixon Road Toronto Reserve by October 17th to receive preferred rates Group rate code : REM Phone 1-800-668-3656 Fax 416-224-8031</p> |
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PAYMENT VISA, MASTERCARD, CHEQUE (MADE PAYABLE TO USED CAR DEALERS ASSOCIATION OF ONTARIO)

| | | |
|--|------------|-----------|
| <input type="checkbox"/> Visa <input type="checkbox"/> Master Card <input type="checkbox"/> Cheque | CARD NAME | |
| CARD NUMBER | EXPIRATION | SIGNATURE |