

RTG: 171

February 2007

For Historical Reference Only

Effective April 1, 2013, the Province of Prince Edward Island adopted the harmonized sales tax (HST). HST replaces the former provincial revenue sales tax (PST). The information provided on the PST is presented for historical reference only. Please refer to the [Canada Revenue Agency](#) for assistance with the application of the HST.

CAR WASH OPERATIONS

Introduction

This revenue tax guide explains how revenue tax, also called provincial sales tax (PST), applies to the following types of car wash operations:

- Self-Serve Car Wash
- Automated Car Wash
- Manual Car Wash
- Combined Manual/Automated Car Wash

Persons who sell taxable goods or services must register as vendors to collect and remit PST on all taxable sales. Register by completing and submitting an [Application for Registration as a Vendor](#) form, available at any Access PEI office or on-line at <http://www.taxandland.pe.ca/>

Self-Serve Car Wash

In most self-serve car washes, the customer parks his or her vehicle inside a bay fitted with car cleaning equipment such as soap/water sprayers, scrub brushes and vacuum stations. The customer pays a fee to the car wash operator for the right to use the wash bay and the equipment in it to clean his or her own vehicle. The fee paid by the customer to use the wash bay and equipment is not subject to PST.

Automated Car Wash

Automated car washes often consist of tunnel-like bays into which a customer drives his or her vehicle. The driver remains inside the vehicle while machinery inside the bay alternately sprays water, soap, and sometimes wax on the vehicle. The process is fully automated and no human labour is expended to wash, dry or wax the vehicle. The fee paid by the customer to use an automated car wash is not subject to PST.

Manual Car Wash

The *Revenue Tax Act* defines “repair and installation labour” as a “good.” The Regulations to the *Revenue Tax Act* define “repair and installation labour” to include the labour expended to clean taxable goods. Therefore, the GST included fee paid by a customer for a manual car wash is subject to PST.

Combined Manual/Automated Car Wash

In some instances, car wash operations involve both manual and automated components. Where the car wash operator provides the manual labour to hand wash, dry or wax all or part of the vehicle, before or after the vehicle goes through an automated car wash facility, the total GST included fee paid by the customer for the car wash is subject to PST.

Retail Sales of Soap, Shampoo, Wax, Air Fresheners, etc.

Some car wash operators sell cleaning or other products for a fee that is separate from the fee charged to use the car wash. Such retail or vending machine sales of cleaning and other products are subject to PST on the GST included selling price.

Car Wash Equipment

The purchase of car wash equipment is taxable to the car wash operator on the GST included purchase price, including the cost (if any) to ship the equipment into the province. Installation charges and repairs to car wash equipment are also taxable to the car wash operator. This interpretation, that car wash equipment is taxable as a good, and is not real property, is effective February 1, 2007.

Consumables

The purchase of taxable consumables, such as soap, shampoos, wax, air fresheners, vacuum bags and other required supplies, used by the car wash operator in all types of car wash operations are taxable to the car wash operator on his or her GST included cost.

Goods for Re-Sale

A car wash operator who is a registered vendor may purchase goods for retail sale, such as soap, shampoos and wax sold at retail or through vending machines, exempt of PST, by providing the supplier of these goods with his or her vendor registration number and class code.

Payment of tax on Purchases

If the car wash operator does not pay PST to his or her supplier at the time of purchase of car wash equipment or consumables, the car wash operator is responsible to self-assess and pay the PST as follows:

- If a registered vendor - in the "Tax on Purchases" section of the revenue tax return for the period in which the consumables were purchased, or
- If not a registered vendor, on a [Revenue Tax \(PST\) Self-declaration](#) form.

Further Information:

For copies of the [Revenue Tax Act](#) and [Regulations](#), forms and any inquiries regarding this Revenue Tax Guide, please contact:

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