

Refund of Tax Remitted on Parking Sales Written Off as Bad Debts



BULLETIN 001

TransLink Tax Bulletin

Issued by the South Coast British Columbia Transportation Authority ("TransLink")
under the South Coast British Columbia Transportation Authority Act

Revised 07/2025

This bulletin provides specific information to help businesses understand how to calculate and claim refunds of tax remitted on parking sales written off as bad debts.

Contents

- Overview 1
- Eligibility 2
- Calculating the Refund 2
- Claiming a Refund With a Parking Tax Return 3
- Supporting Documentation..... 4
- Payments Received After Obtaining a Refund 4
- Time Limits 5
- Records..... 5
- Penalties..... 5
- Contact 5

Overview

Under the *South Coast British Columbia Transportation Authority Act*, Parking Tax must be collected at the time of a parking rights sale.

Where credit has been extended to the purchase, the business may have remitted the Parking Tax due on the sale before it has been collected from the purchaser. If such an account, or portion of such an account, later becomes uncollectible and is written off as a bad debt, the business is entitled to a refund of the amount that was remitted to TransLink, but uncollected from the purchaser.

Eligibility

You may claim a refund of the Parking Tax that you remitted, provided:

- no payment, or only a partial payment, was received on the account; and
- the account has been written off as a bad debt.

If you receive any payment, in whole or in part, on the bad-debt account after obtaining a refund, you are required to remit tax on the amount that you received (see section on page 4, *Payments Received After Obtaining a Refund*).

Calculating the Refund

NO PAYMENT RECEIVED

If you remitted the full amount of Parking Tax based on a credit sale for which you received no payment, and the account is written off as a bad debt, you may recover the full amount of tax remitted for that sale. For example, if you remitted \$89.21 in Parking Tax and received no payment on the sale, you are entitled to a refund of \$89.21.

PARTIAL PAYMENT RECEIVED

If you remitted the full amount of Parking Tax on a credit sale but received only a portion of what is owing before writing the account off as a bad debt, you are entitled to a proportional refund of the tax that was remitted but which you were not able to collect.

FORMULA FOR CALCULATING PARTIAL PAYMENT REFUNDS

For the purposes of claiming a bad-debt Parking Tax refund:

- unpaid interest charges may not be included in the unpaid transaction price being written off as uncollectable; and
- any payments received from your purchaser must be applied against the transaction price, excluding any interest charges.

You calculate the amount of the tax refund on a bad-debt transaction as follows.

Parking Tax remitted
on the transaction

×

The amount of money remaining unpaid on the transaction that was written off as uncollectable, not including interest charges

The total amount payable on the transaction including all applicable taxes, not including interest charges

The total amount payable includes Parking Tax and GST, and all charges payable by your purchaser to obtain the parking right, but does not include any interest charges.

EXAMPLE A – PARKING SALES TAX (WHERE GST AND PARKING TAX ARE INCLUDED IN THE PRICE)

Total amount of sale (\$380 purchase price, inclusive of Parking Tax/GST)	\$380.00
Parking Tax remitted (5% of sales after tax discounted from the price)*	\$81.36
Received on account	\$100.00
Interest charges**	\$20.00
Amount being written off (\$380.00 – \$100.00)	\$280.00

$$\$81.36 \times \frac{\$280.00}{\$380.00} ** = \mathbf{\$59.95 \text{ refund}}$$

* Please refer to **Bulletin 105, Motor Vehicle Parking**, for details on how to calculate parking tax remittance from a sale where taxes committed are included in the price.

** Note that the interest charge is not included in the refund calculation.

Claiming a Refund With a Parking Tax Return

You may obtain a bad-debt refund by claiming a reimbursement on your tax return.

You enter the amount of the refund, as calculated above, on the appropriate Adjustments line and subtract it from the amount of tax due.

This reduces the total amount of tax due and payable for the current reporting period by an amount equal to what you remitted in a previous reporting period but were unable to collect.

Please note that you cannot claim a refund on the Parking Tax Return if the amount being claimed exceeds the amount of Parking Tax otherwise due.

You need to include supporting documentation with your tax return described in the section below, Supporting Documentation.

Please note: If you want to claim a general refund for overpayment of Parking Tax before the prior or current reporting period, you may do so by applying to TransLink. Please see **Bulletin 008, Refunds of Overpayments of Parking Tax**.

Supporting Documentation

When claiming a refund for an amount remitted on accounts being written off as bad debts, you must include the following information with your Parking Tax Return or your refund application:

- names and addresses of purchasers whose accounts have been written off;
- the full amount of each sale and the Parking Tax involved;
- the payment received, if any, on each sale; and
- the date each sale took place.

Also, you must attach and sign a statement certifying that:

- either no payment or only partial payment was received on the account;
- the amount of Parking Tax claimed for reimbursement has actually been written off as a bad debt and, in your opinion, is not collectable; and
- in the event you receive payment, in whole or in part, on the bad-debt account after obtaining a refund, you will remit the Parking Tax due on the amount that you subsequently received on the account.

Payments Received After Obtaining a Refund

If you receive any subsequent payment on an account that you have already written off and for which you have obtained a refund of Parking Tax, you must remit the tax on the subsequent payment you received.

To calculate how much you must remit, re-calculate the amount of your refund as though the subsequent payment had been received before you wrote the account off.

For example, if you received a \$120 subsequent payment on the bad debt written off, as in Example A on page 2, recalculate the amount of your refund as follows.

EXAMPLE B – PARKING SALES TAX (WHEN REMITTANCE IS NEEDED)

Total amount of sale (\$380 purchase price, inclusive of Parking Tax/GST)	\$380.00
Parking Tax remitted (5% of sales after tax discounted from the price)*	\$81.36
Received on account (\$100 original payment plus \$120 subsequent payment)	\$220.00
Amount being written off (\$380.00 – \$220.00)	\$160.00

$$\$81.36 \times \frac{\$160.00}{\$380.00}^{**} = \mathbf{\$34.26 \text{ refund}}$$

Subtract this new refund amount from the amount you have already obtained to arrive at the amount you must remit on the \$120 subsequent payment.

$$\$59.95 - \$34.26 = \mathbf{\$21.41 \text{ to be remitted}}$$

Time Limits

You need to claim a refund for Parking Tax paid as soon as possible after the bad debts are written off your books. There is a **four-year** limitation period for refunds and only claims received within four years of the date you paid the tax are eligible for a refund.

Records

You must retain your parking tax-related records for at least **five years**. You need written authorization from TransLink to destroy any parking tax-related records that are less than five years old.

Penalties

Where a false statement is made that results in the wilful non-payment or non-remittance of Parking Tax due, the legislation imposes penalties in addition to an assessment for the tax that should have been remitted or paid. The courts may also impose fines and/or imprisonment. These sanctions include false statements used to obtain a refund.

Need More Information?

Telephone:

(778) 375-7829 Mon–Fri 8:00am to 4:00pm

E-mail:

parkingtax@translink.ca

Website:

translink.ca/parkingtax

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. Any conflict or inconsistency between applicable legislation and this bulletin will be resolved by referring to applicable legislation. Access to the *South Coast British Columbia Transportation Authority Act* and Regulations are available on our website at **translink.ca/parkingtax**.
