

**Example 1: Buying a Used Car from a Dealer**

Ken goes to a used car dealership in Dauphin to buy a used car. The sticker price is \$4500. Calculate the final cost of this car, after taxes.

$$\begin{aligned} \text{Cost of car} &= \text{sticker Price} + 12\% \text{ taxes} \\ &= 4500 \times 1.12 \\ &= \boxed{\$5040} \end{aligned}$$

**Example 2: Buying a Used Car Privately**

Jacob finds a used car from a private seller on Kijiji and pays the seller \$6500 for the car. When Jacob goes to Autopac to insure the car, the agent tells him that the book value is \$6850.

- a) State the amount of money that Jacob will pay to the seller.

The buyer do not pay the taxes to the seller.  
So, Jacob will pay the seller \$6500

- b) Calculate the amount of PST that will be charged by the insurance broker.

The buyer (Jacob) will have to pay the PST on the book value.  

$$\begin{aligned} &= \text{Book value} + 7\% \text{ (PST)} \\ &= 6850 \times 0.07 \\ &= \boxed{\$479.50} \end{aligned}$$

- c) Determine the total amount of money that Jacob will pay for the car.

Jacob will pay for the: car + PST  

$$\begin{aligned} &= 6500 + 479.50 \\ &= \boxed{\$6979.50} \end{aligned}$$

In order to purchase a used car in Manitoba, the car must have undergone a provincial safety inspection (often referred to as a '**safety**' – you might ask if the car has been '**safetied**'). This can be paid for by the seller OR the buyer. The charge for safety inspections is subject to GST ONLY.

**Example 3: Safety Inspection**

Phil wants to buy a used car. He takes it for a safety inspection which costs him \$60 plus tax.

Determine the final cost of the safety inspection, after taxes.

There's NO PST on safety inspection, but GST.  

$$\begin{aligned} \text{Cost of safety inspection} &= 60 \times 1.05 \\ &= \boxed{\$63} \end{aligned}$$