

As discussed under the *tax rates* table, a **lien search** (pronounced 'lean') can be run on a used car that you suspect might still have money owing on the car. Although this is uncommon, a relatively inexpensive search can make sure that there is no lien on the car. If you purchase a car with a **lien**, you become responsible for paying the creditor that has a claim to the car!

(NOTE: No PST or GST on lien search)

Example 4: Lien Search

You are interested in purchasing a used car, but you are unsure about the seller. You would like to conduct a lien search. You visit the property registry web page (https://www.tprmb.ca/tpr/personal_property/overview.html), and find out that a lien search costs \$14 if you want a paper copy of the report, and \$10 for an electronic version of the report.

- a) Why do you think it is cheaper for an electronic copy of the report than for a paper copy of the report?

Paper copy cost more because of the cost of printing a report and postage.

- b) You opt for an electronic report. Use the *tax rates* table to determine the cost of the lien search, after taxes.

Since there are no taxes on a lien search, the cost of an electronic report = \$10

Example 5: Putting It All Together

Clarence is going to buy a used car from a co-worker. He will pay the asking price of \$13 200. He wants to perform a lien search (\$14), and needs to have the car safetied (\$75). If the book price of the car is \$12 000, calculate the total amount that Clarence will pay for the used car.

(There is GST on safety → No PST)

Total amount = (Asking Price + PST) + Lien + (safetied + GST)

$$\textcircled{1} \text{ Asking Price } = \$13\,200 = (13\,200 + 924) + 14 + (75 + 3.75)$$

$$\textcircled{2} \text{ PST on } 13\,200 \times 0.07 = 924$$

$$\text{Asking Price } 924 = 14\,124 + 14 + 78.75$$

$$\textcircled{3} \text{ Safety} = 75 \times 0.05 = 3.75$$

$$= \boxed{\$14\,216.75}$$