



Consumer Information Package

About the VSA

Introduction

The Vehicle Sales Authority of British Columbia (VSA) is a regulatory agency authorized by the provincial government to administer and enforce the *Motor Dealer Act* and portions of the *Business Practices and Consumer Protection Act*, as it relates to the sale of personal-use motor vehicles.

As a not-for-profit organization, the VSA is led by an eleven-member Board of Directors of vehicle sales industry representatives, government appointees and members of the general public.

Incorporated under the *Society Act of B.C.* in July 2003 as the Motor Dealer Council of British Columbia, the agency operates under a delegation agreement with the provincial government. Under the agreement, the primary responsibility of the VSA is to maintain and enhance consumer protection and public confidence in the motor vehicle sales industry.

Vision

A professional motor vehicle sales industry serving responsible consumers

Mission

Continuing to build a successful motor vehicle sales marketplace through education and compliance

Values

INTEGRITY

RESPECT

TEAMWORK

EXEMPLARY SERVICE

Goals & Strategies

Informed and Educated Marketplace

A marketplace where both the public and motor vehicle industry are informed of their rights and obligations during the purchase and sale of a motor vehicle

- Enhance existing strategies for public awareness, including partnerships with other consumer agencies and the industry
- Increase visibility of the VSA in the marketplace
- Continue existing licensee certification and continuing education programs

Stakeholder Engagement

Maintain confidence in the VSA with all stakeholders

- Engage in projects and initiatives that advance stakeholder confidence in the VSA

Compliant Marketplace

A marketplace where motor vehicle transactions are completed in an open and transparent manner

- Continue to have trained and knowledgeable salespeople
- Continue to monitor dealers to ensure compliance

Accountability and Fairness

Operate the VSA in a fair and fiscally responsible way while fulfilling its mandate

- Effectively manage operating expenses
- Maintain a professional and engaged staff
- Provide exemplary service to licensees and the public

Confidence in the Marketplace

Increase the confidence of the buying public in the regulated vehicle sales marketplace





Smart buying starts at home

Set your budget with all the costs in mind

- Taxes
- New vehicles: charged 7% PST and 5% GST, and may include a luxury surtax depending on the vehicle
- Used vehicles: charged 7% PST and 5% GST, but only on the difference between purchase price and trade-in value (tax advantage*); luxury tax may also apply
- Used vehicles bought privately: charged 12% PST
- Tire levy
- Negotiable dealer fees such as documentation, administration and finance placement fees.

*Tax advantage

Tax legislation allows the taxable value of a vehicle purchase to be reduced by the value of any trade-in. This can result in a tax benefit not available with private purchases. Example:

- New vehicle price—\$25,000
- Less value of trade-in—\$10,000
- Taxable value—\$15,000
- Tax savings at 12% (GST and PST) - \$1,200

- Extras you may want or need
- The cost of fuel and maintenance
- Insurance
- Licensing fees

Know your vehicle needs

- Gas mileage
- Seating capacity
- Towing capacity
- Cargo and trunk area
- Snow or other traction needs
- Parking height and size restrictions

Research the vehicles that meet your needs and your budget

- Visit a library or bookstore to read consumer and automobile magazines
- Go online to consumer and automobile websites
- Talk to your mechanic about which vehicles offer good value
- Study ads to get an idea of prices
- Use the Canadian Black Book to value your trade-in

JD Power reports that consumers spend an average of 17 hours researching vehicles before they buy. Twelve hours, or 70% of that research is done online.

Consider things other than price

- Safety
- Gas mileage
- Reliability
- Warranties
- Vehicle features and options
- Resale value & depreciation



Know the benefits of buying a used vehicle from a licensed dealer

- Dealers must comply with strict standards
- Dealers often have financing available
- Dealers often offer a range of warranties
- Many dealers have service departments
- Dealers make an investment in their staff, operations, reputation and community
- Dealers contribute to a customer compensation fund for eligible claims
- The Vehicle Sales Authority can assist you only if you buy from a licensed dealer
- There is a tax advantage if you use your vehicle as a trade-in at a dealer

Know the strict standards dealers must follow

- Dealers must disclose if a vehicle has been registered out of province
- Dealers must disclose if a vehicle was used as a lease, rental, taxi or emergency vehicle
- Dealers must disclose prior damage over certain limits
- Dealers must disclose anything that would be material to your decision
- Dealers must guarantee that their vehicles are free of liens
- Dealers must comply with strict standards when leasing a vehicle
- Dealers must offer used vehicles that meet minimum safety requirements, or
- Dealers must declare vehicles as Not Suitable for Transportation and be towed from the dealership

Buying online or at a distance

Many dealerships offer the option to shop online. However, most still require a visit to the dealership to complete the purchase because the laws regarding these sales are more complex.

- A long distance contract can be canceled, but only in very specific situations.
- The *Sale of Goods Act* says a person is not deemed to have accepted the goods until they have had a reasonable opportunity to inspect them on delivery and the seller must provide a reasonable time to inspect. In other words, the deal is not actually done until a reasonable opportunity to inspect has occurred.

Avoiding online scams

- Check the VSA list of online scams
- Is the business licensed in the state or province indicated?
- Does the address on Google Maps Street View look like a dealership
- Who controls the website? Paste the web address of the business into the Who is Lookup to learn when the webpage was created and the registrant of the web domain. The person registering web domains may be a proxy or agent, but the address may still be of interest





Things to know before you go

Choose the right dealer

- Talk to friends and family to see if they can recommend a dealer
- Check to see that the dealer is licensed with the VSA
- Check with the Better Business Bureau of Mainland B.C. or Vancouver Island

Know the advertising rules

- Whenever the price of a vehicle is included in an advertisement, it must be the total price of the vehicle. Total price means the total amount that you must pay to purchase the vehicle. This can include dealer fees shown in the fine print of an ad. For a new vehicle, this includes:
 - ⇒ The cost of any accessories or optional equipment that is physically attached to the vehicle
 - ⇒ Any transportation charges
 - ⇒ The cost of any pre-delivery and inspection service charged by the dealer

Advertising of financing and leasing options must include any interest or other cost charged and the finance calculations.

Understand documentation and other dealer fees

- Ask about these fees while negotiating a price
- Special charges that are clearly stated in advertising or openly discussed as a part of the negotiating process are acceptable under B.C.'s consumer legislation
- Standard or required fees that are not shown in advertising, added after the customer believes a final price has been negotiated and not discussed until the final papers are being signed are likely illegal

Savings claims must be real

- A dealer must not advertise or claim that a price benefit or savings exists when it is not a true savings
- When a vehicle is advertised at a sale price, the sale price must be a real cost saving for the purchaser
- For example: If a vehicle had never been sold at MSRP, MSRP cannot be used to calculate a savings. However, simply stating the MSRP* is acceptable

*MSRP

Manufacturer's Suggested Retail Price (MSRP) or sticker price, means the price of a new vehicle that

- is labelled and priced by the manufacturer and not by the dealer
- Is the price the manufacturer recommends that the dealer sell the new vehicle for
- Includes a list of all accessories and items of optional equipment physically attached to the new vehicle and the individual price of each accessory or item of optional equipment
- Includes transportation charges for its delivery to the dealer, and includes any pre-delivery and inspection charges.





If different prices are advertised

- If a vehicle is advertised in different places, all advertised prices for a vehicle must be the same
- Advertising includes newspaper, television, radio, internet and sticker prices
- If there is a difference in pricing, under the *Competition Act*, you are entitled to the lowest price

Plan your buying trip

- Purchasing a vehicle may take a few hours
- Don't be in a hurry when making an important decision and signing legal documents
- Don't take children, if at all possible
- Bring someone you trust who knows about vehicles, financing and sales transactions

Find a salesperson who:

- Makes you feel comfortable
- Wants to find the vehicle that meets your needs
- Answers your questions to your satisfaction
- Wants to build a relationship for future sales
- Displays their VSA Salesperson Licence





Transaction tips

Getting started at the dealership

Depending on the size and practices of the dealership, you may work with one or more people. A salesperson will show you vehicles and answer your questions about features and options. This focus on the vehicles that meet your needs and your budget is known as qualifying a customer. If you're buying used, this is the time to ask for the vehicle history reports and the mechanical inspections for the vehicles that interest you.

Negotiating

While negotiating the price and terms for the specific vehicle you selected, remember that everything in a vehicle transaction is negotiable, with the exception of taxes. Dealer fees should be discussed as part of the price, if they were not already clear from the advertising. Some dealers will use a Worksheet or an Offer to Purchase to discuss terms and prices. The purchase offer should include all the items that are part of the total transaction, not just the price you're willing to pay. If you are asked to make a deposit, be sure the terms of the deposit are noted in writing. You should agree to the final price and terms before going forward or taking the vehicle home.

Documentation

Often done in the Business Office, the purchase or sale agreement, tax and transfer forms will be completed. You may be offered products such as warranties, protection packages and insurance products, like security etching. You must approve these purchases to be charged for them. The motor dealer must give you a copy of the sale or purchase agreement at the time the agreement is accepted. Be sure to keep a copy of the agreement in your records.

The purchase or sale agreement

Review every section of this document, including the back, and have the dealership representative fill in all areas or put a line through them. Don't take the signing of this document lightly. Have terms you do not understand explained to you.

Once it's signed, the dealer can accept it, binding you to buying the vehicle. Unlike a lease, there is no return or cooling-off period for the purchase or financing of a vehicle. A written sales agreement for a new vehicle must include:

- the name and address of the seller and the purchaser
- the date of the sale
- the make, body type, model year, and VIN of the vehicle
- details and price of equipment or accessories added to, or removed from, the vehicle
- the actual selling price of the vehicle and taxes payable
- the down payment or deposit, including any trade-in value, and the terms and conditions about the refund of the deposit
- the balance to be paid by the purchaser
- an itemized list of any other charges the purchaser is responsible for, including insurance and licence fees, if they are to be added to the contract price

Other items that must be included for a used vehicle:

- any documentation fee or transfer fee
- the actual odometer reading at the time of sale
- the name of any province, state or country outside of BC in which the motor vehicle was registered
- an itemized list of any repairs that were agreed upon as part of the sale and the additional cost, if any
- a statement that the motor vehicle complies with the requirements of the Motor Vehicle Act
- Or, if the vehicle is not roadworthy, a statement declaring the vehicle Not Suitable for Transportation.
- Getting copies of all documents

Other documents you should get

- ICBC Transfer and Tax Form (APV9T)
- ICBC Insurance forms
- Financing Agreement or Lease Agreement
- Warranty documents
- Vehicle History Report and Lien check
- Mechanical Inspection Report