

Lesson 6 Buying Used

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Things to consider when buying a used vehicle

- rust
- lien search/carfax using VIN
- fuel economy
- # of km's
- how easy to get replacement parts for that make and model
- condition of tires
- safetied or not?
- check engine/under the hood
- test drive

Definitions

Lien: a claim on a vehicle by another person/company to whom the owner owes money ie. a bank

Book value: the standard price given for a specific vehicle

Cost of Purchasing a Used Vehicle Privately

- 1.) Cost of the vehicle
- 2.) Diagnostic test and/or repairs (plus PST & GST)
- 3.) PST of the book value or purchase price
(whichever is higher)
- 4.) Safety (plus GST)
- 5.) Lien search (taxes included in cost)
- 6.) Add costs from #1-5

on
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When buying a used vehicle from a dealership, you must pay both PST and GST. 7%
5%

Example 1

Tim buys a ~~new~~^{used} vehicle from a dealership in Selkirk. If the sticker price is \$12 500, calculate the cost of the vehicle.

$$\begin{aligned} \$12\,500 \times 1.12 \\ \$14\,000 \end{aligned}$$

* If bought from a private seller

$$\begin{aligned} 12\,500 \times 1.07 \\ \$13\,375 \end{aligned}$$

Example 2

Anne buys a used vehicle from a private seller. The list price of the vehicle is \$9875 while the book value is \$9500.

Additional costs are:

- ✓ Diagnostic test \$90
- ✓ Repairs \$825
- ✓ Lien search \$23.50
- ✓ Safety inspection \$140

Determine the total cost of the vehicle.

① Cost

$$\boxed{\$9875}$$

② Repairs/Diagnostic

$$\begin{array}{r} 825 \\ 90 \\ \hline 915 \end{array} \begin{array}{l} \\ \\ \text{both} \\ \text{+ taxes} \end{array}$$

$$\begin{aligned} 915 \times 1.12 \\ \boxed{\$1024.80} \end{aligned}$$

③ 9875×0.07

$$\boxed{\$691.25} \leftarrow \text{PST}$$

④ Safety + GST

$$\begin{aligned} 140 \times 1.05 \\ \boxed{\$147} \end{aligned}$$

⑤ Lien search

$$\boxed{\$23.50}$$

* Taxes are calculated in each step.

⑥ Add up costs from #1-5

$$\begin{array}{r} 9875 \\ 1024.80 \\ 691.25 \\ 147.00 \\ + 23.50 \\ \hline \end{array}$$

$$\boxed{\$11\,761.55} \leftarrow \text{total cost}$$

Example 3

Danica is buying a used vehicle from a private seller asking ~~\$10 200~~. The book value of this vehicle is ~~\$11 000~~. She needs to do a lien search for \$20 and a diagnostic test for ~~\$100~~. From the diagnostic test, it is determined the vehicle needs minor repairs that will cost ~~\$345~~. She also requires a safety check of the vehicle which costs ~~\$150~~. Determine the total that Danica will pay for this vehicle.

$$\textcircled{1} \quad \boxed{\$10\,200}$$

$$\textcircled{5} \quad \boxed{\$20}$$

$$\textcircled{2} \quad \begin{array}{r} 100 \\ 345 \\ \hline 445 + \text{both taxes} \end{array}$$

$$445 \times 1.12$$

$$\boxed{\$498.40}$$

$$\textcircled{3} \quad \text{PST on book value}$$

$$\$11\,000 \times 0.07$$

$$\boxed{\$770}$$

$$\textcircled{4} \quad 150 + \text{GST}$$

$$\$150 \times 1.05$$

$$\boxed{\$157.50}$$

$$\textcircled{6} \quad \text{Total}$$

$$10\,200$$

$$498.40$$

$$770.00$$

$$157.50$$

$$+ \quad 20.00$$

$$\hline \$11\,645.90 \quad \leftarrow \text{final answer}$$