

Commercial Vehicle Safety Compliance In Alberta

Effective: May 2011



MODULE 1

Getting Started

Overview

The Vehicle Safety and Carrier Services Branch of Alberta Transportation has prepared this guide to assist and ensure that commercial carriers operate safely and are compliant with the regulations that govern highway use. The Province of Alberta, other Canadian jurisdictions, the Government of Canada, and the Transportation Industry developed the National Safety Code (NSC) to help reduce the number and severity of collisions. Each jurisdiction has used the NSC standards as guides in drafting their own transportation safety legislation. This approach promotes uniformity across Canada and helps to ensure that the transportation industry remains as viable and sustainable as possible.

Provincial (operates solely in Alberta) and Federal (operates in and outside of Alberta) National Safety Code legislation applies to Alberta carriers who have commercial vehicles registered that are:

- Trucks, tractors or trailers or a combination of these vehicles that are registered to Provincially regulated motor carriers and have a registered gross weight of 11,794 kilograms or more;
- Buses with a manufactured seating capacity of 11 persons or more, including the driver (provincially and federally regulated);
- Trucks, tractors or trailers, or a combination of these vehicles that are registered to Federally regulated motor carriers and have a registered gross weight greater than 4,500 kilograms.

Provincial and Federal carriers must meet different standards. It is important for carriers to understand the differences prior to deciding if they wish to operate outside of Alberta. For more information visit our Operating Status web page located at www.transportation.alberta.ca/661.htm.

The guide contains several modules, each dealing with a specific topic. To get a complete picture of compliance requirements, you should obtain the complete guide. If you intend to use certain parts of this guide only, for example Module 1, Getting Started, it is recommended that you also obtain the “Introduction” and the “Appendices”.

This is a guide only and is not meant to be a substitute for the actual legislation.

Getting Started

Learning Objectives

As you work through this module, you will be able to:

- ✓ Review information about and consider writing a business plan;
- ✓ Obtain municipal business licenses and permits;
- ✓ Apply for an Alberta Safety Fitness Certificate for trucks and buses;
- ✓ Apply for an Alberta Operating Authority Certificate for buses;
- ✓ Obtain carrier insurance coverage;
- ✓ Apply to be a member of the International Registration Plan (IRP);
- ✓ Report fuel taxes when operating in different jurisdictions under the International Fuel Tax Agreement (IFTA);
- ✓ Apply for a Business Number for Goods and Services Tax (GST), corporate income tax, import/export tax and payroll deductions;
- ✓ Deduct employment insurance, Canada Pension Plan contributions and employee income tax;
- ✓ Participate in and know employer responsibilities for the workers' compensation program.

This module provides a summary of some of the items which must be addressed when setting up a trucking or busing business. It is important to do as much in-depth research as possible on each of these items before getting on the road.

Step 1: Starting Your Business - The Business Plan

Starting a business need not be difficult or frustrating, nor does it have to be expensive. Doing a bit of research, deciding what you really want to do and putting that in a business plan will guide you towards success. Your business plan will also be useful if, or more likely when, you require assistance from bankers, accountants and lawyers.

There are many written resources available to help you write a business plan. These are available from libraries, bookstores, Alberta Economic Development or from your local Chamber of Commerce. You can use these resources to write your own plan or you could hire a professional to write your plan. Whatever you decide to do, initially at least, your business plan should be fairly simple and easily updated.

Once you have a clear idea of what you will be doing, you will need to set up the business. In Alberta, businesses can be set up as a sole proprietorship, a partnership, or a limited company. Each of these has different setup procedures, legal requirements and financial consequences. Since you will eventually need a legal representative to set up your business, it is worthwhile discussing the type of business which meets your intent with a lawyer.

Financial accounting is very important for the successful operation of any business. As part of preparing your business plan, you should visit an accountant to discuss financial record keeping, business forms, choosing an appropriate year end, tax and other records, as well as account fees.

In summary, you need to consider the following:

- Talk to your banker about the bank's requirements;
- Talk to your accountant about accounting requirements;
- Set up your company using the services of a lawyer;
- Draft a business plan.

Step 2: Obtaining Business Licenses and Permits

In Alberta there is legislation dealing with business licenses and permits. Licenses and permits usually serve two roles. First, they protect the public and businesses from unfair trade practices. Second, they provide government with information to help decide such programs as tax assessment, aid to business, and enforcing labour regulations.

Each municipal government (city, town or county/rural municipality) has the authority to issue its own business licenses within its jurisdiction. Since each municipality differs, you should consult with local officials to decide how your business will be affected by local regulations, local taxation, licenses or zoning requirements. You may also need to obtain licenses in municipalities in which you are not located but carry out business. Depending upon the type of business you have, other regulations may apply. These include health and fire regulations, transportation regulations, environmental legislation, labour laws and providing for the health and safety of workers.

For more information on municipal regulations and licenses, contact the clerk of the city, town, village or rural municipality where you plan to do business. The telephone numbers can be found in the telephone book or through Directory Assistance.



Notes

Some businesses require licensing and/or bonding under the *Fair Trading Act*. To find out if your business is regulated, contact:

Alberta Government Services

Consumer Services Division

Edmonton 780-422-1335

Calgary 403-297-5743

In other areas of Alberta, first dial 310-0000 to be connected toll-free.

Additional information is also available from:

Alberta Government Services

Consumer Information Center

Phone: 877-427-4088 (toll free);

Web site: http://servicealberta/consumer_info.cfm



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Step 3: Obtaining an Alberta Safety Fitness Certificate or an Alberta Operating Authority Certificate

Anyone wanting to operate a commercial vehicle in Alberta to transport goods or passengers must obtain an Alberta Safety Fitness Certificate and/or an Alberta Operating Authority Certificate from the Registrar. This is required under the *Commercial Vehicle Certificate and Insurance Regulation (AR314/2002)* (Sections 2 and 19) or the *Motor Vehicle Transport Act of Canada, 1987* (Section 7). A Safety Fitness Certificate allows the operation of all commercial vehicles that are registered in the same personal or corporate name as that on the Safety Fitness Certificate.

Persons may obtain a National Safety Code application form from a Registries Agent or by downloading it from Alberta Transportation web site at:

www.transportation.alberta.ca/Content/docType276/Production/sfcapp.pdf

Carriers registering a commercial truck for a weight of 11,794 kilograms or more or a vehicle designed to seat 11 or more persons for the first time, may obtain a Temporary 60-Day Safety Fitness Certificate from a Registries Agent. Carriers must then return the completed application to Carrier Service, Alberta Transportation within those 60 days.

The Registrar is responsible for issuing Safety Fitness Certificates for commercial trucks and buses. A non-refundable application fee of \$50.00 must be paid before a permanent Safety Fitness Certificate will be issued.

Trucks

Persons who operate a truck registered for a weight of 11,794 kilograms or greater, and who operate solely within Alberta require a Safety Fitness Certificate under Provincial legislation. Persons (including farmers) who register a truck for a weight of more than 4,500 kilograms and operate this vehicle outside of Alberta require a Safety Fitness Certificate under Federal Legislation.

The following do not require a Safety Fitness Certificate under Provincial legislation:

- Persons that only have trucks registered for a weight less than 11,794 kilograms or more and that operate solely within Alberta;
- Commercial vehicles that are primarily used to transport agricultural products within Alberta only. The driver must be a farmer or an employee of the farmer who owns or produces the agricultural product being transported;
- Two or three axle commercial vehicles that are mainly used to transport primary products of a forest, lake or river. The driver or the employer of the driver must have produced the primary product;
- Commercial vehicles to which a permit has been issued under section 62 of the *Traffic Safety Act*;
- Commercial vehicle that is exempted by the Registrar.

There are no exemptions to the requirement to obtain a Safety Fitness Certificate under Federal Legislation.

Buses

A bus is a commercial vehicle that has a manufacturer's seating capacity originally designed for 11 or more people, including the driver. It is used (or intended to be used) to transport passengers. Carriers operating such vehicles require Safety Fitness Certificates as set out under the *Commercial Vehicle Certificate and Insurance Regulation* (AR314/2002) or the *Motor Vehicle Transport Act, 1987*, (Section 7).

Where a carrier is required to obtain an Operating Authority Certificate, a Safety Fitness Certificate will not be issued until the Operating Authority has first been obtained. Some applications for Operating Authority Certificates may have to be advertised.

Once an Operating Authority has been issued, a carrier may obtain vehicle registration. Carriers will then be required to complete and submit an application for a Safety Fitness Certificate within 60 days. The maximum term an Operating Authority Certificate or renewal can be valid for is three years.

Permits for Buses

Carriers operating one or more buses on an irregular schedule or in an unscheduled manner must obtain an Operating Authority Permit to operate in Alberta in lieu of a Certificate, subject to the criteria listed below.

- A carrier is limited to 12 single trip Operating Authority Permits per calendar year.
- A carrier with a bus registered outside Alberta but which is entering Alberta with passengers and not picking-up passengers in Alberta requires a single trip permit for Operating Authority.
- A school bus used for out of school activities requires a single trip permit for Operating Authority.
- A carrier with a bus registered outside of Alberta but which is entering Alberta and picking up passengers in Alberta must contact three carriers that already hold an Operating Authority Certificate and obtain their support. The carrier must apply in writing to the Registrar for an Operating Authority before the trip starts.
- Alberta based carriers transporting passengers for compensation may get a single trip permit in lieu of a full Operating Authority Certificate.



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Step 5: International Registration Plan (IRP)

The International Registration Plan (IRP) is a North American agreement for sharing commercial vehicle registration fees. Carriers operating Alberta-plated vehicles in other jurisdictions can apply through Alberta Transportation Prorate Services for registration in other Canadian provinces or territories or in individual states of the United States.

Under the IRP, a carrier files an application in their “home” jurisdiction. The IRP agreement allows the base jurisdiction to collect the registration fees for the other IRP jurisdictions. These fees are based upon mileage and weight information submitted by the carrier.

The base jurisdiction issues cab cards for each vehicle. The cab card is the only license credential needed to operate a vehicle in all the member IRP jurisdictions. The cab card lists all the IRP jurisdictions and corresponding weights that the carrier has requested.

All member IRP jurisdictions are required to comply with the following three basic concepts of the Plan:

1. Issuance of an apportioned license plate;
2. Issuance of a single registration document (or cab card);
3. Allowance to operate within or between jurisdictions.

An IRP Apportioned Registration does NOT:

- Exempt a carrier from the payment of motor fuel taxes in any province or state;
- Exempt a carrier from obtaining a bus Operating Authority Certificate and or a Safety Fitness Certificate from a province in which the apportioned vehicle operates;
- Permit a carrier to exceed maximum height, length, width, and axle limitations.

An IRP fleet must consist of at least one power unit with no limit to the number of additional power units to be licensed to operate under the same fleet type.

Additional requirements include:

- A power unit with two axles must have a gross vehicle weight or registered gross vehicle weight in excess of 11,794 kilograms (26,000 pounds);
- A power unit with three or more axles, regardless of weight; or, used in combination, when the weight of such combination exceeds 11,794 kilograms;
- Proof of residency.

When jurisdictions have different requirements, Alberta Transportation Prorate Services will issue cards to accommodate these differences.

Information is available through Alberta Transportation Prorate Services.

Phone: 403-297-2920 or toll free within Alberta by first dialing 310-0000, and at the IRP web site www.aamva.org/irp.



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Step 6: International Fuel Tax Agreement (IFTA)

The province of Alberta is a member of the International Fuel Tax Agreement (IFTA). This agreement among Canadian provinces and American states simplifies the reporting of fuel taxes by commercial carriers who operate in more than one member province or state.

In order to register under IFTA, the minimum registered gross vehicle weight (GVW) requirement is more than 11,794 kilograms (26,000 pounds) or a unit with 3 or more axles, regardless of weight.

Information is available from Alberta Revenue 780-427-3044, 403-297-5200 or toll free from within Alberta 310-0000, and at the web site www.finance.gov.ab.ca.



Notes

Step 7: Taxes and Duties

Goods and Services Tax and Excise Tax

Under the Goods and Services Tax (GST), most goods and services sold or provided in Canada are taxable at a rate of seven percent (7%). A limited number of goods and services are exempt from the GST.

Most individuals and organizations engaged in commercial activities in Canada who have worldwide taxable sales of more than \$30,000 in any previous four consecutive calendar quarters or in any one calendar quarter must register for, collect and pay the GST.

All taxi operators must register for GST, regardless of revenues. After you have registered, you will be assigned a Business Number.

The Business Number (BN) is an identifier given to each business. It is a single number that remains the same no matter how many accounts the business has. The same BN is used for the following:

- Corporate income tax;
- GST;
- Import/export;
- Payroll deductions.

All new businesses registering for any one of these accounts receive a BN. Applicants can call 800-959-5525 to register a new business. Other information on Business Numbers or GST is available from the Canada Revenue Agency, phone 800-959-5525 or web site www.cra-arc.gc.ca.

Customs/Duties

Imported goods may be subject to customs duties, GST and Excise Taxes. Some goods are prohibited from entering Canada, and others require import permits or inspection certificates. There are regulations about invoicing, classification of goods, rates of duties, and reductions or exemptions for special classes of articles.

Information is available from Canada Revenue Agency, phone 800-461-9999 or web site www.cra-arc.gc.ca.

Personal and Corporate Income Tax

Both the provincial and federal governments collect taxes on personal and corporate income. Both are collected by the Federal Department of National Revenue. Every resident of Canada must pay federal and provincial personal income tax on all earnings from all sources.

Information is available from Canada Revenue Agency, phone 800-959-5525 or web site www.cra-arc.gc.ca.



Notes

Step 8: Wage Deductions

Employment Insurance, Canada Pension Plan and Employee's Income Tax

All employers are required by federal law to deduct certain amounts from the income of their employees for Employment Insurance premiums, Canada Pension Plan contributions, and Income Tax. These deductions, together with the employer's share of Employment Insurance premiums and Canada Pension Plan contributions, are sent to Canada Revenue Agency.

An employer should contact the Agency as soon as the business is registered and prior to hiring employees. A business number will be issued, which should then be used in all payroll deduction correspondence with the Agency.

Information is available from the Canada Revenue Agency, phone 800-959-5525 or web site www.cra-arc.gc.ca.



Notes

✓ Quick Test

Check your understanding by answering the following questions.

1. What certificate do you need to operate a commercial truck in Alberta?

2. Regarding carriers that operate solely within Alberta, registering a vehicle at what weight will require them to obtain a Safety Fitness Certificate?

3. What are two exceptions under Alberta legislation that allow trucks over 11,794 kilograms to operate without an Alberta Safety Fitness Certificate?

a.

b.

4. What two certificates might you need to operate a commercial bus in Alberta?

5. What do the letters IRP stand for? What is the benefit to a commercial carrier to participate in this “plan”?

6. What do the letters IFTA stand for? What is the purpose of this “agreement”?

7. What do the letters GST stand for? What level of gross taxable income determines the requirement to register, collect and pay GST?

8. What other taxes and remittances apply to a commercial carrier?

Check your answers using the answer key on the following page. Review the materials in this module if you answered any of these questions incorrectly.

✓ Quick Test Answers

1. Alberta Safety Fitness Certificate
2. 11,794 kilograms or more
3.
 - a. Commercial vehicles that are mainly used to transport agricultural products, where the driver is a farmer or an employee of a farmer who owns or produces the agricultural product and operates only within Alberta.
 - b. Two or three axle commercial vehicles that are mainly used only in Alberta to transport primary products of a forest, lake or river, where the driver is the producer or an employee of the producer of the primary product.
4. Operating Authority Certificate and a Safety Fitness Certificate may be needed to operate a commercial bus.
5. International Registration Plan. Commercial carriers who participate in this plan and who operate beyond Alberta (in other provinces and territories as well as in the United States) only require one licence plate and one cab card.
6. International Fuel Tax Agreement. This agreement simplifies the reporting of fuel taxes for those carriers who operate in more than one province or state.
7. Goods and Services Tax. Every person providing taxable goods or services in Canada in the course of their commercial activities is required to register, collect and remit GST when their annual gross taxable revenue exceeds \$30,000.
8. Employees' Income Tax, Canada Pension Plan contributions and Employment Insurance premiums.