



## HST Ontario

HST is here and a concern, not only to our existing clients, but many Ontario businesses. Rightfully so. It will mean a major refocusing on how we invoice and collect money, particularly taxes, for many of our businesses. For those that have been charging PST, the change will be minimal and will be mostly to do with what you call the tax, how you report it and who you pay it to. Others will now have to add the provincial component for the first time to this “combined” tax.

First of all, Canada Revenue Agency is now responsible for administering the HST and then giving the province its share. For most businesses, the rules that applied for GST will now apply to HST. This includes remittance schedules, qualifying products and/or services and revenue thresholds to require registering for HST (generally \$30,000.00 in sales per year). One significant difference is that the old provincial compensation for administering PST will be gone.

As with anything to do with taxes, there are always exceptions and special circumstances. It really behooves all businesses to take the time to get on the government websites to find out the impact on their own business. Both Canada Revenue Agency and the Ontario Government have extensive information available at this time to clarify all of this. A quick “Google” search will bring you to the right place and the most current information. Rather than me delving into specifics, it is best for all concerned to go right to the source for the most accurate and relevant answers for their particular situation.

Google search phrases that work are “HST Ontario” and “HST CRA Ontario”. Each will bring you to the Ontario government and Canada Revenue Agency websites respectively. From there, drill down to the information you want.

A couple of points of note: If your business does business out-of-province, you need to be aware of the appropriate tax for the province in which the business is conducted or the products/services are delivered and at the rate that applies to that jurisdiction. HST provinces for 2011 include Ontario (13%), British Columbia (12%), Newfoundland and Labrador (13%), Nova Scotia (15%) and New Brunswick (13%). GST/PST provinces include Manitoba (5% + 7%), Saskatchewan (5% + 5%), Quebec (5% + 8.5%) and Prince Edward Island (5% + 10%) The PEI 10% tax is calculated on the sum of the value of the product or service plus the GST. The provinces in this category will still administer and collect their own taxes. GST only provinces include Alberta, Yukon, Nunavut and North West Territories, all at 5% only.

The second point has to do with Place of Supply rules. The applicable taxes, based on the above rates, for real estate are those of the property location. For physical goods the rule is the place of delivery. For services and intangibles, it is the billing address of the customer.

Holst Equation clients are welcome to contact us to discuss the impact and requirements for HST on their business. If we do the books, things will be taken care of by us on the bookkeeping side of all this.



Clients that deal with point-of-sale business such as cash registers, etc. are encouraged to make sure their equipment is up to date and ready for the challenges of HST.