

Proposed Transition to the Harmonized Sales Tax Information for Businesses

The provinces of Ontario and British Columbia have both announced their intention to replace their respective provincial sales taxes with a harmonized sales tax (HST), which would be administered by the Canada Revenue Agency (CRA). Pending legislative approval, the applicable provincial sales tax will be harmonized with the current goods and services tax (GST) to form the HST, the administration of which would generally follow the same rules and tax base as the GST.

Both Ontario and British Columbia intend to offer point of sale rebates for the provincial portion of the HST for certain goods currently not subject to provincial sales tax, as well as partial rebates for the provincial portion of the HST on new housing. The proposed implementation date of the HST is July 1, 2010. The proposed HST rates, including the provincial and federal portions, would be as follows:

	provincial portion	+	federal portion	=	HST
British Columbia:	7%		5%		12%
Ontario:	8%		5%		13%

What does this mean for businesses that make taxable supplies in Ontario and British Columbia?

- Businesses that are registered for the GST would automatically be registered for the HST and, as a result, would continue to use their current GST/HST account number for the HST.
- GST/HST registrants would have to update their accounting and point-of-sale systems to accommodate the change in rate and the new point-of-sale rebates.
- GST/HST registrants would report their HST according to their current GST filing frequency.

Transitional rules would apply for:

- tangible personal property;
- services;
- intangible personal property;
- continuous supplies;
- imported goods and imported taxable supplies;
- goods and services brought into the HST provinces; and
- housing and other types of real property.

Where can I get more information?

For up-to-date information on the harmonization of the sales tax and how it may affect you, go to www.cra.gc.ca/harmonization.

To subscribe to the electronic mailing list for the *Excise and GST/HST News*, a quarterly publication that posts technical information related to the transition to the HST, go to www.cra.gc.ca/lists.

Do you still need more information? If so, join us for a free seminar. "The Transition to Harmonized Sales Tax – Information for Businesses" seminars will be posted on the CRA's Events and seminars Web page at www.cra.gc.ca/events. Please check this link often for a seminar near you as information will be updated as events are scheduled.

If you need more help, call our business enquiries line at 1-800-959-5525.

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