

*Information Sheet*  
**Harmonized Sales Tax (HST)**

On July 1, 2010, Ontario harmonized their 8% provincial sales tax (PST) with the 5% federal goods and services tax (GST) into one 13% harmonized sales tax (HST).

**CHANGES FROM THE EXISTING GST AND PST SYSTEM:**

- Companies in Ontario will be able to claim an Input Tax Credit (ITC) to recover the 13% HST they paid on all eligible expenses. Previously, only the 5% GST paid was eligible for the ITC
- Only one tax form is now required. This should save time and administrative costs
- The new Quick Method rate for Ontario businesses providing services in Ontario is 8.8% (up from 3.6% under GST). The 1% credit on the first \$30,000 of eligible revenues will still apply
- Certain products and services which previously did not include PST will now cost more. The Ontario government estimates that approximately 17% of products and services will see a new tax. These include electricity, heating, gasoline, accounting and legal services among others
- For a list of common products and services and how they will be affected by the HST please visit <http://www.rev.gov.on.ca/en/taxchange/pdf/taxable.pdf>

**ONTARIO SALES TAX TRANSITIONAL BENEFIT (OSTTB)**

- As part of Ontario's comprehensive tax package, the Ontario Sales Tax Transition Benefit (OSTTB) provides temporary relief to residents of Ontario to help them adjust to the HST. Ontario funds the program and Canada Revenue Agency administers the program through the personal income tax system
- You must file an income tax return every year to get the benefits of the OSTTB
- The benefit is calculated as follows:
  - Eligible families with income of less than \$160,000 will receive three payments totalling \$1,000
  - Eligible individuals who earn less than \$80,000 will receive three payments totalling \$300
  - The payments are scheduled for June 2010, December 2010 and June 2011
  - Individuals who turn 18 prior to December 1, 2010, or who have a spouse or common-law partner or live with a dependent child on May 31 or November 30, 2010, will qualify for one or two of the 2010 payments

**OTHER IMPLICATIONS FOR BUSINESSES**

- If you are already registered for GST, no further registration is required. If you are not required to register for GST, you do not need to register for HST
- Your HST reporting period will be the same as your GST reporting period. You will report both GST and HST charged and collected, and claim input tax credits and rebates in much the same way you have been for GST
- All accounting, billing and invoicing systems, cash registers, and point of sale systems, including web interfaces and automatic payments should be modified
- Your final PST return is due on or before July 23, 2010
- If you purchase and/or sell products and services in different provinces, there are many special rules and requirements. Please contact our office for more information
- Ontario is leaving the small supplier exception in place, so if you are operating a small business that makes \$30,000 or less annually, you are not required to register for or collect HST
- There will be a temporary restriction on input tax credits on certain items for large businesses (generally, those with over \$10 million of taxable sales). The restriction will only apply to the provincial portion of the HST. Please contact our office for more information

Please call us at 905-898-4900 if you have any questions regarding the above