

Working with the HST


What You Need to Know





January 2011


The Harmonized Sales Tax (HST) took effect in Ontario on July 1, 2010 replacing the existing provincial Retail Sales Tax (RST) and combining it with the federal Goods and Services Tax (GST).


The move to HST means you now only deal with **one set of forms**, one payment and one point of contact for audits, appeals and taxpayer services. This checklist is a general guide of what is important for you to know.


 The HST is basically the GST with a provincial component added to arrive at a 13% rate. If no GST applied, no HST will apply after July 1, 2010. Provincial point of sale rebates mean that selected goods will only be taxed at 5%.


 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 is 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.

 You should have modified your accounting, billing and invoicing systems, cash register and point of sale systems, including web interfaces and automatic payments, to switch to HST and remove RST. You should have also ensured budgets remove the 8% RST cost from purchases after July 1, 2010 in accordance with the transitional rules. You should also have updated taxable benefit calculations.

 Consult the transitional rules for transactions straddling the July 1, 2010 date. Ensure you charged HST, as appropriate, on any billings on or after May 1, 2010 for taxable goods, services or intangible property supplied after July 1, 2010. Also, familiarize yourself with the place of supply rules and the temporary restrictions on input tax credits.

 Assess the impact of HST on budget and business plans to account for lower costs and shifts in business purchasing. Evaluate pricing strategies and scrutinize supplier quotes to ensure tax savings are passed on.

 Your final RST return was due on or before July 23, 2010. Supplemental returns are available for reporting RST amounts collected after July 1, 2010.

Have you assessed the impact of income tax cuts?

Remember, the HST is one part of the comprehensive tax package which includes significant tax cuts for business and people.

This checklist is designed to complement the detailed information available to you directly from the Canada Revenue Agency (CRA) or the Ontario Ministry of Revenue.

For More Information:

To learn more about how your business will benefit from the HST visit ontario.ca/taxchange. You can also call 1 800 337-7222, teletypewriter (TTY) 1 800 263-7776.

The Canada Revenue Agency is your source for information about the GST/HST. Visit the CRA's website at cra.gc.ca/gsthst or call 1 800 959-5525.

