

# HARMONIZED SALES TAX

The province of British Columbia has announced their intention to replace their provincial sales tax (PST) with a harmonized sales tax (HST), which would be administered by the Canada Revenue Agency (CRA). 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.

British Columbia intends to offer point of sales rebates for the provincial portion of the HST for certain goods currently not subject to PST. The proposed implementation date of the HST is July 1, 2010.

The proposed HST rate, including the provincial and federal portions, would be:

$$\text{provincial portion } 7\% + \text{federal portion } 5\% = \text{12\% HST}$$

## GST/HST Mandatory Registration

### GST/HST Mandatory Registration by businesses in British Columbia if;

- You sell taxable goods and services (supplies) in Canada; and,
- Your total taxable worldwide revenues are more than \$30,000 (\$50,000 Public Service Bodies) in the current calendar quarter or in the previous four consecutive calendar quarters; or
- You are a taxi or limousine operator whose fares are regulated by federal or provincial laws, regardless of total taxable worldwide revenues.

### Tax Status of Supplies

- 12% on most property and services.
- 0% rated for prescription drugs, medical devices, basic groceries, certain agriculture and fishing products and exports.
- Exempt Supplies include long-term rentals of residential housing, most educational services, most health care services, day care services, legal aid services, some supplies by charities and public sector bodies, most financial services.
- Not subject to GST/HST - municipal transit tickets and transit passes.
- Point-of-sale rebates for British Columbia part (7%) of the HST would include; children's clothing and footwear, children's car seats and car booster seats, children's diapers, books (including audio books), feminine hygiene products, and motor fuel. NOTE: The federal part (5%) of the HST would still be charged on these items.

### What does this mean for businesses that make taxable supplies in 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 the rate and the new point-of-sale rebates.
- GST/HST registrants would report their HST according to their current GST filing frequency.

**NOTE:** This information is provided for informational purposes only. Community Futures makes no representations as to accuracy, completeness, currentness, suitability, or validity of this information.

## For More Information

Canada Revenue Agency Web-site:  
Canada Revenue Agency Business Enquiries:

[www.cra.gc.ca/harmonization](http://www.cra.gc.ca/harmonization)  
**1-800-959-5525**