

BC HST rate is 12% commencing July 1, 2010

The HST was announced October 14, 2009. The pre-implementation date is May 1, 2010 and implementation date is July 1, 2010.

Here is a snap shot of rules regarding HST. Transitional rules apply from May 1 to June 30, 2010.

There are point of sales PST rebates for books, diapers (including disposable diapers), children's clothing/footwear, Car seats/booster, feminine hygiene products and gas and diesel motor fuel after July 1, 2010.

Large businesses have a temporary restriction on ITC (Financial institutions and businesses with over \$10M taxable sales including associated companies). Link for CRA at bottom of this document.

Vehicles, boats and aircraft pay SST 7% if not registered for GST. Parking tax has GST on top. Property transfer tax, carbon tax and tobacco tax retained.

Other items that may affect your business are listed below. Highlight, hold control and click on the link to see more information. If any of these situations apply to you and you need more information than shown here, please call. Link to Canada Revenue Agency information is at the bottom.

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Place of supply (dealing in more than one place)

Tax depends on place of delivery

If customer pickup – place possession transferred

If shipped FOB, destination is place of supply.

Leases and rentals

If the rental period is less than 4 months, the rate applicable at the time item first made available.

If the rental period is more than 3 months

1. The place of supply is determined each month and HST applied each month.
2. The lesser and lessee may elect where location is from the locations it will be in.

Services

1. > 90% of the Canadian portion is performed in one province, use that province to determine taxes
2. >10% is performed in a particular province and place of negotiation is in the same province
3. If 50% of the Canadian portion is performed in one or more HST provinces
 - a. Deemed supplied in HST province in which majority of work done.
 - b. Note: if place of negotiation is outside Canada and more than 10% is done outside Canada, supply is subject only to HST regardless of where majority of Canadian work is done
 - c. If <50% is performed in HST provinces, then HST applies

Definition of “place of negotiation” Place where the person “principally” involved in negotiation of supply “ordinarily” works or reports. (not necessarily the place the contract was actually negotiated or signed) If salesperson negotiates, look to province where source deductions paid. If negotiations conducted by more than 1 person, look to person with authority to accept offer.

Special rules

Passenger transportation based on where journey starts provided termination is in Canada
Freight transportation based on destination.

Postage based on place purchased unless price is more than \$5 and item is sent to non-HST province.

Telecom services, rolling stock and customs brokerage have other special rules.

Intangible property

Intangible property is taxed in the province where the property is located or service is performed. Memberships not restricted to one province are based on the mailing address of the member.

Property and services brought into BC for use in BC.

Required to self-assess, 7% if GST paid or 12% if no GST paid. Applies to registrants and non-registrants.

No self-assessment is required if purchase made in another HST province or full HST paid on entry to Canada or Tax paid on registration of vehicle in BC or Recipient eligible for full ITC (registrants using Quick Method or subject to restricted ITC must self-assess).

Imports must be self-assessed for province unless exempt, ie manufacturing or resale.

ITC Restrictions

GST is payable on the earlier of the date paid or date due. The possession date of real property is the date GST is payable.

Prepayments

May 1, 2010 to June 30, 2010 Vendor collects HST

If consideration paid or becomes due for supply to be made on or after July 1, 2010, (i.e. sale of ticket to concert to be held in August), vendor must collect 7% provincial portion in addition to 5% GST. Vendor reports provincial portion on July 2010 return.

Purchaser may claim ITC (if entitled) in its July return.

October 15, 2009 to April 30, 2010 self-assessment for goods or services which will be made after June 30, 2010. Purchasers must self-assess 7% provincial portion. Non-registrants report by October 31, 2010. GST registrants report on the return which includes July but no later than October 31, 2010. Self-assessment does not apply if entitled to full ITC or consumer. Vendors are required to collect 5% GST plus PST if applicable. No PST if purchaser subject to self-assessment or goods/service for use exclusively in commercial activities.

There is no HST on payments made prior to October 15, 2009 (subject to GST & PST if applicable). Also exempt are pre-payments prior to July 1, 2009 for funeral and cemetery services, newspaper, magazine or periodical subscriptions.

Sale of Goods

HST only if both ownership and delivery occur after June 30, 2010.

A contingent sale where delivery is prior to July 1, 2010 and ownership passes on final payment, GST & PST apply when contract entered into.

The inventory on hand of direct sellers July 1, 2010, are subject to tax adjustment.

Leases and licences (rentals)

For the pre-July 2010 period, GST & PST apply.

For July 1 and later 12% HST applies.

There is an exception when a lease term starts before July 1 and ends before July 31, e.i. June 15 to July 15. In this case GST & PST apply.

Supplies straddling July 1, 2010

Supplier must collect applicable HST on post implementation period if paid after April 2010. Example, campground rental \$500 for period May 1 – Sept 30, 2010; full payment due May 1, 5% GST for May & June plus 12% HST for July – Sept. If paid or due before May 1, supplier not required to collect HST. Purchaser may be subject to self-assessment.

Continuous supplies delivered by means of wire, pipeline or similar conduit, satellite or other telecommunication facility will have taxes prorated between pre-July and post-June period. Must be invoiced before November 2010.

HST is charged on portion performed after June 2010. GST & PST (where applicable) is charged on portion performed prior to July 1, 2010.

No HST is required if work more than 90% complete by June 30th.

Invoices issued after October 31, 2010 will generally be subject to HST.

Pre-implementation work must be invoiced by October 31, 2010. Relief is granted for lawyer's contingency billings, legal fees or trustees subject to Court approval, and trustee fees subject to beneficiary approval. No relief for real estate commissions – deal signed in June but closing in November is HSTable.

Special situations

Combined supplies at single price are treated as two components. If the property component is supplied prior to July 2010 and the service component supplied after June 2010, they are deemed to be separate supplies so GST & PST are charged on the pre-July component and HST on post June component.

Holdbacks

Holdbacks are considered to be part of the original progress payment from which it was withheld. Therefore, GST/HST applies in same ratio as the original progress.

Freight or passenger transport which starts prior to July 1, 2010 will be subject to GST only. Commencing after June 30, 2010, HST will apply. Passenger Transportation passes will not attract HST if pass period starts prior to July 2010 and ends before August 2010.

Taxable memberships ask

Wind-down of PST

Final vendor report due July 23, 2010 on tax collected on sales prior to July. Supplemental returns for PST collectible after June 2010 are due by 23rd of following

month. For example taxable service rendered in June but not invoiced until July then PST is due Aug 23, 2010.

Returns or price reduction where PST is refunded. If the original sale subject to PST and exchanged for item of equal or lesser value, there is no HST and PST is refunded on price adjustment. If the original sale subject to PST but the item is exchanged for an item of greater value, HST is charged on the additional price only. If the original sale is not subject to PST, HST applies on full value of exchanged item.

Returns/exchanges after October 31, 2010, there is no point-of-sale adjustment. The purchaser must apply for refund directly to BC Ministry of Finance.

Transactions may be audited for four year period.

Real Property

Rebates on new housing equal to 5% of purchase price to a maximum of \$26,250. The rebate is only available to individuals and must be primary place of residence. There is a two year time limit for application. For owner-built homes, the rebate is based on HST paid. If HST is paid on land the maximum rebate is \$26,250. If no HST paid on land, 5/112 of construction cost (excluding land) to a maximum rebate of \$17,588 is available. HST rebate on new residential rental property follows is the same except corporate landlords are also eligible.

If the residential real property is written and signed before November 19, 2009 and the sale completes after June 2010, the agreement is **grandfathered**. Single-unit homes must have an individual buyer. Residential condominium units are not restricted to individuals.

Regular HST applies to multiple unit residential complexes, single-unit homes purchased by corporation, owner-build homes and hotel & non-residential property. Consignment of contract retains HST exclusion if no novation of agreement and original purchaser and builder deal at arms length and are not associated. Amount paid for assignment is subject to HST if taxable. In the case of resale of grandparented home, the original purchaser (1st reseller) completes on purchase and substantial completion but does not occupy property, the sale is excluded from HST. If the original purchaser acquired property primarily for resale, the sale by subsequent reseller also excluded from HST.

There is transitional tax on builder and transitional PST rebate on housing. ask

Public Service Bodies ask

Financial Services ask

Hospitality & Tourism ask

Internet & software services ask

[how the GST and the HST applies to returns and exchanges of goods](#)

[GI-076 Ontario and British Columbia: Transition to the Harmonized Sales Tax – Continuous Supplies and Budget Payment Arrangements](#)

[GI-075 Ontario and British Columbia: Transition to the Harmonized Sales Tax – Returns and Exchanges](#)

[B-103 Harmonized Sales Tax Place of supply rules for determining whether a supply is made in a province](#)

[Be HST ready: Transitional Rules for Personal Property and Services](#)

[GI-074 Ontario and British Columbia: Transition to the Harmonized Sales Tax – Prepaid Funeral and Cemetery Arrangements and Interment Rights](#)

<http://hst.blog.gov.bc.ca/>

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html>