
Ontario HST

Transitional Rules

Sales of Goods

- Subject to HST if delivered on or after July 1, 2010 and invoice on or after May 1, 2010
 - Subject to PST (if applicable) if delivered prior to July 1, 2010 regardless of invoice date
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Provision of Services

- Subject to HST if all services are performed on or after July 1, 2010 and invoiced on or after May 1, 2010
 - Subject to PST (if applicable) if all services are performed prior to July 1, 2010 regardless of invoice date
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Provision of Services - Cont.

- If services are provided before and after July 1, 2010 HST applies to portion of invoices that relates to post July 1, 2010 services only
 - No HST if invoiced prior to May 1, 2010
 - No HST if 90% or more of the service is performed prior to July 1, 2010
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Lease Payments

- Includes for example, car lease payments, commercial rent, etc.
 - HST applies to lease intervals from July 1, 2010 onward
 - No HST if lease period begins before July 1, 2010 and ends before July 31, 2010
 - No HST if invoiced prior to May 1, 2010
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Sale of Commercial Real Property

- Subject to HST if ownership passes on or after July 1, 2010
 - Ensure this is addressed in current purchase and sale agreements if closing date is on or after July 1, 2010
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Annual Membership Fees

- Subject to same transitional rules as services
 - Pro-rate HST for period related to July 2010 onwards
 - No HST unless invoiced on or after May 1, 2010
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Winding Down Ontario Retail Sales Tax (“RST”)

- No RST on goods delivered, services provided, etc. on or after July 1, 2010
 - Annual \$1,500 RST vendor compensation ends after March 31, 2010
 - Final RST return must be filed by July 23, 2010
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Winding Down Ontario Retail Sales Tax (“RST”) - Cont.

- Post July, 2010 RST returns (so-called “Supplemental returns”) for PST payable after June 30, 2010
 - E.g. goods delivered before July 1, 2010 but not invoiced until August, 2010
 - All PST due for pre-July 2010 goods and services due by November 23, 2010
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HST registration compliance, etc.

- GST registrants automatically registered for HST
 - One HST combined return
 - No separate disclosure of 5% GST, 8% HST on invoices
 - All HST returns delivered to CRA
 - All PST returns continue to be delivered to Ontario
 - \$30,000 small supplier exemption applies for HST (\$50,000 for non-profit organizations)
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Planning point

- Defer purchases of goods and services subject to RST until July 1, 2010



Companies and organizations not entitled to full GST credits

- Examples – medical, dental practices, residential landlords
 - Required to self assess 8% HST for goods/ services invoiced before May 1, 2010 relating to goods to be delivered/ services to be provided on or after July 1, 2010
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Miscellaneous rules

- Restricted ITC's for businesses > \$10 million taxable supplies
 - Five year restriction on ITC's on meals, entertainment, automobile acquisitions, fuel, telephone expenses
 - Electronic filing of GST returns starting July 1, 2010 for business with annual taxable supplies >\$1.5 million
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Miscellaneous Rules cont.

- RST refunds for goods invoiced prior to May 1, 2010 but delivered after July 1, 2010
 - Easier to defer invoice until May 1, 2010?

