



**Douglas College**

*1970-2010 Celebrating 40 years*

# HST

## General Information

As of June 23, 2010

- What is HST?
- Rebate and Tax Credit Structure on purchases
- HST on the sale of goods and services
- Receipt/Invoice presentation details

# What is HST?

- Harmonized Sales Tax
  - Becomes effective July 1, 2010
  - B.C. rate will be 12%
- 5% federal component and 7% provincial component

## Canada Wide Rates

BC	AB	SK	MB	QC	NB	NS	PE	NL
HST	GST	GST/PST	GST/PST	GST/QST	HST	HST	GST/PST	HST
12%	5%	10%	12%	7.5% on GST inc. amount	13%	13%	10% on GST inc. amount	13%

# General Rules

- Generally, same rules and tax base as GST
- All supplies of goods and services made in Canada are taxable unless they are exempt from tax under the Excise Tax Act (ETA)
- Colleges fall within the classification of a public service body and therefore the goods or services we provide are exempt
- However, any sales not directly related to our primary role as a PSB may be taxable

# When is HST charged?

- You are required to pay HST on the purchase of any taxable good or service that is delivered or consumed within BC
- What about purchases made outside of BC?
  - When an invoice is received by the College from a vendor located outside of BC, the provincial portion of the tax is adjusted to reflect the BC rate of 7%

# When is HST charged?...cont'd

- What about purchases made outside of Canada?
  - When an invoice is received by the College from a vendor located outside of Canada for a **good**, the provincial portion of the HST is self-assessed while the federal portion is assessed by the Canada Border Services Agency and billed separately
  - When an invoice is received by the College from a vendor located outside of Canada for a **service**, both the federal and provincial portions of the HST are self-assessed
- What about purchases made outside of Canada?
  - Costs associated with goods and services received from outside of Canada will increase at the time of payment. You will see additional line items in your G/L for the self assessment and /or customs charges

# Implications of HST for Douglas College

- Overall reduction in costs of approximately 6% as a result of the rebate on the provincial portion of HST, except:
  - Loss of provincial exemptions on research equipment
  - Increased cost on professional and consulting fees previously exempt from provincial portion
  - Increased cost for electricity and natural gas

# Rebate Structure on Purchases

- As a College in the public sector, we are entitled to tax rebates on the HST paid on our purchases
  - 67% rebate on federal portion (5%)
  - 75% rebate on provincial portion (7%)
  - **Net tax rate is 3.36%**

# Sale of Goods and Services

- Commercial or profit-oriented activities are generally taxable
- The sale of all goods and services at the College that are not exempt under the Excise Tax Act must include HST
  - Professional services, memberships, conferences, etc.
- Typically the HST paid on inputs used in the production or supply of a taxable good or service is recoverable through an input tax credit (ITC)

# Types of Tax Status

- Taxable (12%)
  - Office supplies, event tickets
- Zero-rated (0%)
  - Exports
- Exempt
  - Credit courses, lab analysis, research

Visit <http://www.douglas.bc.ca/employees/finance-department.html>  
for more details on the tax status of goods and services being sold

# Exceptions/Exemptions

- Tuition for credit
- Research and Lab analysis
- Student-related activities
- Extended accommodations (30+ days)
- Child Care Services
- Library and Parking Fines
- Basic groceries
- Summer Camps (under age 14)
- Tickets to amateur performances or competitions

# Transitional Rules

- As of May 1<sup>st</sup>, you must display HST on any invoice for a taxable good or service to be delivered on or after July 1<sup>st</sup>, 2010
- Our suppliers are also required to do the same, so you should expect to begin seeing an HST line item on invoices received on or after May 1<sup>st</sup> for goods or services that may not be delivered until on or after July 1<sup>st</sup>

# Receipt and Invoice Presentation

- If you are required to charge HST on a taxable good or service, you are legally obligated to indicate:
  - Amount of HST in the sale shown as either:
    - A separate line item charged on a base amount, or
    - A note indicating that HST is included in the total