

Understanding HST: The Basics

HST is a complicated matter and there are many industry specific rules and complexities that make compliance a formidable challenge. Over the next several bulletins we will break down the most critical information into manageable, understandable sections. This bulletin is designed to introduce you to the topic of HST to provide some basic information.

	GST	HST
DEFINITIONS	<ul style="list-style-type: none"> • Goods & Service Tax • Applies to most supplies of goods and services made in Canada • Includes: Real Property & Intangible Personal Property 	<ul style="list-style-type: none"> • Harmonized Sales Tax • Participating provinces harmonized GST with their provincial sales tax • Generally, HST applies to the same entities as GST • Registrants who make taxable supplies in the participating provinces charge & collect HST at the specified rate for their province • In Ontario, it is 13% • Special Rules apply for determining the place of supply

Who Pays GST/HST? Everyone pays GST/HST on purchases of taxable supplies of property and services except;

- On zero-rated supplies
- Identified Indigenous peoples, and other specific groups/organizations including Non-Profits may be exempt.

Do I have to Registering For HST?	<p>Compulsory</p> <ul style="list-style-type: none"> • You must register for HST if you provide taxable supplies in Canada and you are not considered a “Small Supplier” (See conditions under “Voluntary”) i.e. Your gross revenues exceed \$30,000.00 in any single calendar quarter or in the last 4 consecutive calendar quarters. 	<p>Voluntary</p> <ul style="list-style-type: none"> • You may choose to register for HST if you are considered a “Small Supplier” i.e. You meet one of the following conditions <ol style="list-style-type: none"> You are a sole proprietor/partnership/corporation whose total gross revenues are \$30,000 or less in any single calendar quarter and in the last 4 consecutive calendar quarters, or; You are a public service body and the total amount of your gross revenues is less than \$50,000 in any single calendar quarter and in the last 4 consecutive calendar quarters
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When do I have to register for GST/HST?	<ul style="list-style-type: none"> • Your effective date of registration is the date you made the sale that put your revenue over the threshold • You must register within 29 days after this date 	<ul style="list-style-type: none"> • Should you choose to register <i>voluntarily</i>, your effective date of registration is usually the date you applied to register • However, you can choose an earlier effective date provided it is within 30 days of your registration date.
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How do I register?

- Before you can register for GST/HST, you must have a Business Number (BN) which identifies your business and is used for all dealings with the CRA
- If you are incorporation you may already have a BN and corporate income tax account, and if not;
- You can register at the following [link](#), or
- Use the following Fillable CRA [Form](#); or
- Call [1-800-959-5525](tel:1-800-959-5525)
- You may cancel your registration only after a minimum period of 1 year
- **Once you have a Business Number, you can register for GST/HST at the following [link](#)**

Reporting Periods

- When you register for GST/HST, you are generally assigned an annual reporting period
- However, you may choose a more frequent reporting period: See the optional reporting period available in the [Threshold Amount Calculation Chart](#) below.
- To change your assigned reporting log in to CRA’s online services at “My Business Account” or send in a completed [GST20](#)

Annual Taxable Supplies Threshold Amount	Assigned Reporting Period	Optional Reporting Period
\$1,500,000 or less	Annual	Monthly or Quarterly
\$1,500,000 to \$6,000,000	Quarterly	Monthly
More than \$6,000,000	Monthly	Nil

How does GST/HST Work?

- Generally, if you are a GST/HST registrant, you must charge and collect GST/HST on taxable supplies you make in Canada & file regular GST/HST returns to report that tax. You can also recover the GST/HST paid or payable on your purchases & expenses by claiming an input tax credit (ITC).
- You do not collect tax on Zero-Rate Supplies or Exempt Supplies, and there are some purchases and expenses for which you cannot claim an ITC. For more information, see: [ITC Supplies](#)
- You can only claim Input Tax Credits (ITC’s) to the extent that your purchases and expenses are for the consumption, use or supply in your commercial activities or on purchases acquired to make **zero-rated supplies of property and services.**
- For more detailed information on input tax credit requirements and limits, refer to our next bulletin on Input Tax Credits & Other Claimable Expenses

Zero Rated Supplies	Exempt Supplies	Taxable Supplies
You do not charge HST/GST You can claim ITC’s	You do not charge HST/GST You cannot claim ITC’s	You do charge GST/HST You can claim ITC’s

How do I collect GST/HST?

- You must make it clear to customers that GST/HST is being applied to their purchases.

For Taxable supplies (other than zero-rated supplies) you must show:

- That the total amount paid/payable for a supply includes GST/HST;
- The amount paid or payable for the supply and;
- The amount of the GST/HST payable on the supply separately; or the GST/HST rate that applies to the supply.
- If HST applies, you must show the HST rate. Do not show federal and provincial portions separately
- HST registrants must show specific information on invoices, receipts, contracts or other business papers when supplying taxable property &/services - **This information is required to claim ITC’s &/ rebates for GST/HST charged**

Please refer to our other HST Bulletins for more detailed information.
Our bulletins do not constitute legal advice. For further information please see the [CRA](#) website or obtain independent legal advice.