

M E M O R A N D U M

To: Deans, Chairs, Directors of Schools, Department Heads, Faculty Executive Assistants,
Faculty Financial Officers

From: HST Implementation Team

Subject: Harmonized Sales Tax (HST)

Date: February 8, 2010

On July 1, 2010, Ontario will replace its existing provincial sales tax (PST) system with the harmonized sales tax (HST). The HST rate will be 13%, consisting of an 8% provincial component and a 5% federal component (GST). HST will apply to most of the universities purchases and many selling activities. While the official rules will not be published until late March, we do know that the university will be eligible for tax rebates on the taxes paid. The following chart illustrates the cost differences on purchases under the two systems.

(A) Purchases subject to GST and PST

Current System	GST	PST	Total
Rate	5%	8%	13%
Rebate	67%	0	67%
Net cost	1.65%	8%	9.65%



HST	Federal	Provincial	Total
Rate	5%	8%	13%
Rebate	67%	78%	9.59%
Net cost	1.65%	1.76%	3.41%

(B) Purchases subject to GST but PST exempt

Current System	GST	PST	Total
Rate	5%	exempt	5%
Rebate	67%	0	67%
Net cost	1.65	0	1.65



HST	Federal	Provincial	Total
Rate	5%	8% [1]	13%
Rebate	67%	78%	9.59%
Net cost	1.65%	1.76%	3.41%

[1] Under HST, there are no similar exemption rules on the provincial component as currently exist under PST

As shown under (A) above, for those purchases that attract PST under the current system, a savings of 6.24% will be realized under the HST system due to the rebate. As shown under (B) above, for those purchases that qualify for a PST exemption under the current system, an additional cost of 1.76% will apply under HST (i.e. equipment exclusively for research use).

Transitional rules have been published that apply to transactions that straddle the July 1 implementation date and will be communicated to you under separate cover.

Introduction of the HST will significantly impact the business of the university, including information systems, purchasing, selling activities and budgets. An HST implementation team (members listed below) is in place and consists of staff members from Information Systems and Technology (IST), Finance, Procurement and Contract Services and a representative from the Ancillary Enterprises.

To determine how HST will affect selling activities, all units will be asked to submit details of all such activities. A separate memo will be issued to departments regarding this analysis. Those units that have point of sales systems (not including point of sales terminals for credit card payments) will be expected to update their systems to handle the HST and point of sale rebates. Units that interface purchasing systems (i.e. invoices) will need to take appropriate steps to manage HST and record applicable rebates. Resources will be available through the implementation team to provide necessary advice and to ensure compliance.

As information about HST becomes known, it will be communicated to you. There will be an HST webpage on Finance's website, at <http://www.adm.uwaterloo.ca/infofin/HST/HST.html>, with relevant information and copies of all communications, including this one.

Please ensure that all staff and faculty in your respective areas are made aware of this information and that you take the necessary steps to implement the changes to systems you manage.

If you have any questions, please direct your enquiries to uwkstteam@lists.uwaterloo.ca

HST IMPLEMENTATION TEAM

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