

July 1st, 2010 - HST Implementation Date

Effective Thursday July 1st, 2010, the existing provincial sales tax in Ontario will be combined with the federal goods and services tax to create the HST. Areas on campus currently engaged in selling taxable goods and services should start charging 13% HST for sales made in Ontario. There is an 8% point of sale (POS) rebate available for certain qualifying items, i.e. printed books, children's clothing, qualifying prepared food and beverages. In these situations, only 5% HST will be charged.

SELLING ACTIVITIES

The following chart illustrates the tax rates to be charged when goods are shipped out of the province.

| | Ontario, Nfld, N.B., Labrador | British Columbia | Nova Scotia | <u>Non-Participating Provinces</u> Alberta, Manitoba, Saskatchewan, P.E.I, Quebec, Yukon, NWT, Nunavut | Outside of Canada |
|-----------------|--|-----------------------------|------------------------|--|------------------------------|
| HST rate | 13% | 12% | 15% | 5% | n/a |

NEW TAX PAYABLE ACCOUNTS

The 13% HST (or 12% or 15%, if appropriate) should be recorded to the new HST payable account, 5220-100-100-0000-000000-2102-0000-000.

The existing GST payable account 5220-100-100-0000-000000-2110-0000-000 will continue to be used when only the 5% federal component of the HST is charged on selling activities, i.e. when shipping a taxable good to a non-participating HST province, or selling an item where the 8% POS rebate applies.

INVOICING/ACCOUNTS RECEIVABLE

The new tax groups will be available in a drop down format on the new general invoice template saved in each department's document library on the Accounts Receivable Sharepoint sub-site by Monday July 5th. Please ensure the correct code is selected when completing the invoice template.

E-COMMERCE

All E-Commerce sites need to be updated to reflect the change to HST. Rates and 31-digit account numbers will need to be updated by the site administrators. All templates stored on Sharepoint will be updated by Finance on Monday July 5th. If you work from a local version on your hard drive, please ensure the tax accounts are updated.

PURCHASING/ACCOUNTS PAYABLE

For any HST paid on the purchase of taxable goods and services, Accounts Payable will be responsible for calculating the applicable tax rebates and recording them to the appropriate tax accounts.

The PST exemption will no longer exist. For eligible rebate rates, please refer to the first communication dated Feb.8th, 2010.

INTERNAL SALES

HST is not to be charged on internal charges and inter-departmental sales. HST will apply to sales of taxable goods and services to all external customers, including colleges, Federation of Students, Graduate Student Association, other student organizations, faculty, staff and students.

FORMS

All forms containing the GST/PST accounts should be updated to reflect the new HST accounts, where applicable. When submitting transactions for processing, please ensure tax accounts are accurate.

If you have any questions, please refer to the communications on the Finance website at <http://www.adm.uwaterloo.ca/infopin/HST/HST.html> and/or send an email to uwstteam@lists.uwaterloo.ca.