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# Toronto Alliance for the Performing Arts

## FINANCE COMMITTEE UPDATE – HST Information Session Highlights by Roy Reeves and Janis Hobson

### HST Meeting Highlights:

- The HST will be managed by the Canada Revenue Canada Agency and all remittances and forms will be identical to those used currently for GST. For most transactions, the rules applicable to the GST are the rules for the HST. The key exceptions are the special point of sale rebates (i.e. Tim's coffee, etc.) and restricted Input Tax Credits for the first 8 years for larger commercial enterprises. A notable concession to the "public sector bodies" (which includes many TAPA membership orgs) is that the restricted ITC's will not apply to public sector bodies.
- It is very important first and foremost to determine your organizational tax status under the Excise Tax Act. If you are a Registered Charity or a not-for-profit organization then the government refers to you as a "public service body". In a previous HST communiqué TAPA outlined the links to CRA for the different organizational rules.
- The HST was passed into law in December 2009 and there is no turning back. After June 30, 2010, PST will cease to exist as a tax. There are three key dates in transition which you should be aware of:
  1. **October 14, 2009:** The date the tax was announced. This will only affect a few business to business providers with services that are prepaid and extend over the July 1, 2010, transition date. The party who receives the goods or services must self assess the HST.
  2. **May 1, 2010:** The date at which transactions for services received post July 1, 2010, become subject to HST @ 13%. This is an important date for most ticket sales. Up to April 30, 2010, **for tickets for attractions occurring post July 1, 2010**, can be sold under the old regime (for many the PST was exempt) meaning adding only the 5% GST. As of May 1, 2010, **for tickets for attractions occurring post July 1, 2010**, meaning adding 13% HST.
  3. **July 1, 2010:** The latest date at which goods or services are taxable at 13% HST.
- As of July 1, 2010, or earlier (see above) organizations will pay the 13% Harmonized Sales Tax on virtually every type of good or service. Many items that were previously exempt under PST will become taxable (for example, consulting fees, contracted fees).
- If you are charging HST then you will have the same opportunity to recover HST on your purchases that you do with the GST. Whatever method you use for recovery will remain the same as the rules in place currently. We note again that there are at least four different



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classifications of organizations within the TAPA membership (small Not for Profit, Registered charitable organizations, small for profit, large for profit, municipal bodies) and you need first and foremost to determine which type you are and then seek the appropriate CRA guidelines for how to handle your transactions.

- In addition, for smaller organizations there are minimum thresholds that allow you to opt out of charging HST if this is your best option. The rules for opting out are in the appropriate guideline.