

# Are you HST-ready?

## Checklist for British Columbia Small Businesses

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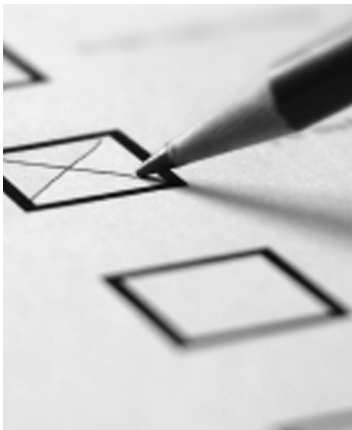
On July 1, 2010, the existing Provincial Sales Tax (PST) and the federal Goods and Services Tax (GST) will be replaced with the federally-administered Harmonized Sales Tax (HST) in BC. Businesses will follow current GST remittance procedures when submitting HST. The HST rate will be 12% (7% going to the province and 5% to the federal government).

As a business owner who collects and remits GST/PST, there are steps that you will need to take to get ready for the implementation of the HST on July 1. To assist you, CFIB has prepared a checklist of areas that you may need to address, as well as highlights of the general transitional rules. Given that the HST rules are complex and will affect various business sectors differently, this checklist should be used as a general guideline only, designed to complement information provided through your accountant, the Canada Revenue Agency or the BC Ministry of Finance.



CFIB's Laura Jones, Vice-President Western Canada and Brian Bonney, BC Director of Provincial Affairs meet with BC Finance Minister Colin Hansen (centre) to press for changes to the HST, including a lower combined rate and keeping the vendor commission for tax collectors.

### HST Implementation Checklist



#### General Overview

- Assess the impact of the HST on your budget (e.g. some purchases that are subject to the PST may or may not be recoverable under the HST).
- Determine to what degree the HST will affect your cash flow (e.g. additional tax costs upfront) and then collect and remit additional taxes where warranted.
- Familiarize yourself with the transitional rules that apply to your business and/or industry; plan accordingly for budget items (e.g. major purchases).
- Familiarize yourself with new out of province sales (place of supply) rules, as they apply to your business and/or industry. (See CFIB website for more details).

#### Sales and billing

- Update sales equipment (e.g. cash registers) to reflect the new HST rate.
- Apply the new HST rate to revenues collected via automated payments (e.g. customer bank accounts, credit cards).
- Reprint or correct pre-existing sales materials (e.g. catalogues, price lists) to reflect the new HST rate.

- ❑ Adjust online payment software or website interfaces used for selling via the internet to reflect the new HST rate.
- ❑ Consider the impact of harmonization on suppliers: will they be able to pass on any savings? Or will there be price increases because of an inability to recover costs under the HST?



### Purchasing and accounting processes

- ❑ Update accounts payable software.
- ❑ Update input tax credit calculations.
- ❑ Update taxable benefit calculations.
- ❑ Update formulas and spreadsheets (e.g. expense reports).
- ❑ Carefully review and enter invoices received during the transition from GST/PST to HST to ensure they accurately reflect both new and old tax rates.
- ❑ Take the new HST rate into account when calculating rebate amounts and refunds.

## Transition Dates and Details

### HST

- ❑ **October 14, 2009 and before May 2010**—Between this period, businesses may be required to self-assess the BC component of the HST on goods and services that are delivered or performed on or after July 1, 2010.
- ❑ **May 1, 2010**—The HST is payable on or after this date on goods that are delivered on or after July 1, 2010.
- ❑ **July 1, 2010**—The HST is payable on **purchased** goods and services that are delivered on or after that date; The HST would not apply, however, to services if all or substantially all (90% or more) of the service is performed before July 2010.

### PST

- ❑ **July 23, 2010**—Deadline for PST returns for tax collected before July 1, 2010 are required to be filed with the BC Ministry of Finance. Where PST is collected or becomes payable after June 2010, the vendor is required to account for that amount in a supplemental PST return to be filed on, or before, the 23rd day of the following month.
- ❑ **December 31, 2010**—Any outstanding PST should be collected.
- ❑ **January 23, 2011**—Final deadline for remittance of Supplemental PST returns with outstanding PST collected.

For more information on the HST, including up-to-date details and links to the BC Ministry of Finance and the Canada Revenue Agency, visit CFIB's Business Support site:  
[www.cfib-fcei.ca/english/member\\_assistance/british\\_columbia.html](http://www.cfib-fcei.ca/english/member_assistance/british_columbia.html)

## CFIB Business Resources

As always, if you cannot find the information that you are looking for, your CFIB Business Resources Department is ready to help. Just email us at [msbc@cfib.ca](mailto:msbc@cfib.ca) or call 1 888 234-2232.



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