



the business centre
NIPISSING PARRY SOUND

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HST

Overview for Small Businesses



When to register for and start charging the GST/HST

You are required to register for a GST/HST account if both the following situations apply:

- You make taxable sales, leases, or other supplies in Canada.
- You are not a "small supplier".

How to determine if you are a small supplier:

- If you do not exceed the \$30,000 threshold in revenue over four consecutive calendar quarters then you are a small supplier. You do not have to register for GST/HST, however you may choose to register voluntarily. Registering your business for HST enables you to recover any HST paid out on business purchases or expenses (these are claimed as Input Tax Credits, referred to commonly as ITCs).
- If you do exceed the \$30,000 threshold in a single calendar quarter you are no longer a small supplier and have to register and charge GST/HST on the supply that made you exceed \$30,000 within the calendar quarter. You must register for GST/HST, no later than the day of the supply that made you exceed \$30,000 (which means you have to start charging on the supply that made you exceed \$30,000).

If you exceed the \$30,000 over the previous 4 consecutive calendar quarters, but not in a single calendar quarter you are no longer a small supplier at the end of the month following the quarter in which you exceed \$30,000. You have to charge and register for GST/HST no later than the beginning of the month after you are no longer considered a small vendor.

Goods and Services may be:

- Taxable
- Zero Rated (eg/ basic groceries, medical devices, farm equipment)
- Exempt (eg/music lessons, medical services, rent)

For zero rated goods and services, you don't charge and collect GST/HST but you can still claim ITCs. For exempt goods and services you do not charge and collect GST/HST and you cannot claim ITCs.

Register for a GST/HST account

A GST/HST account number is part of a business number (BN). If you don't have a BN you will receive one when you register for your GST/HST account.

Online registration: <https://bit.ly/2Q6RL3t>

Phone registration: 1-800-959-5525 Monday to Friday (except holidays) from 9AM to 6PM

Mail or Fax registration: Complete Form "RC1, Request for a business number and certain program accounts" and mail it to your tax centre. See form RC1 here:

<https://bit.ly/2Gu239E>



If you have already started charging the tax on your sales more than 30 days before registering call 1-800-959-5525.

You will receive a GST/HST account number to confirm that your registration is complete. Register for a "My Business Account" on the CRA website to manage your program accounts online. See "My Business Account" here: <https://bit.ly/2y3ekNC>.

Charge and Collect the tax - Which rate to charge?

Generally, whether or not you charge HST on goods or services you provide depends on the place of supply. A zero-rate supply has a 0% GST/HST rate throughout all of Canada. For example, basic groceries are taxable at the rate of zero (0% GST/HST) in every province and territory. The rate for other taxable supplies depends on the province or territory. The current rates are:

- 5% (GST) in Alberta, Northwest Territories, Nunavut, and Yukon.
- 11% (GST+PST) in Saskatchewan.
- 12% (GST+PST) in British Columbia and Manitoba.
- 13% (HST) in Ontario.
- 14.975% (GST+QST) in Quebec.
- 15% (HST) in New Brunswick, Newfoundland, and Labrador, Nova Scotia, and Prince Edward Island.

For example, your store in Vancouver, B.C. delivers a mattress to your customer in Toronto, Ontario. You charge 13% HST on the sale because the place of supply is Ontario.

Due dates for filing a GST/HST return and when to remit the GST/HST

The personalized GST/HST return (Form GST34-2) will show your due date at the top of the form. The due date of your return is determined by your reporting period.

The CRA can charge penalties and interest on any returns or amounts they have not received by the due date.

You must file a GST/HST return even if you have:

- no business transactions
- no net tax to remit

Most GST/HST payments are due at the same time as your GST/HST returns. Your payment deadline is different than your filing deadline if you are either:

- an annual filer and have to remit (pay) the GST/HST by installments.
- an individual who is an annual filer with a December 31 fiscal year-end and has business income for tax purposes.

You must remit (pay) the GST/HST for any invoice you include in your return, even if you have not yet been paid.

What to include in your return

You are liable for the GST/HST you charged on goods or services on the day you receive the payment or on the day the payment is due (whichever day is earlier). The CRA usually considers the payment to be due on the date you issue an invoice or the date specified in an agreement, whichever comes first.

If you issue an invoice before you receive the payment, you have to include the GST/HST charged on the invoice in the reporting period that includes the date of the invoice, even if you have not yet collected the tax.

Method to file

You can file a GST/HST return electronically, by TELEFILE, or on paper. Before you choose a method, you must determine if you are required to file online and which online method you can use.

- For more information on the different methods to file see the following link: <https://bit.ly/2RIqXJf>.

How to remit (pay) the GST/HST

There are 3 ways to make a payment:

- remit electronically
- remit at your financial institution in Canada
- send your payment by mail

For more information on how to remit and the different methods see the following link:

<https://bit.ly/2N71eLx>

Once the CRA receives your GST/HST return

Once the CRA receives your GST/HST return, they will send you a notice of assessment if either:

- they owe you a refund or rebate
- your amount owing is more than the payment you made

If the CRA sends you a notice of assessment and you are registered to receive email notifications, they will send a notification that there is mail for you in My Business Account. If you are not registered for email notifications, the CRA will mail you your notice of assessment.

Penalties and interest

Failing to comply with your GST/HST obligations could lead to penalties, interest, or even prosecution.

For example, penalties or interests may apply if you:

- did not file on time
- received a demand to file and did not file
- had to file electronically and did not
- made a false statement or omission

Interest is charged if you:

- have an overdue balance owing on a return
- make a late or insufficient installment payment

What records to keep

Usually, you must keep your records for 6 years from the end of the year to which they relate. This includes all sales and purchase invoices, and all other records related to your business operations and the GST/HST. However, the CRA may ask you to keep the invoices longer than 6 years. If you want to destroy your records earlier, you have to send a written request and wait for written approval from the CRA.

As a GST/HST registrant, you also need the correct information on the invoices you get from your suppliers to support your ITC claims.

If you did not charge the GST/HST when you were supposed to

- If you were required to charge the GST/HST, but did not charge it, you are still liable for the tax.
- You have to include the GST/HST that you should have charged in the reporting period during which you should have charged the tax.

If you were charged the GST/HST and you have not yet paid it

- When you calculate your ITCs, you can include the GST/HST for purchases and expenses for which you have been invoiced but not yet paid. This means that you can claim an ITC on your return for the GST/HST you owe to your suppliers before you pay the invoice.

Support for small businesses

The Liaison Officer Service is designed to help small businesses understand their tax obligations. Selected small and medium-sized businesses can voluntarily choose to participate in the program. If you participate, a liaison officer will help you:

- understand your tax obligations
- find out where you can get more information
- learn the common mistakes businesses make
- get answers to your questions

