

Tax  
Talk

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# Easy as GST/HST; except by cheque

**I**n theory, GST/HST should be a simple tax to file. You write down how much you paid on business expenses and the amount will be fully refunded to you.

What's hard is that there are so many different rates and rules.

With New Brunswick and Newfoundland having changed their GST/HST rates effective July 1, there are now four different rates in this country. Alberta, British Columbia, Manitoba, Quebec, and Saskatchewan are at 5%; Ontario is at 13%; PEI is at 14%; and New Brunswick, Newfoundland, and Nova Scotia are at 15%.

Those provinces charging 5% might look cheap, but they're not. All except

Alberta have a provincial sales tax in addition to the GST/HST, and you don't get it back as a credit.

So if you get your truck repaired in B.C. for \$100, the total including PST and GST/HST would be \$112. You can claim only the GST/HST portion - \$5 - meaning your net cost for the repair would be \$107.

If you spent that same \$100 in Ontario, where there is no PST on repairs, you'd be charged \$113 including GST/HST but you'd get to claim \$13 back.

Your net cost for the repair would be \$100. Because sales tax rates and rules vary from province to province, you'd better pay attention to your receipts when you make your claim. If you live in the east and assume 15% HST on

all of your receipts but also buy things in Ontario and Quebec, then you're claiming back too much HST.

## 'Place of supply'

If you have to charge GST/HST when you send an invoice, fortunately there is no change to the "place of supply" rule for freight transportation services. The tax rate is based on the destination of the load.

Say a manufacturer in Manitoba hires you to transport products to a wholesaler in Ontario. Because the destination of the freight is in Ontario, HST will apply to the freight transportation service at Ontario's rate of 13%.

If you have destinations in more than one province, the service of transport-

ing the goods destined for each province is considered to be a separate supply. That means you must charge GST or HST for each part of the delivery at the appropriate rate. It's complicated but those of you doing this already are accustomed to it. Nothing has changed. You just need to double-check that you are using the correct rates shown above.

## Electronic payments

Mandatory electronic filing of GST/HST returns using CRA's NETFILE service has been with us since late 2010. Now it seems electronic payments are also mandatory.

Well, electronic payments aren't required but CRA makes paying by cheque very difficult. There's no doubt how CRA prefers to be paid.

CRA says it wants you to make payments electronically in order to cut down on the use of paper. Under this philosophy CRA has also stopped mailing out statements of account after you make payments - you're expected to go online to see if you owe money.

The trouble is, paper statements of account always included payment stubs that you could use when you paid by cheque. So now you don't have payment stubs and have to go online to get one. Here's the catch: banks are only allowed to take payment forms that are

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pre-printed with your name on them. You can't just download a blank form from the CRA website. You must go to your My Account page and order forms that are specific to you.

To make matters worse, CRA only sends payment forms by mail and the envelope includes only one form. That's right, one. And you're not allowed to use photocopied forms at the bank, either. So if you plan to make multiple cheque payments against your debt, you must order an official payment form from CRA each time.

The other bad part in all this is that less mail from CRA means it's easier to forget about making payments on time. The only reminder you can count on is a threatening letter after you haven't made a payment in a while.

CRA is mailing less for all types of accounts, GST/HST included. The latest statistics show that 84% of all income tax returns were electronically filed in 2016. No wonder Canada Post numbers regarding mail handling are dwindling. Leaving more trees standing is a great thing. But when it comes to GST/HST and other tax filings, plan to change your routines and become more "electronic" to stay on top of your accounts. ●

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