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More Point-Of-Sale Exemptions for Ontario HST

November 12, 2009 11:05 AM

The 2009 Budget proposed a comprehensive package of tax changes to create jobs and attract new investment. Central to this tax package is the proposed Harmonized Sales Tax (HST).

Subject to legislative approval, the HST would come into effect on July 1, 2010. The proposed HST rate for Ontario would be 13 per cent - combining the existing five per cent federal Goods and Services Tax (GST) with an eight per cent provincial component.

ADDITIONAL POINT-OF-SALE REBATES (EXEMPTIONS)

In addition to the point-of-sale rebates of the provincial component of the HST proposed in the 2009 Budget, the government intends to provide further targeted sales tax relief for consumers. Additional point-of-sale rebates from the eight per cent provincial component of the HST are proposed for the following:

- Print newspapers that contain news, editorials, feature stories or other information of interest to the general public, and that are published at regular intervals, typically on a daily, weekly or monthly basis, but not flyers, inserts, magazines, periodicals and shoppers.
- Qualifying prepared food and beverages that are ready for immediate consumption and are sold for a total price (for all qualifying items purchased, excluding HST), of not more than \$4.00. Qualifying items would include:
 - food or beverages heated for consumption;
 - salads;
 - sandwiches and similar products;
 - platters of cheese, cold cuts, fruit or vegetables and other arrangements of prepared food;
 - cakes, muffins, pies, pastries, tarts, cookies, doughnuts, brownies, croissants with sweetened filling or coating, or similar products where they are not prepackaged for sale to consumers and are sold as single servings in quantities of less than six;
 - ice cream, ice milk, sherbet, frozen yoghurt or frozen pudding, non-dairy substitutes for any of the foregoing, or any product that contains any of the foregoing, when hand-scooped or machine dispensed and sold in single servings;
 - other food items that are excluded from zero-rated GST/HST treatment as basic groceries solely by virtue of the types of sales made at the establishment where they are sold, such as the sale of a bagel or a plain croissant in a restaurant;
 - non-carbonated beverages, when dispensed at the place they are sold; or
 - when sold with a qualifying food item listed above: other beverages except if the cans, bottles or other primary containers in which they are sold contain a quantity exceeding a single serving; cakes, muffins, pies, pastries, tarts, cookies, doughnuts, brownies, croissants with sweetened filling or coating, or similar products where they are pre-packaged for sale to consumers in quantities of less than six items each of which is a single serving; ice cream, ice milk, sherbet, frozen yoghurt or frozen pudding, non-dairy substitutes for any of the foregoing, or any product that contains any of the foregoing, when packaged and sold in single servings; or other snack foods, such as chips, salted nuts, popcorn, candies, fruit bars, granola bars, etc.
- Wine, spirits, beer, malt liquor or other alcoholic beverages would not be a qualifying beverage for the purpose of the point-of-sale rebate of the Ontario component of the HST.

DETAILS ON POINT-OF-SALE REBATES (EXEMPTIONS)

The 2009 Budget proposed to provide targeted relief for consumers on the provincial component of the HST on many items important to Ontario families by providing point-of-sale rebates for books, children's clothing, children's footwear, children's car seats and car booster seats, diapers and feminine hygiene products.

The following information provides additional details for consumers and retailers:

- Books, including:
 - a printed book or an update of a printed book,

- an audio book (i.e., all or substantially all of which is a spoken reading of a printed book),
- a bound or unbound printed version of a scripture of any religion,
- a printed book and a read-only medium (e.g., CD-ROM) whose content is related and integrated with the book's content and when sold together as a single package,
- a printed book and a read-only medium and/or a right to access a website when sold together as a single package, and if specifically designed for students enrolled in a qualifying course, such as educational courses of elementary or secondary schools.
- Children's clothing designed for babies,, girls and boys up to and including girls' Canada Standard Size 16 and boys' Canada Standard Size 20, or clothing designated for girls and boys in sizes small, medium or large if the clothing does not have a designated Canada Standard Size. Children's clothing eligible for the exemption would not include costumes or clothing like sports protective equipment. These are the rules that exist for current PST exemption, and are similar to other provinces with these exemptions.
- Children's footwear designed for babies and girls and boys up to and including girls' size 6 and boys' size 6, including footwear without a numerical size that is designated for girls or boys in size small, medium or large. Children's footwear eligible for the exemption would not include skates, rollerblades, ski-boots, footwear that has cleats, or similar footwear. These are similar to conditions that exist in other provinces that have a similar exemption.
- Children's car seats and car booster seats that are restraint systems or booster cushions that conform with Transport Canada's safety requirements for Standards 213, 213.1, 213.2 and 213.5, as described under the federal Motor Vehicle Safety Act.
- Diapers, including cloth and disposable diapers designed for babies and children, and diaper inserts and liners, rubber pants and training pants. Incontinence products would be zero-rated under HST, in accordance with current GST rules.
- Feminine hygiene products, including sanitary napkins, tampons, sanitary belts or other products marked exclusively for purposes similar to the purposes for which sanitary napkins, tampons and sanitary belts are marketed.

ELIMINATING HIDDEN TAX

Replacing the provincial sales tax would help eliminate the hidden sales tax that many products carry. Currently the PST is charged on various business costs throughout the production of an item. This hidden tax is ultimately added into the cost the consumer pays at the cash register.

Under the proposed HST, most taxes paid on business inputs would be refunded to the business -- savings that can be passed on to consumers in the form of lower prices. Visit www.ontario.ca/taxchange for an illustrative example of hidden taxes.

LEARN MORE

- ontario.ca/taxchange

CONTACTS

- Public Inquiries
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Ministry of Revenue
ontario.ca/revenue

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LAST MODIFIED:JANUARY 13, 2010