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# GST/HST in BC

What to expect & how to prepare: using QuickBooks 2010

Presenter: Eileen Reppenhagen, CGA, Certified QuickBooks ProAdvisor  
June 24<sup>th</sup>, 2010 11:30 am PST

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# Our speaker today...

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Intuit Canada is concerned about how small business owners who use our products will manage the change from GST to HST at July 1<sup>st</sup>.

We're sure you have questions about how to convert your QuickBooks data file to HST.

That's why we've asked Eileen Reppenhagen, a Certified General Accountant and a Certified QuickBooks ProAdvisor to spend the next hour with you.

Please join me to welcome Eileen Reppenhagen

# Agenda

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# Small business owner's concerns:

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## Bottom line

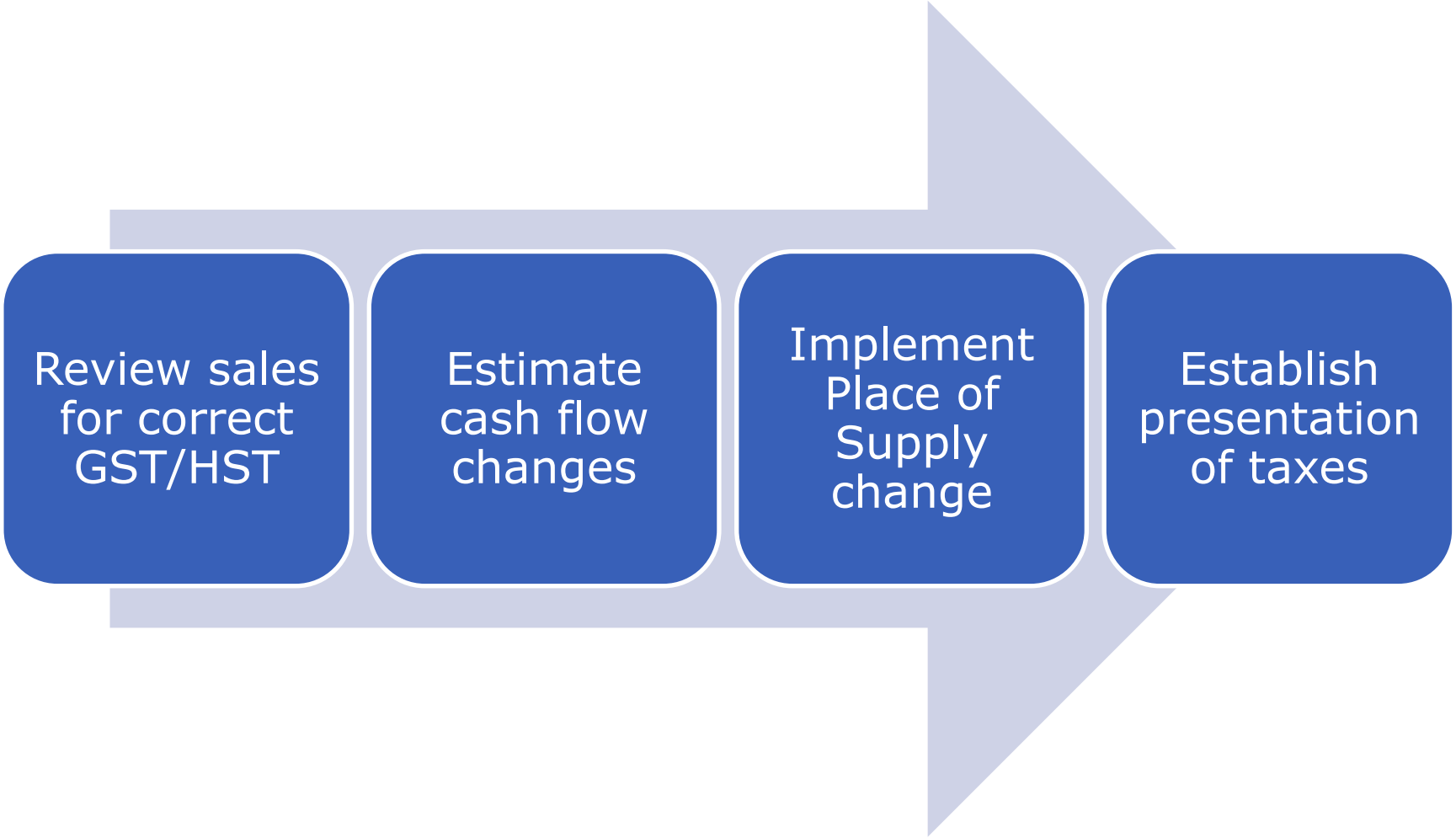
- No more PST
- HST (BC) is an Input Tax Credit
- Large business's and financial institutions have "Recaptured ITCs" called RITCs on specified meals, vehicles, energy and telecommunications

## Cash flow

- Increase or decrease? Depends on industry
- May wish to adjust filing frequency
- Investigate instalment method
- Review filing: electronic filing may be mandatory

# Before you convert: GST/HST check-up

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Review sales  
for correct  
GST/HST

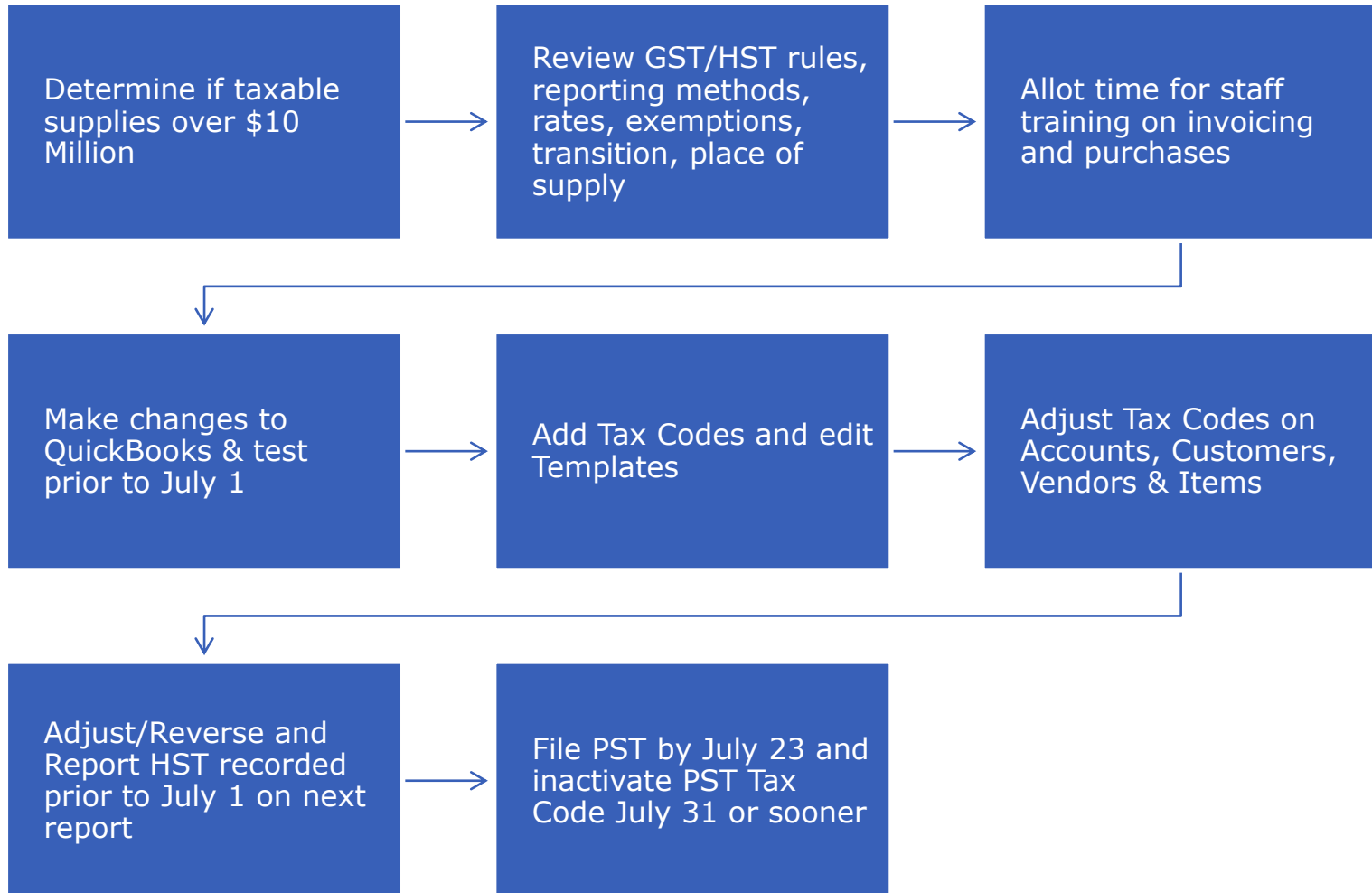
Estimate  
cash flow  
changes

Implement  
Place of  
Supply  
change

Establish  
presentation  
of taxes

# Transition checklist:

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# HST rates July 1 2010

	<b>BC</b>	<b>AB</b>	<b>ON</b>	<b>NS</b>	<b>NB/N FLD</b>	<b>SK, MN &amp; PEI</b>	<b>Que</b>
GST	5	5	5	5	5	5	5
PST						5/7/1 0	
PVAT	7	0	8	10	8	0	0
QST							7.5
HST	12	5	13	15	13	10/12 /15	12.5

# Transition dates

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- Oct 14, 2009: Exempt sector must self-assess HST on purchases
- Nov 18, 2009: New Housing/Grandparent rule
- May 1, 2010: Vendors must collect HST
- July 1, 2010: HST
- July 23, 2010: Final PST returns
- Oct 31, 2010: PST refund deadline
- Dec 31, 2010: PST final deadline: legal services

# Filing options

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## Frequency

- Annual, quarterly, monthly

## Payment Method

- Instalments, Actual

## Filing Method

- QuickMethod, Simplified Method, Full Method

## Electronic options

- Netfile, E-File...

## Mandatory Electronic Filing

- 1.5 Million
- Builders

## My Payment

- Instant payment

# Where to find information

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Minister of  
Finance

Parliament

Canada  
Revenue  
Agency

Province  
of BC

# Canada Revenue Agency

## [www.cra-arc.gc.ca/harmonization](http://www.cra-arc.gc.ca/harmonization)

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GST/HST  
Technical staff

Request a  
ruling

# Province of BC:

## <http://hst.blog.gov.bc.ca/>

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What's Taxable  
and What's Not  
Taxable

Business Toolkit

Publications

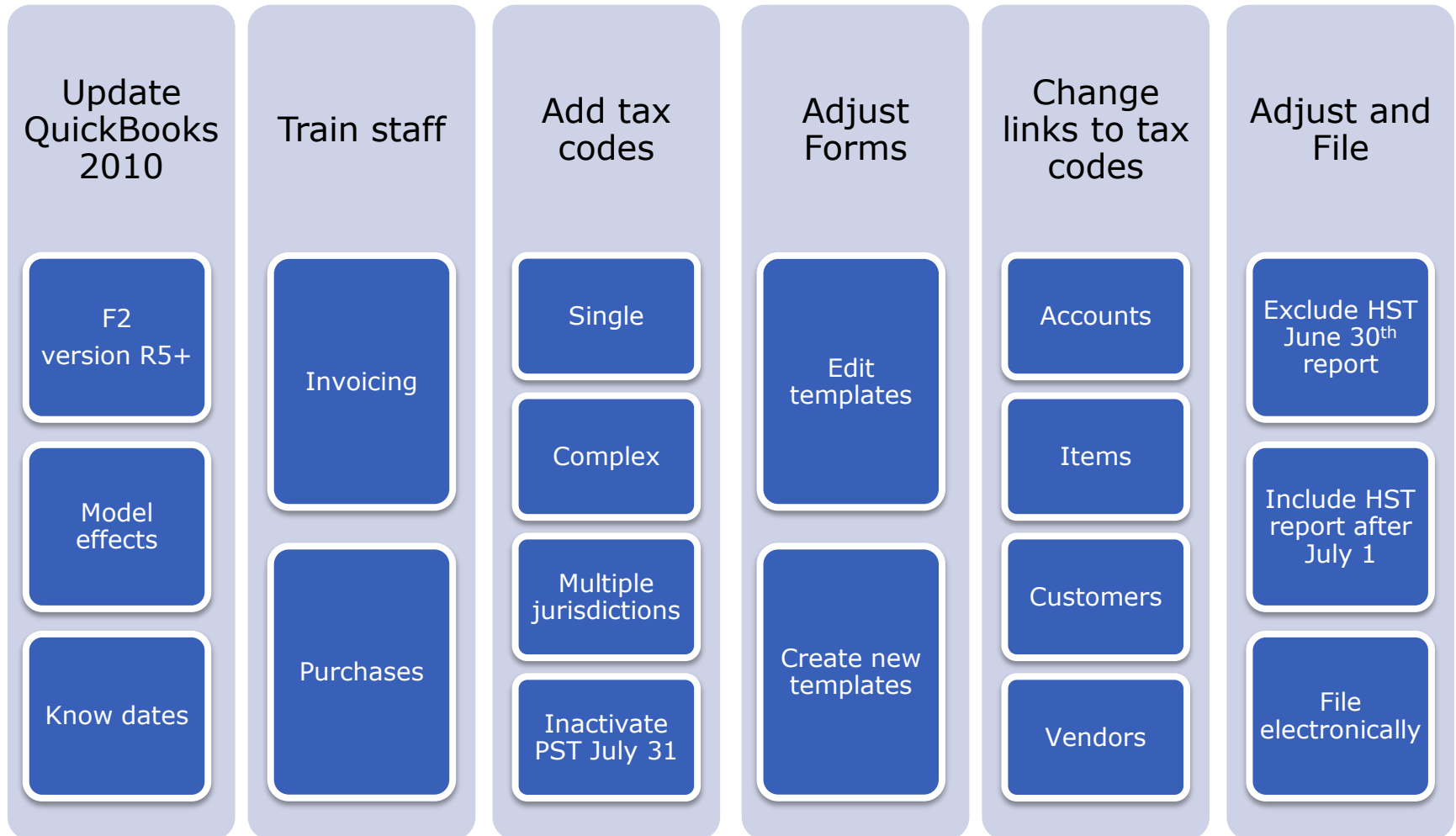
### Email or Call

PST and Hotel  
Room Tax  
wind-down

Residential  
Energy Credit

Tax on private  
sale of vehicles,  
boats & aircraft

# QuickBooks HST (BC) Transition



# HST Tool: Company > Reminders > Alerts...

HST Setup Tool

## Convert your sales tax to HST...

HST comes into effect on July 1, 2010, for the provinces of British Columbia and Ontario. QuickBooks helps you convert your sales tax to the new system in **3** easy steps.

To return to the HST Setup Tool at a later time, go to the **Sales Tax** menu and select **Manage Sales Tax**, then **Change Tax Setup**.

- 1** [Set up HST for British Columbia](#)  
Create sales tax items and codes for HST. [Add Reminder](#)
- 2** **Update your default sales tax code**  
Set your default tax code to HST if most of your sales are to B.C. or Ontario.  [Add Reminder](#)
- 3** [Change the sales tax codes for lists and accounts](#)  
Assign tax codes to items, customers, vendors, and accounts. [Add Reminder](#)

**Set up HST for Ontario**  
You don't have Ontario tax set up.  
(Use the Sales Tax Setup Wizard to add additional provincial taxes.) [Add Reminder](#) Not applicable to your file

Additional information

**HST takes effect on July 1, 2010;** transitional rules apply as early as **May 1, 2010**.  
[Learn more about the rules that affect your business](#)  
[How should I handle transactions that straddle July 1, 2010?](#)

[Update Memorized Transactions](#)  
Manually update (memorize again) any memorized transactions to which you apply HST. [Add Reminder](#)

[Help with this screen](#) Close

# Manage Sales Tax

Manage Sales Tax

Click the Pay Now icon, or View to make payments and see sales tax reports.

Agency	Accounts	Amount	As Of
Ministère du Revenu	GST/QST Payable	0.00	6/11/10
Ministry of Finance (BC)	PST Payable (BC)	0.00	6/11/10
Receiver General	GST/HST Payable	72,038.33	6/11/10

Change the tax you owe:

- > [Claim PST compensation or commission](#)
- > [Pay an instalment](#)
- > [Record a discount or penalty](#)
- > [Record bad debt](#)
- > [Make other adjustment](#)

### Tax codes and rates

Click a tax code in the table below to view its tax rates. Click Change Tax Setup to make changes.

#### Sales Tax Codes

Name	Description
G	GST Only
HBC	HST(BC)
LBC	Liquor sales BC
LG	Liquor purchased c
P	PST Only
S	Standard Taxes (C
Z	GST Zero Rated

#### Sales Tax Items

Name	Tax Rate	Return Line
GST	5.00%	Line 103 GST/HST collec...
HST(BC) Sales	7.00%	Line 103 GST/HST collec...

#### Purchase Tax Items

Name	Tax Rate	Return Line
GST (ITC)	5.00%	Line 106 Input tax credi...
HST(BC) Purchases	7.00%	Line 106 Input tax credi...

### Sales tax setup

View and edit tax codes for Items, Vendors, Customers and Accounts:

# Manage Sales Tax

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- Tax Vendors
- Tax codes and Tax rates
- Tax Items, Groups
- Change Tax Setup: HST Tax Tool
- Assign Tax Codes
- Adjust Tax Owing

# Tax Setup Wizard

Manage Sales Tax

## Manage Sales Tax

Sales Tax Code Setup Wizard

**QuickBooks**  
Tax Setup

Your progress...

Make a selection

### Welcome to the Tax Setup Wizard

What would you like to do?

- Add the provincial sales tax for a different province.  
(For example, your business is in Ontario, but you also sell goods to a company in Québec.)
- Change the rate (% or amount) of an existing tax.  
(For example, the GST is reduced from 5% to 4%.)
- Add another rate for an existing tax.  
(For example, add a standard and reduced rate for an existing tax; for instance, a standard GST rate of 5% and one of 3% to be used for home sales.)
- Add a new tax, including a new tax agency and tax accounts.  
(For example, you need to set up a tax that is unique for your business; for instance, a hotel tax for a bed and breakfast.)
- Set up HST for British Columbia and/or Ontario.  
(For example, you have Customers or Vendors in Ontario and British Columbia; after July 1st, 2010, you can only apply HST to transactions, not GST + PST.)

Back

Next

Finish

Help

Cancel

### Sales tax adjustments

Change the tax you owe:

- > [Claim PST compensation or commission](#)
- > [Pay an instalment](#)
- > [Record a discount or penalty](#)
- > [Record bad debt](#)
- > [Make other adjustment](#)

Adjust Tax Owing

### Sales tax setup

Change Tax Setup

View and edit tax codes for Items, Vendors, Customers and Accounts:

Assign Tax Codes

# Assign tax codes

## Assign Tax Codes

Change tax codes for:

Accounts

OR

Bulk Change

Name		Currency	Tax Code
Bank		CAD	
Accounts Receivable	Accounts Receivable	CAD	
Employee Advances	Other Current Asset	CAD	
Inventory Asset	Other Current Asset	CAD	
Prepaid Insurance	Other Current Asset	CAD	
Undeposited Funds	Other Current Asset	CAD	
Cost	Fixed Asset	CAD	
Accumulated Depreciation	Fixed Asset	CAD	
Furniture and Equipment	Fixed Asset	CAD	

- Items
- Vendors
- Customers
- ✓ Accounts

# Adjustments

**Sales Tax Adjustment** [X]

Adjustment Date: 06/22/2010 [Calendar Icon]

Entry No.: [Empty Field]

Tax Agency: CRA [Dropdown Arrow]

Sales Tax Item: GST (ITC) Adjustments [Dropdown Arrow]

Tax Line: **Line 107 Adjustments**

Sales Tax Account: **Not Used (GST Payable)**  
[What account should I pick?](#)

Adjustment Account: Vehicles:Toyota Tundra GST Rebate [Dropdown Arrow]

Amount: 22.47 [Empty Field]

Increase Sales Tax line  
 Decrease Sales Tax line

Memo: GST on CCA 105/5 x 45% business use [Empty Field]

OK Cancel Help

# Use Adjustment screen to Accrue & Reverse early HST not due until next filing date

Clearing - Canadian Dollar

Go to... Print... Edit Transaction QuickReport

Date	Ref	Payee	Increase	Decrease	Balance
Type	Account	Memo			
06/30/2010	81	Receiver General	150.00	Decrease	150.00
	GENJRNL	GST/HST Payable			
		Accrue early HST on sales			
07/01/2010	82R	Receiver General		150.00	0.00
	GENJRNL	GST/HST Payable			
		Reverse Accrue early HST on sale:			

Make General Journal Entries

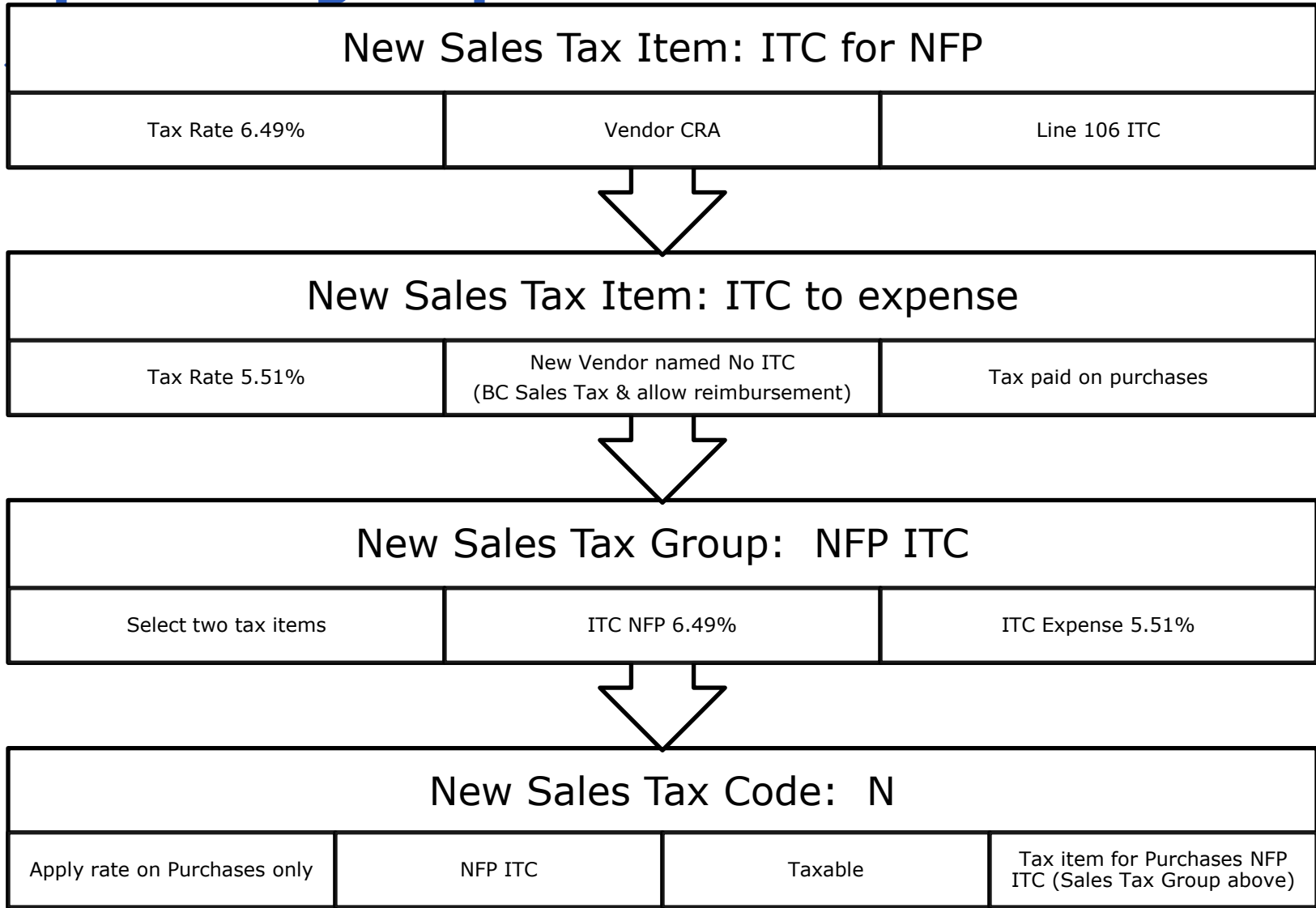
Previous Next Print... Find History **Reverse** Reports

Currency: Canadian Dollar Home Currency Adjustment

Date: 06/30/2010 Exchange Rate 1 CAD = 1 CAD Entry No. 81 Adjusting Entry

Account	Debit (CAD)	Credit (CAD)	Memo	Name	Tax Item	Billa...
GST/HST Payable	150.00		Accrue early HST on sales	Receiver General	Adjustments	
Clearing		150.00	Accrue early HST on sales			
			7 BC Purchases	Sales Tax Item	7 BC on purchases	
			7 BC Sales	Sales Tax Item	7 BC on sales	
			GST	Sales Tax Item	GST on sales	
			GST (ITC)	Sales Tax Item	GST on purchases (Input Tax Credit)	
			GST (ITC) 50%	Sales Tax Item	GST (ITC) 50%	
			GST (ITC) Adjustments	Sales Tax Item	GST Adjustments on purchases (Input Tax Credit)	
			GST (ITC) Zero Rated	Sales Tax Item	GST on Zero Rated purchases (Input Tax Credit)	
			✓ GST Adjustments	Sales Tax Item	GST Adjustments on sales	
			GST Instalments	Sales Tax Item	GST Instalments and net tax paid	
			GST Zero Rated	Sales Tax Item	GST on Zero Rated sales	
			HST (BC)	Sales Tax Item	HST (BC) on sales	
			HST (BC) (ITC)	Sales Tax Item	HST (BC) on purchases (Input Tax Credit)	
			HST (BC) 50%	Sales Tax Item	HST (BC) 50%	

# Split tax group



# HST ITCs partial claim for Not for Profit:

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	<b>Tax Rate</b>	<b>Eligible ITC</b>	<b>NFP ITC Claim</b>	<b>NFP ITC Expensed</b>
GST	5%	50%	2.50%	2.50%
HST	7%	57%	3.99%	3.01%
Total	12%		6.49%	5.51%

# Results: NFP

Type	Date	Name	Memo	Account	Debit	Credit
Bill	08/22/...	Staples		Accounts Payable		112.00
		Staples		Office Supplies	105.51	
		Receiver Gen...	ITC NFP on purchases	GST/HST Payable	6.49	
		No Tax Vendor	NFP (NoITC) on purchases		0.00	
					<u>112.00</u>	<u>112.00</u>
<b>TOTAL</b>					<u><b>112.00</b></u>	<u><b>112.00</b></u>

**RITC: BC & ON Report separately by Province!  
Specified Meals & Entertainment, Telecommunications,  
Energy and Vehicles, excludes PSOs, farming,  
reimbursement**

	<b>Tax rate</b>	<b>RITC</b>	<b>Net ITC claim</b>		<b>Meals @ 50% Gross ITC</b>	<b>RITC</b>	<b>Net ITC claim</b>
GST	5.0 %	0.0%	5.0%		2.5%	0.0%	2.5%
HST	7.0 %	7.0%	0.0%		3.5%	3.5%	0.0%
Total	12 %	7.0%	5.0%		6.0%	3.5%	2.5%

# Results: RITC on Specified Meals & Ent..

Type	Date	Name	Memo	Account	Debit	Credit
Bill	06/22/2...	Earls		Accounts Payable		112.00
		Earls		Meals (Business)	109.50	
		Receiver Gen...	GST (ITC) 50%	GST/HST Payable	2.50	
		No Tax Vendor	GST (ITC) 50% No Tax		0.00	
		Receiver Gen...	HST (BC) 50%	GST/HST Payable	3.50	
		No Tax Vendor	HST (BC) 50% No Tax		0.00	
		Receiver Gen...	RITC BC 3.5% Specifi...	GST/HST Payable		3.50
		No Tax Vendor	RITC BC 50% No Tax		0.00	
		No Tax Vendor	RITC expense		0.00	
					<u>115.50</u>	<u>115.50</u>
<b>TOTAL</b>					<b><u>115.50</u></b>	<b><u>115.50</u></b>

# RITC threshold

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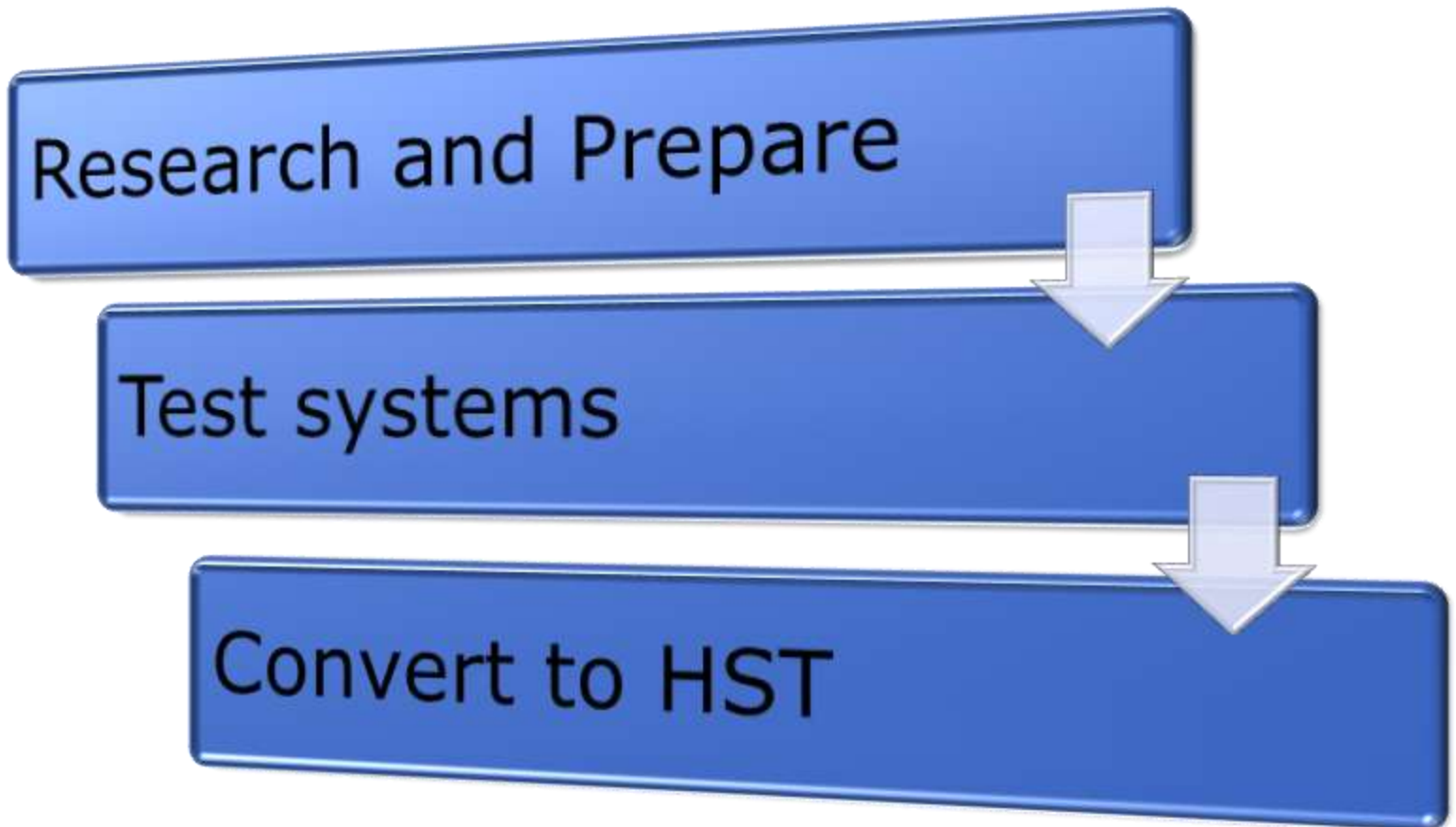
- > \$10 million in a year
- RITC period begins July 1-June 30 not fiscal year
- Watch for changes in year:
  - Amalgamation, windup
- Associated entities, Parent co, Sub co partnerships, joint ventures

# Invoice templates

<b>Subtotal</b>		CAD 350.00
<b>Sales Tax Total</b>		CAD 42.00
<b>Sales Tax Summary</b>		
GST@5.0%		CAD 17.50
HST(BC) Sales@7.0%		CAD 24.50
Total Tax		CAD 42.00
	<b>Total</b>	CAD 392.00

# Summary

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# Closing comments before Q&A

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Review sales for GST/HST

- Rules may have changed

Charge Province and Crown Agencies

- No longer zero rated
- Exception Alberta Gov't no GST/HST

Know when and what to charge or self-assess

- Transition

Home office opt out

- Contact suppliers about Residential Energy Credit

Set up and test accounting system before July 1

- Tax rates, codes, templates

Know mandatory electronic filing rules

- 1.5 Million Taxable Supplies
- Builders

Consider changing filing frequency or method

- If appropriate
- Helpful for cash flow management

# Q&A

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## New BN #?

- No, same account

## Commercial rent and cost plus subject to HST?

- Yes and RITC resides with landlord

## Reimbursed expenses subject to HST?

- Yes, same treatment as before with GST, included in Taxable Supplies
- Tax must be charged

# Q & A

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How is this going to impact my bottom line?

Short term PST is no longer an expense, should be small increase in profit for PST no longer expensed

Cost of conversion, staff training?

Cost of new compliance

Longer term: consumer pressure to reduce prices as PST no longer included in costs?

Should I be concerned about cash flow management?

Yes, depends on your business whether cash will increase or decrease

Question reporting period, especially if cash is tight and there are refunds

# Q&A

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## When should I be doing all of this?

- Start now as transition is under way
- Transition dates started in October 2009 through May 1st
- Effective date July 1

## Can I do this myself? When should I involve my accountant?

- Research and interpretation of rules and transition
- Tax rates / exemptions / large business
- Place of supply

# Q&A

## Why do economists think HST(BC) will result in lower prices?

### Competition

- Pricing of products and services to compete with Alberta
- Negotiating for reduced costs may result

### Consumers

- Pressure to lower prices as our costs are not dropping, in fact they are increasing for consumables such as services

# Q&A Home offices and energy

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Is it true that I won't qualify for the Residential Energy Credit (BC) if I have a home office?

Yes and here's what you need to know:

- Automatic Credit applied to July 1<sup>st</sup> energy bills
- Business use of residential property
- Potential fines for accepting automatic credit

## **To Do before July 1**

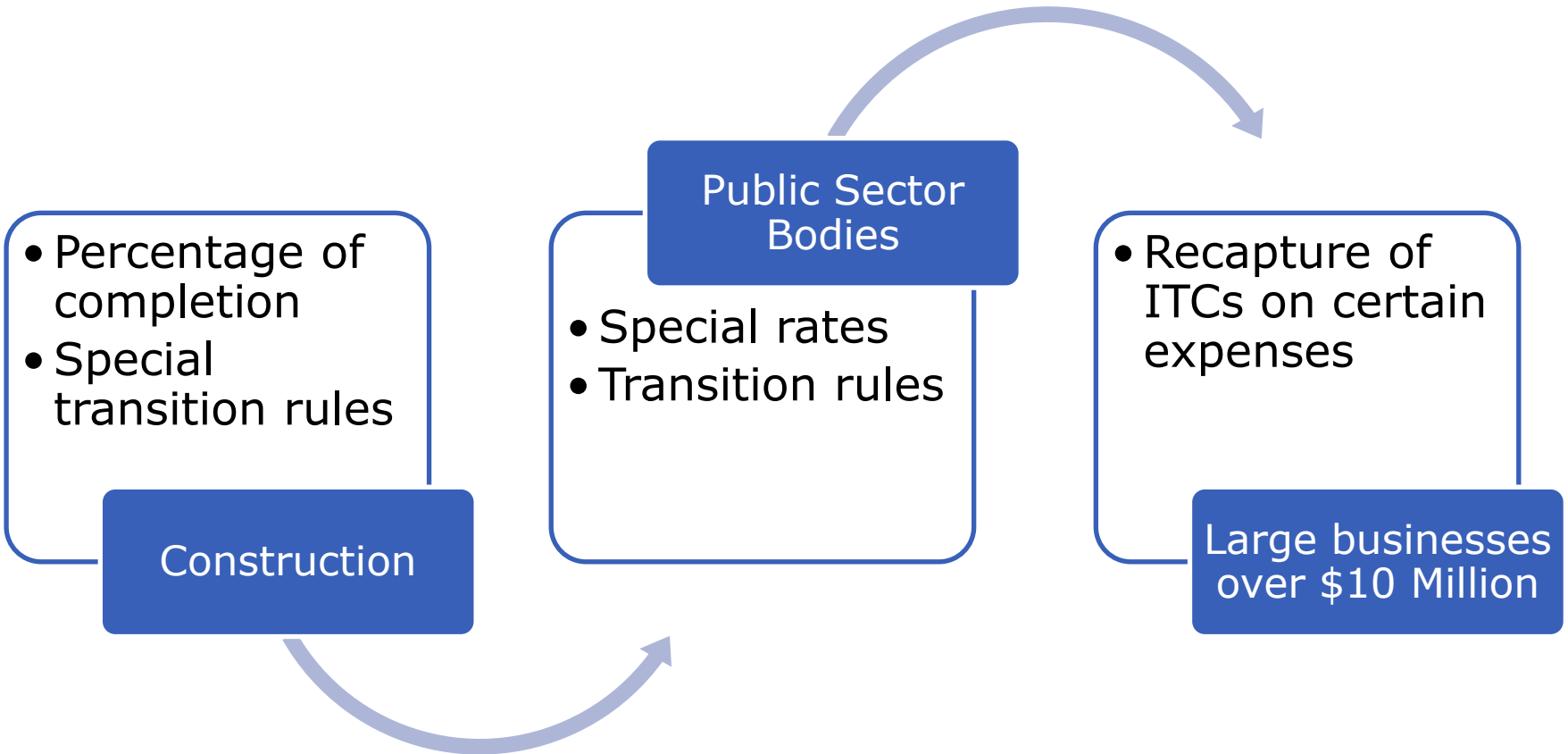
Contact suppliers directly to request to opt out

- <http://hst.blog.gov.bc.ca/faqs/energy-credit/#5>

# Q&A

Is this all there is to know?

Oh no, there are over 300 new documents to read and review between CRA and BC gov't. There are some special concerns not addressed in this small business webinar:



# Canada Revenue Agency [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

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- **Read**

- GST/HST Harmonization for BC and Ontario:
  - [www.cra-arc.gc.ca/harmonization](http://www.cra-arc.gc.ca/harmonization)
- GST/HST main webpage (under the Business tab on Home page):
  - <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html>
- Publications, technical, pamphlets, booklets, guides and forms
  - <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/frmspbs/bytyp-eng.html>
- GST/HST News #76
  - <http://www.cra-arc.gc.ca/E/pub/gr/news76/news76-e.pdf>

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- Video casts 7-17 minutes / to be released soon: one hour webinar
- <http://www.cra-arc.gc.ca/gncy/hrmnztn/wbcsts/menu-eng.html>

- **Contact**

- Business Enquiries 1-800-959-5525
- GST/HST Rulings & Interpretations 1-800-959-8287

# Province of BC <http://hst.blog.gov.bc.ca>

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- **Read**

- Blog

- <http://hst.blog.gov.bc.ca/>

- Link to PDF: What's Taxable under HST and What's Not?

- [http://hst.blog.gov.bc.ca/wp-content/uploads/2010/05/GST\\_PST\\_HST\\_List\\_v04.pdf](http://hst.blog.gov.bc.ca/wp-content/uploads/2010/05/GST_PST_HST_List_v04.pdf)

- Help to transition to HST:

- <http://hst.blog.gov.bc.ca/businesses/help-to-transition-to-the-hst/>

- Business Toolkit: HST Checklist for Business

- Credits, Exemptions and Rebates

- <http://hst.blog.gov.bc.ca/2010/03/27/rebates-exemptions/>

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- <http://www.sbr.gov.bc.ca/applications/SUBS/scripts/subscribe.asp?docTitle=What%27s+New>

- **Download**

- Technical publications

- BC HST Notices #1 - #11

- [http://www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Harmonized\\_Sales\\_Tax/notices.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Harmonized_Sales_Tax/notices.htm)

- **Contact BC Consumer Taxation only when you have concerns about**

- PST wind-down concerns

- Tax on private sales of vehicles, boats and airplanes

- Residential Energy Credit program

# Where to find this recorded session...

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<http://community.intuit.com/category/media-library-canada>

<http://community.intuit.com/posts/intuit-hst-webinars>

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