

Ontario's Tax Plan for Jobs and Growth



ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes
and Harmonizing Sales Taxes



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Total Tax Relief Package for Jobs and Growth

- Moving to a single, value-added tax on July 1, 2010
 - Combined rate of 13% – Ontario's portion will be 8% (current RST general rate), federal portion will be 5%
- Providing \$4.6B in business tax relief over three years
- Providing \$11.8B in tax relief to people over three years

Excluding the federal transitional relief, Ontario's total tax revenues will be reduced by more than \$4B over the first three years

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Endorsement of Harmonization

- Jack Mintz Study on the Impact of the 2009 Budget Measures
 - internationally renowned authority on taxation economics, finds the reduction in tax burden on new businesses will dramatically improve Ontario's international competitiveness
 - estimates that, within ten years, benefits to Ontario from the lower tax burden on new investment will lead to \$47 billion in increased capital investment, higher annual incomes up to 8.8%, and 591,000 net new jobs
- Associations' Post Budget Endorsements:
 - Ontario Chamber of Commerce
 - Chair of the Institute for Competitiveness & Prosperity
 - Canadian Council of Chief Executives
 - CD Howe Institute
 - Canadian Manufacturers and Exporters Association
- Roger Martin's 2009 Report on Harmonized Sales Tax (HST)
 - debunks HST myths and explains the realities of the system
 - reports that, as business costs decrease, prices will also decrease.

More details of these reports are attached in Appendix 3

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Agenda

- Harmonized Sales Tax (HST)
- Additional Tax Relief for Business
- Tax Relief for Individuals

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Countries Around the World Have Adopted a Value-Added Tax

- More than 140 countries, including all OECD (Organisation for Economic Co-operation and Development) countries except the U.S., have a value-added tax
 - On July 23, 2009, BC announced its intention to harmonize its provincial sales tax effective July 1, 2010 at a proposed combined rate of 12% (7% provincial sales tax and 5% federal GST)

“We had to move fast if we were not to be left at a competitive disadvantage to Ontario.”

The Honourable Colin Hansen, Minister of Finance, British Columbia, August 20, 2009

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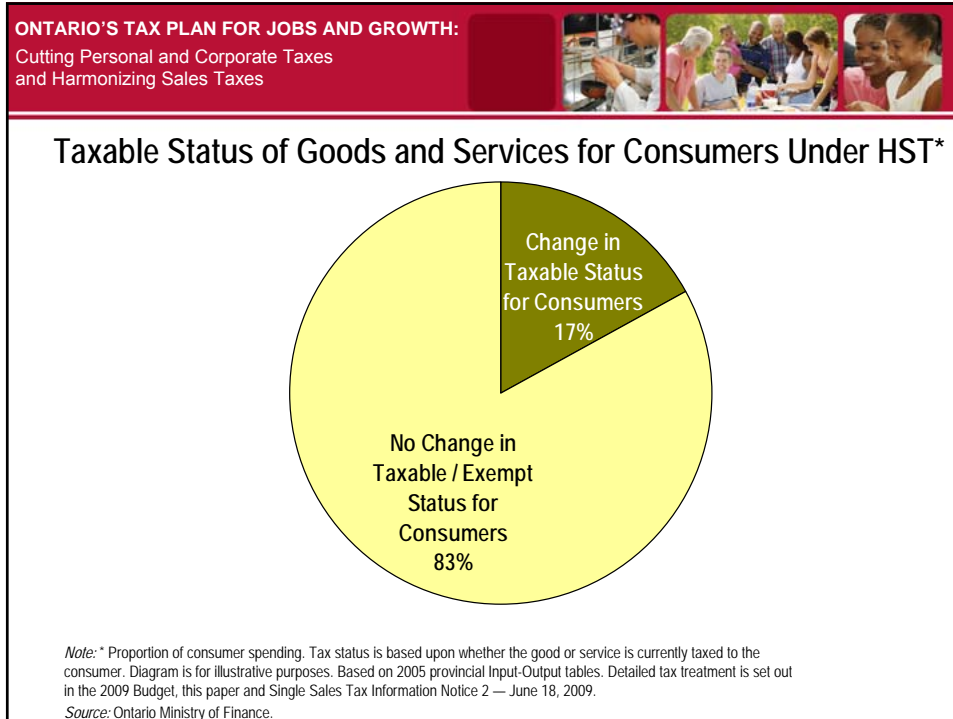
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How the HST Will Work

- The tax will be administered by the Canada Revenue Agency
- HST Rates:
 - 13% (most goods and services)
 - 0%
 - Prescription drugs, medical devices, basic groceries, certain agriculture and fishing products, exports
 - Tax-exempt
 - Most rentals of residential housing, most educational services, most health care services, day care services, legal aid services, some supplies by charities and public sector bodies, most financial services

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How HST Will Affect Your Monthly Budget

- Many expenses will **not** see an increase in their tax status - these items are either exempt or taxed already

Mortgage / Residential rent	Diapers, incontinence products
Basic groceries / snack foods	Restaurant meals
Car purchases and loans	Telephone/cell phone
Insurance (life, house, property)	Cable or satellite television
Daycare	Prescription drugs
Utilities – municipal water	Over-the-counter medication
Clothing and footwear*	Municipal public transportation
Cleaning/laundry products	Alcohol
Newspapers	Automobile parts and repairs
Personal goods (e.g., kitchen/bath items, toys/games, furniture/decor, electronics)	

* Currently, footwear costing \$30 or less is exempt to everyone regardless of size. This exemption will cease as of July 1, 2010. Commencing July 1, 2010, all children's footwear, regardless of price, will be exempt from the 8% provincial portion of the HST.

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How HST Will Affect Your Monthly Budget

- Certain expenses will see an increase in their tax status as they are not subject to PST but will be subject to HST

Regular Expenses	Occasional Expenses
Heating Fuels (propane, natural gas)	Membership fees / Greens fees
Electricity	Snow removal / lawn care services
Gasoline/propane/diesel for motor vehicle	Accounting/legal fees
Internet access fees	Community hall or ice rentals
Dry cleaning	Real estate commissions
Tobacco	Home renovations
Hair styling / barber	Admissions to live theatre or performances

NOTE: Pre-tax prices of many goods and services may drop as a result of the HST, resulting in savings for consumers

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HST: Three Ways Business Save

Reducing Compliance Costs

Businesses will save over \$500 million a year in administrative and compliance costs

One set of forms, one payment and one point of contact for audits, appeals and taxpayer services

Eliminating the many complex RST rules that vendors currently face will result in further direct benefits to business

Input Tax Credits on Business Purchases

Most businesses will receive input tax credits for sales tax they pay on many of their business inputs and capital investments

While some business inputs were RST-exempt, many were RST-taxable

Input Tax Credits will provide significant savings to business – direct benefit

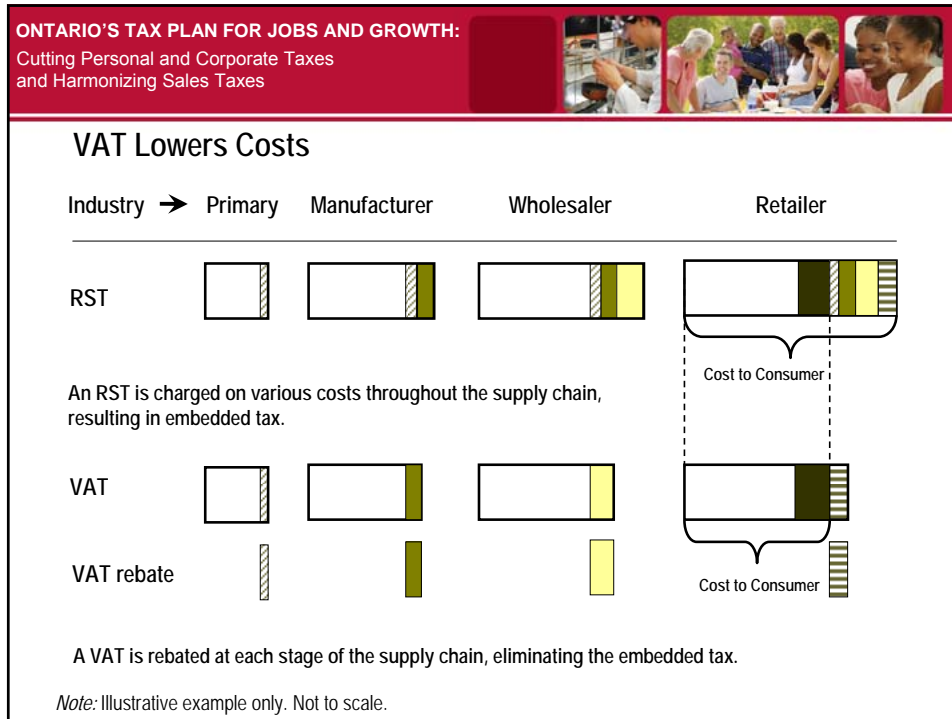
Reducing Embedded Tax in Supplier Prices

The HST will eliminate cascading layers of RST-embedded tax hidden in the purchase price

Removing this embedded tax makes inputs cheaper

Business save by removing sales tax embedded in the prices they pay their suppliers – indirect benefit

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TD Bank Special Report on HST

- They predict that the majority of business cost savings will be passed onto consumers in the form of lower pre-tax prices
- They estimate that 80% of business savings will be passed on in the first year, and 95% by the third year
 - As a result, the pre-tax price of goods and services will fall by 0.8% - 0.9%
 - Even after the additional tax on previously untaxed items is factored in, there will be only a modest increase of 0.7% in the CPI in Ontario
- TD estimates a \$2.5 - \$3 billion annual cost increase for consumers. This would be more than offset by the \$11.8 billion Ontario is providing in tax relief to people over the first three years, and would be almost fully offset on an ongoing basis by the annual permanent tax relief

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Point-of-Sale Rebates

- Point-of-sale rebates for the Ontario portion of the HST (8%) will be introduced for:
 - children's:
 - clothing, footwear, diapers, car seats and car booster seats
 - books (including audio books)
 - feminine hygiene products
 - print newspapers
 - qualifying prepared food and beverages sold for \$4.00 or less
- The federal portion of the HST (5%) will still be charged on these items

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Point-of-Sale Rebates – Invoicing Options

- Ontario businesses will have a choice about how to display the HST payable on goods subject to point-of-sale rebates. Choices include:
 - showing the total amount of the HST payable without the rebate and then show the rebate separately, or
 - showing the total HST payable as an amount net of the rebate

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Temporary Input Tax Credit (ITC) Restrictions

- Temporary restrictions will be placed on ITCs for large businesses (with annual taxable sales over \$10 million) and financial institutions on the following items:
 - energy, except where used to produce goods for sale
 - telecommunication services other than internet access or toll-free numbers
 - road vehicles weighing less than 3,000 kilograms (and parts and certain services) and fuel to power those vehicles
 - food, beverages and entertainment
- These restrictions will not apply to:
 - farmers or public service bodies
 - goods or services acquired solely for re-supply by large businesses

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Reporting ITCs Restrictions

- In most cases, registrants would calculate and report their restricted ITCs in the appropriate information fields on a schedule to the GST/HST NETFILE return for the period in which the ITCs first become available
- To help simplify compliance with the restricted ITC requirements:
 - an elective proxy approach would generally be available to determine, for example, the restricted amounts applicable to energy and telecommunication services, and
 - an election would generally be available to account for restricted ITCs using an estimation, instalment and reconciliation approach

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Phase-in of ITCs on Restricted Items

- After the first 5 years of HST implementation, ITCs relating to restricted items will be phased in over a three-year period. Accordingly:
 - in the sixth year, a business that had been subject to the restrictions will be able to claim a 25% ITC on the restricted items;
 - in the seventh year, the business will be able to claim a 50% ITC;
 - in the eighth year, the business will be able to claim a 75% ITC; and
 - in the ninth year, the business will be able to claim full ITCs (only with respect to inputs used in its commercial activities)
- Additional details are available in the Ministry of Revenue's 'HST Information Notice 5: *Temporary Recapture of ITCs Requirement*

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New Housing Rebates

- New homes purchased as primary residences will qualify for a rebate of 75% of the provincial portion of the HST payable, up to a maximum rebate of \$24,000
- On average, new homes priced up to \$400,000 will not be subject to additional tax compared to the RST currently embedded in the price of new homes
- Resale homes will not be subject to the HST

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Supporting Public Service Bodies

Ontario's public service bodies will be able to claim **provincial rebates** to keep them fiscally neutral on a sector by sector basis.

	GST & Federal HST (5%)	Nova Scotia (8%)	New Brunswick ¹ (8%)	Nfld. & Labrador (8%)	Québec (7.5%)	Ontario ³ (8%)	BC Proposed ⁵ (7%)
Municipalities	100%	57%	57%	0%	0% ²	78%	75%
Universities and Public Colleges	67%	67%	0%	0%	47%	78%	0%
School Authorities	68%	68%	0%	0%	47%	93%	0%
Hospital Authorities	83% ⁴	83%	0%	0%	52%	87%⁴	0%
Charities and Qualifying Non-Profit Organizations⁶	50% ⁴	50%	50%	50%	50%	82%⁴	57%

¹ In New Brunswick, Universities and Colleges, School Boards and Hospitals are provincial Crown agents eligible for the 100% government rebate.
² Québec intends to move to a 100% QST rebate for municipalities in 2014 when it changes its funding formula for municipalities.
³ Rebate of provincial portion of tax paid based on federal GST public service body definitions.
⁴ Charities and qualifying non-profit organizations would be eligible for the hospital PSB rebate for eligible services traditionally performed by hospitals.
⁵ BC is reviewing the grants it pays to schools, health authorities, colleges and universities in light of any increased provincial tax they would pay under the proposed HST.
⁶ A qualifying non-profit organization is a non-profit organization that has at least 40% of its total revenue from government funding.

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Simplifying Sales to Government

- Currently, the Ontario government pays RST on its purchases, but claims a GST exemption
- Under the HST, the Ontario government will pay the HST upfront on all its purchases and claim a rebate from the CRA for eligible HST amounts
- Businesses will no longer have to separate government purchases, decreasing their compliance costs

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How will the HST affect purchases made by Status Indians both on and off reserve?

- Under the HST, as with the federal goods and services tax, goods purchased by Status Indians on a reserve (or off-reserve for delivery to a reserve by the vendor) will be exempt from tax
- Ontario's current treatment under RST differs from the federal administration as the exemption also applies when Status Indians buy goods off-reserve and self-deliver the goods to a reserve for consumption there

CRA Technical Information Bulletin B-039R3 –
GST/HST Administrative Policy - Application of the GST/HST to Indians

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Small Supplier Threshold

- To reduce the administrative burden and complexity for small business, Ontario will parallel the GST small supplier threshold:
 - businesses with total taxable sales of \$30,000 or less based on four previous calendar quarters (\$50,000 or less for a public service body) will not be required to register for GST/HST purposes and collect the HST, subject to limited exceptions
 - those that choose not to register will not be required to file a HST return
 - those that choose to register will collect the HST and will be eligible to claim ITCs
- GST registrants are automatically registered for HST

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Small Business Transition Credit

- Small business will receive one-time transitional support totalling up to \$400 million
- Most businesses (other than financial institutions) with less than \$2 million in annual revenue from taxable sales will be eligible for a transition credit of up to \$1,000

Total Taxable Revenues in First Full Fiscal Quarter Commencing After June 30, 2010	Amount of Transitional Credit
Up to and including \$15,000	\$300
Over \$15,000 and up to and including \$50,000	2% of Taxable Revenue for that Quarter
Over \$50,000 and up to and including \$500,000	\$1,000

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Implementing the HST - Key Dates

- **March 2009:** Ontario Budget announcement on HST
- **June 18, 2009:** date of release of transitional rules for housing
- **October 14, 2009:** date of release of general transitional rules
- **December 9, 2009:**
 - Bill 218: *Ontario's Plan for More Jobs and Growth Act, 2009* passed by the Ontario legislation
 - Bill C-62: *Provincial Choice Tax Framework Act, 2009* passed by the House of Commons
- **May 1, 2010:**
 - date that HST will generally apply to prepayments, but only to extent that goods and services are provided on or after July 1, 2010
- **July 1, 2010: Implementation Date**
 - date that HST will generally begin to apply / RST will generally cease to apply
- **October 31, 2010:** date that any outstanding RST will become payable

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General Transitional Rules

- **GOODS:**
 - RST applies if ownership or possession transferred before July 1, 2010
 - HST applies if ownership and possession transferred on or after July 1, 2010
- **SERVICES:**
 - RST applies to taxable services to extent performed before July 1, 2010
 - HST applies to services to extent performed on or after July 1, 2010
 - De minimis rule: No HST if services performed all or substantially all (≥90%) before July 1, 2010
- **PREPAYMENTS PRIOR TO JULY 1, 2010:**
 - Special transition rules apply

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General Transitional Rules

- **LEASES AND LICENCES:**
 - RST applies to extent lease interval occurs before July 1, 2010
 - HST applies to extent lease interval occurs on or after July 1, 2010
 - One-month rule: No HST if lease interval begins before July 1, 2010 and ends before July 31, 2010
- **INTANGIBLE PERSONAL PROPERTY (IPP):**
 - HST applies if due or paid on or after July 1, 2010
 - Memberships: treated as a service, i.e., HST applies to extent membership period is on or after July 1, 2010
 - Admissions: treated as a service, i.e., HST applies to extent event or activity is on or after July 1, 2010
 - see also Disclosure Requirements for Tax-Included Pricing
- **PREPAYMENTS PRIOR TO JULY 1, 2010:**
 - Special transition rules apply

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Special Transitional Rules - Prepayments

- For goods, services and leases provided/occurring on or after July 1, 2010:
 - RST applies (if any) if prepaid on or before October 14, 2009

 - If prepaid after October 14, 2009 and before May 1, 2010:
 - consumers pay RST (if any)
 - certain businesses and public services bodies may be required to self-assess the Ontario component of the HST (GST applies in the normal manner)

 - HST applies if prepaid on or after May 1, 2010 and before July 1, 2010

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Special Transitional Rules – Grandparenting Exceptions

- Subscriptions to Magazines
 - No HST if paid before July 1, 2010
- Prepaid Funerals
 - No HST if contract entered into in writing before July 1, 2010
- Passenger Transportation Services
 - No HST if continuous journey begins before July 2010
- Freight Transportation Services
 - No HST if continuous freight movement begins before July 2010
- Passenger Transportation Passes
 - No HST if pass period begins before July 2010 and ends before August 2010

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Additional Transitional Rules for Goods and Services

- **Disclosure Requirements for Tax-Included Pricing**
 - Where RST-included pricing is used, prepayment is made after October 14, 2009 and before May 1, 2010, and the seller does not disclose in writing to the purchaser the amount included as RST in the stated price, then the stated price will be deemed to include the RST, if the RST would have applied to the sale notwithstanding any other transitional rule
- **Transitional RST Inventory Rebate for Residential Real Property Contracts**
 - Rebate available for RST embedded in construction materials in inventory on June 30, 2010 but used in residential property contracts on or after July 1, 2010
- **Lifetime Memberships**
 - If consideration for a lifetime membership is due or paid after October 14, 2009 and before July 1, 2010 and that consideration exceeds 25% of the total consideration: HST applies on portion exceeding 25% and on consideration paid on or after July 1, 2010

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Additional Transitional Rules for Goods and Services

- **Continuous Supplies** (e.g., natural gas, electricity, cable television, telephone services)
 - To the extent that property or services are made available on or after July 1, 2010: HST applies
- **Budget Payment Arrangements** (e.g., natural gas supplied under an equal-payments billing plan)
 - If reconciliation of payments occurs at the end of a period that straddles July 1, 2010 and ends before July 2011: supplier must reconcile HST
- **Combined Supplies** (e.g., supply-and-install contract)
 - Generally, if property and/or services are supplied together as a single supply and one of the items is property that would not have been subject to the HST if supplied separately, then that item would be considered to be supplied separately for purposes of the transitional rules

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Additional Transitional Rules for Goods and Services

▪ Progress Payments and Holdbacks

- To the extent progress payments & holdbacks due or paid after October 14, 2009 can reasonably be attributed to property delivered or services performed on or after July 1, 2010: HST applies
 - If construction is substantially completed ($\geq 90\%$) before June 2010: any unpaid consideration is deemed payable on July 31, 2010 and HST applies on any portion of payment attributable to construction on or after July 1, 2010

▪ Direct Sellers

- If a direct seller is using the alternative collection method on July 1, 2010 and independent sales contractors of that seller hold exclusive products in their inventory on July 1, 2010: direct seller required to account for Ontario component of the HST on the suggested retail price of the items in inventory

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Returns and Exchanges

- If RST-paid goods:
 - returned for a full refund: RST refund
 - exchanged for goods of equal value: No RST refund and no HST
 - exchanged for goods of lesser value: RST refund on difference and no HST
 - exchanged for goods of greater value: HST applies on additional payment
- If RST-exempt goods exchanged:
 - HST applies on full value of replacement goods
- Where RST refunds are available:
 - vendors can provide RST refunds to purchasers for returns on or before October 31, 2010
 - purchasers can apply to the Ministry of Revenue for refunds after October 31, 2010

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Final RST Returns

- Final RST returns will generally be required to be filed with the Ontario Ministry of Revenue on or before July 23, 2010
- Where an amount is collected or becomes payable as or on account of RST after June 2010, the vendor will be required to account for that amount in a supplemental RST return to be filed on or before the 23rd day of the following month
- All supplemental RST returns will be required to be filed no later than November 23, 2010

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Vendor Compensation

- Vendor compensation will end as part of the transition to the HST, but will apply for RST returns filed up to and including those filed for the period ending March 31, 2010
- The 2010 Ontario Budget proposes to extend compensation to RST vendors up to a maximum of \$375 for the shortened RST collection period of April 1, 2010 to June 30, 2010

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Winding Down the Retail Sales Tax

- After July 1st 2010, Ontario RST continues to apply on:
 - Specified insurance premiums at 8%
 - To ensure that both the HST and RST do not apply to certain insurance costs and fees, such as administration fees for benefit plans; the 2010 Ontario Budget proposed an RST exemption for such costs and fees
 - Private transfers of used vehicles at 13%
 - To confirm that the exemption for gifts of used vehicles between siblings will be available effective July 1, 2010, the 2010 Ontario Budget proposed an RST exemption on such transfers as announced in Ontario's Tax Plan for Jobs and Growth
- RST paid cannot be claimed as an ITC on GST / HST returns filed
- Existing RST and related exemptions, special rates, credits and rebates under the Retail Sales Tax Act will generally end for transactions on or after July 1, 2010
- Purchase exemption certificates (PECs) are not valid on or after July 1, 2010

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Corporate Income Tax Relief

- The Ontario Budget will provide \$4.6 billion in tax relief for business over three years
- Starting July 1, 2010, the government will:
 - cut Corporate Income Tax (CIT) rates
 - eliminate the CIT small business deduction surtax
 - exempt more small and medium-sized businesses from the Corporate Minimum Tax (CMT) and cut the CMT rate from 4% to 2.7%

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Corporate Income Tax Relief

Ontario's Corporate Income Tax Rate Cut Plan

Date	Rates (Per Cent)			
	General	Manufacturing & Processing	Small Business	Small Business Deduction Surtax
Current	14	12	5.5	4.25
July 1, 2010	12	10	4.5	0
July 1, 2011	11.5	10	4.5	0
July 1, 2012	11	10	4.5	0
July 1, 2013	10	10	4.5	0

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Capital Tax Elimination

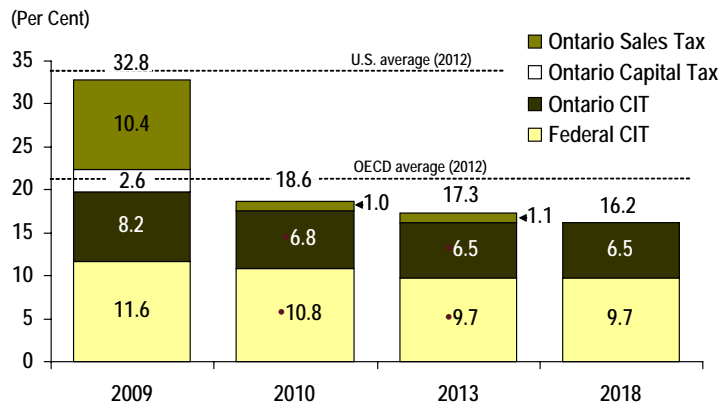
- In 2004, the government legislated a plan to eliminate Ontario's Capital Tax by 2012
- Since then, the government has accelerated the elimination plan and further relieved the Capital Tax burden on businesses
- Effective January 1, 2007, Capital Tax rates were cut by an additional 21% and Capital Tax was eliminated for Ontario companies primarily engaged in manufacturing and processing and resource activities
- On January 1, 2010, Capital Tax rates will be cut by one-third and the tax will be fully eliminated on July 1, 2010
- The elimination of capital tax will provide about \$1.6 billion a year in tax relief for business

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Cutting Ontario's Marginal Effective Tax Rate (METR) on New Business Investment in Half*



* Includes the Ontario Corporate Income Tax (CIT) rate cuts and harmonized sales tax proposed in the 2009 Budget, the phase out of Ontario's capital tax by July 1, 2010, and the reduction in the general federal CIT rate to 15 per cent by 2012.
 Sources: Ontario Ministry of Finance and Finance Canada.

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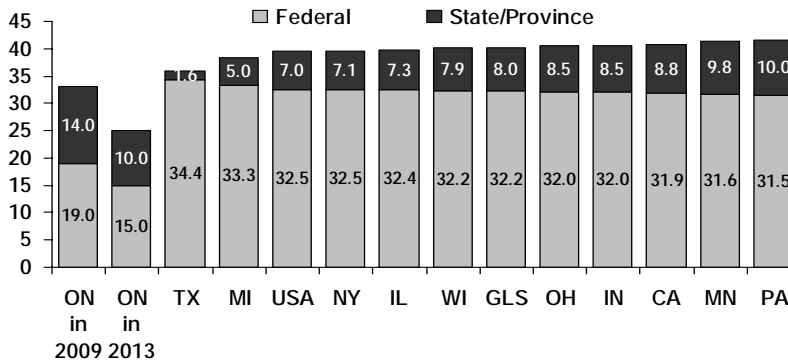
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Ontario's Competitiveness with the U.S.

General Corporate Income Tax Rates in 2013
(Per Cent)



Notes: State corporate income tax is deductible for federal tax purposes. USA is U.S. average; GLS is Great Lake States average. Some states do not have a corporate income tax, but other taxes that are approximately equivalent have been included.

Source: Ontario Ministry of Finance, current as of April 2009.

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Targeted Tax Relief for Business

- The Ontario Budget will also provide the following targeted tax measures:
 - enhanced refundable tax credit rates for small businesses that hire apprentices and co-op students
 - extending the refundable Ontario Innovation Tax Credit to more small and medium-sized businesses
 - providing a temporary accelerated depreciation for buying eligible computers and software
 - extending an accelerated CCA rate for manufacturing and processing machinery and equipment investments
 - enhancing tax support for the creation of interactive digital media products in Ontario
 - expanding the refundable Ontario Computer Animation and Special Effects Tax Credit
 - making the enhanced tax credit rates under the refundable film and television tax credits permanent
 - enhancing the refundable book publishing tax credit

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Provincial Property Tax Relief for Businesses

- Continue cutting high business education tax (BET) rates through the \$540 million BET reduction plan announced in the 2007 Budget
 - Under this plan, high BET rates are being reduced to a target maximum rate by 2014
 - As a result of reassessment, the target maximum BET rate has been lowered from 1.60% to 1.52%
 - New construction will benefit from the 1.52% maximum BET rate immediately
- The 2008 Budget accelerated the BET cuts for businesses in northern Ontario to ensure that they benefit from the full BET cut by 2010, four years earlier than originally announced

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- Tax Relief for Individuals

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ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes
and Harmonizing Sales Taxes



Sales Tax Transition Benefit

- \$4.2 billion in cash payments to 6.6 million Ontario families and individuals – totalling up to \$1,000 for single parents and couples and up to \$300 for single people – in 2010 and 2011 to ease the transition to a new HST

Ontario Sales Tax Transition Benefit

Payment Month	Single Individuals		Single Parents or Couples	
	Maximum Benefit	Phase-out Range	Maximum Benefit	Phase-out Range
June 2010	\$100	\$80,000-\$82,000	\$330	\$160,000-\$166,600
December 2010	\$100	\$80,000-\$82,000	\$335	\$160,000-\$166,700
June 2011	\$100	\$80,000-\$82,000	\$335	\$160,000-\$166,700
Total	\$300		\$1,000	

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Personal Income Tax (PIT) Relief for People

- \$1.1 billion in ongoing, broadly based PIT cuts – 93% of Ontario taxpayers will get a tax cut; families and individuals with up to \$80,000 of income will get an average tax cut of 10%

Ontario Personal Income Tax Rates, 2010 (%)

Taxable Income ¹	Currently Legislated	Proposed (2010)
\$0 - \$37,106	6.05	5.05
\$37,106 - \$74,214	9.15	9.15
> \$74,214	11.16	11.16

¹ Taxable income thresholds are adjusted annually to reflect Ontario inflation.

- Ontario will benefit from the lowest provincial tax rate in Canada on the first \$37,106 of taxable income, based on legislation currently in place in other provinces

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Additional Tax Relief for People

- **Ontario Sales Tax Credit** – an enhanced credit of up to \$260 a year for each adult and child in low- to middle-income families
 - about 3.1 million families and individuals will benefit from this measure
 - paid quarterly starting August 2010
- **Enhanced Refundable Ontario Property Tax Credit** - an additional \$270 million in property tax relief on an annual basis to low- to middle-income homeowners and tenants

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Additional Tax Relief for People

Proposed Northern Ontario Energy Credit

- 2010 Budget proposes a new permanent refundable credit to help low-to middle-income families and single people in the north with higher energy costs
- Northern residents who pay rent or property tax, for their principal residence would be eligible for an annual credit

Proposed Northern Ontario Energy Credit			
Single Individuals		Family (including Single Parents)	
Maximum Benefit	Phase-out Range	Maximum Benefit	Phase-out Range
\$130	\$35,000 - \$48,000	\$200	\$45,000 - \$65,600

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For Additional Information from the Canada Revenue Agency (CRA)

- Contact the CRA at www.cra.gc.ca/harmonization
 - To subscribe to the electronic mailing list to receive the quarterly publication, Excise and GST/HST News, go to www.cra.gc.ca/lists
 - For more information on simplifying GST/HST filing obligations, go to www.cra.gc.ca/gsthst-filing
 - Read GST/HST Notices, Info Sheets and Technical Information Bulletins
- Call: CRA's National Toll-Free Number
 - 1-800-959-5525 (Personal property/services)
 - 1-800-959-8287 (Real property)

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Examples of Publications Available from CRA

- **NOTICE 249**
Questions and Answers on the New Reporting Requirements for GST/HST Registrants
- **NOTICE 247**
HST for Ontario and British Columbia - Questions and Answers on General Transitional Rules for Personal Property and Services
- **NOTICE 244**
HST for Ontario – Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario
- **GST/HST Technical Information Bulletin B-103**
HST - Place of supply rules for determining whether a supply is made in a province
- **GI-056** Ontario and British Columbia: Transition to the Harmonized Sales Tax-Services
- **GI-057** Ontario and British Columbia: Transition to the Harmonized Sales Tax-Memberships
- **GI-058** Ontario and British Columbia: Transition to the Harmonized Sales Tax-Admissions
- **GI-063** HST for Ontario and British Columbia - Point-of-Sale Rebate on Children's Goods
- **GI-064** HST for Ontario - Point-of-Sale Rebate on Prepared Food and Beverages
- **GI-065** HST for Ontario and British Columbia - Point-of-Sale Rebate on Books
- **GI-067** Basic GST/HST Guidelines for Charities
- **GI-068** Basic GST/HST Guidelines for Public Institutions

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For Additional Information from the Province of Ontario

- Visit the Ontario Ministry of Revenue website at www.ontario.ca/taxchange
 - Read Ontario's Tax Plan for Jobs and Growth: Cutting Personal and Corporate Taxes and Harmonizing Sales Taxes
 - Obtain HST information including transitional rules, information notices and tax tips
 - Calculate the personal or business and corporate income tax benefits you or your business may be eligible to receive (page 2462)
 - Sign up for the email alert service by clicking on Email Alerts from the homepage
- Call the Budget hotline toll-free at 1-800-337-7222
- Call 1-866-ONT-TAXS for RST-related information

ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

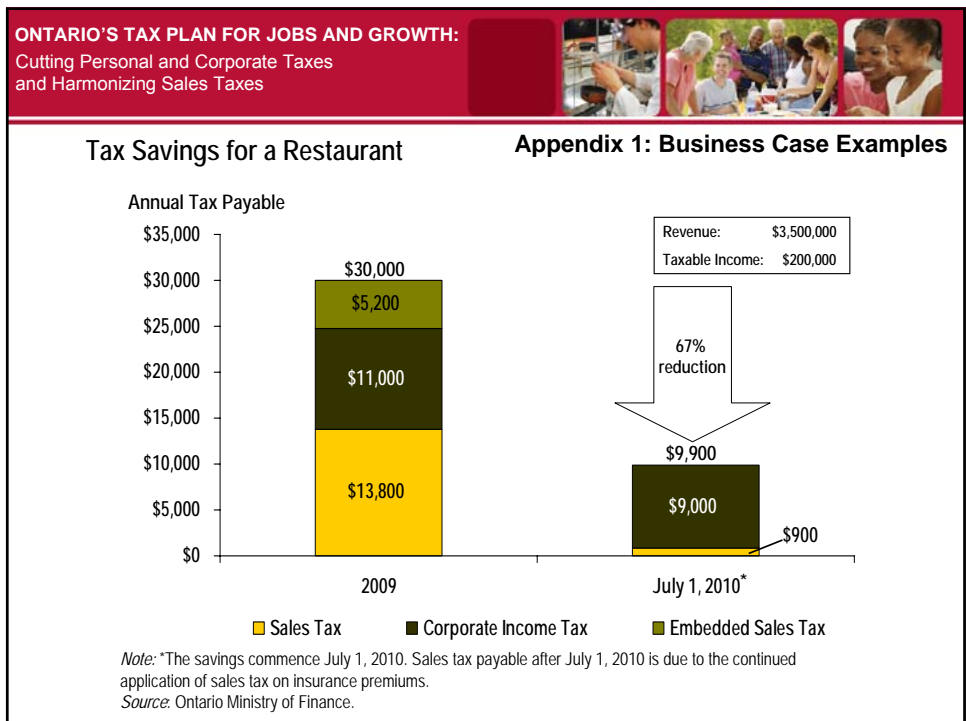
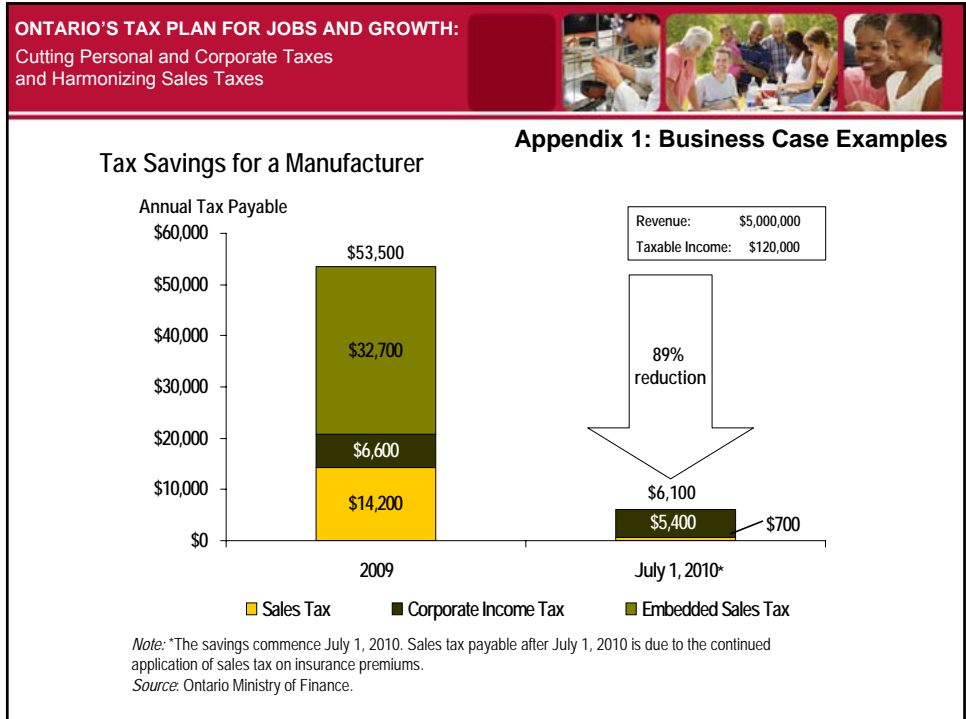
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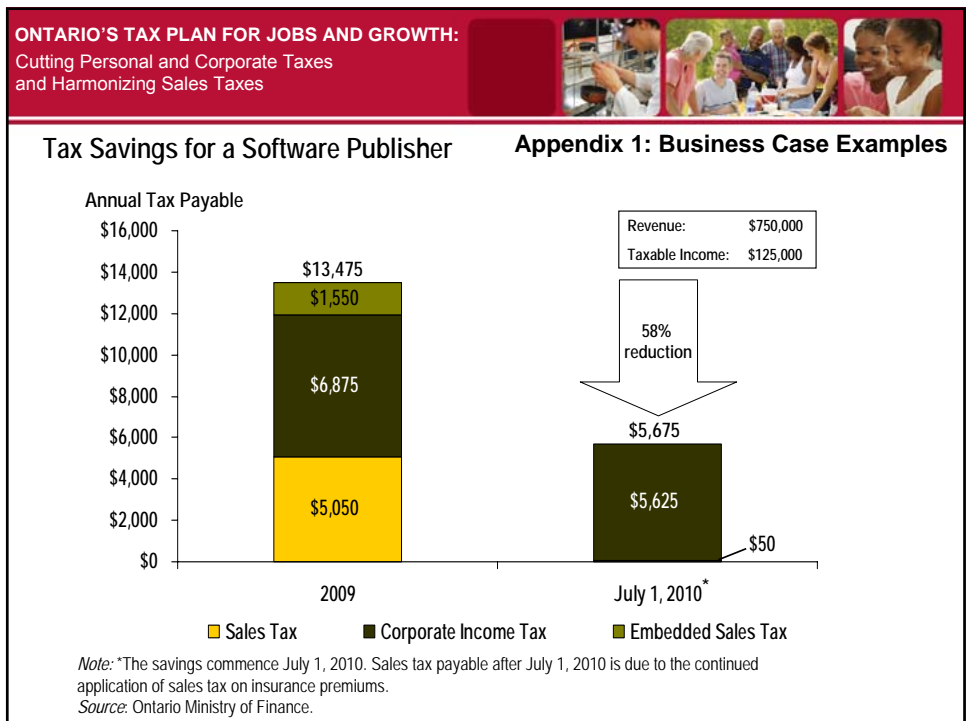
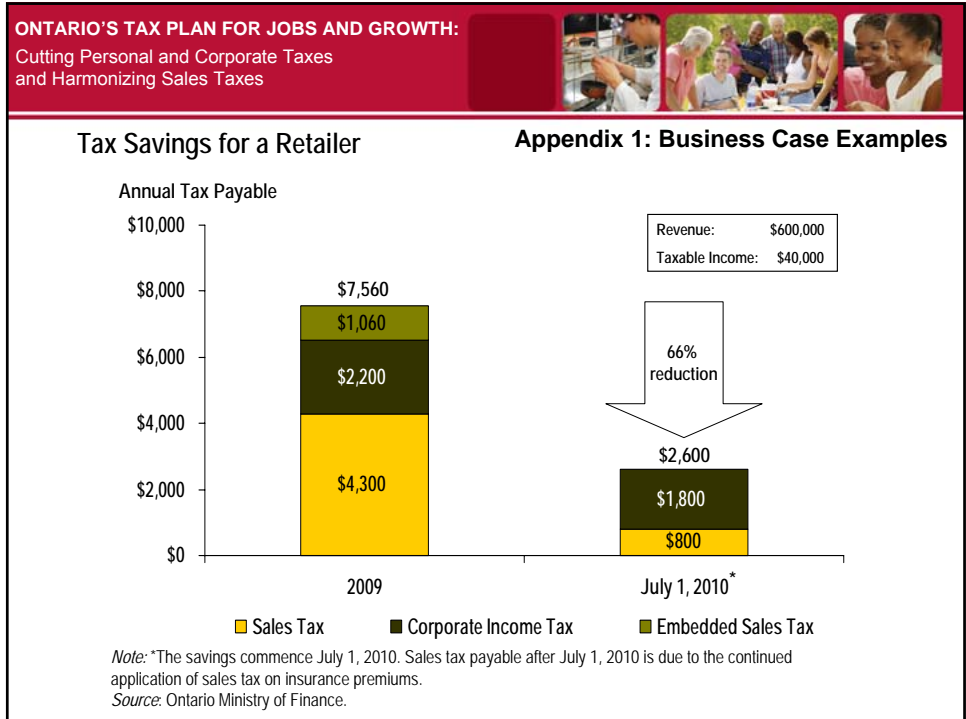
Appendices:

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|-------------|--|
| Appendix 1: | Business Case Examples |
| Appendix 2: | Personal Case Examples |
| Appendix 3: | Endorsements |
| Appendix 4: | Single-Unit Housing
Transitional Rules Charts |
| Appendix 5: | Additional Information |

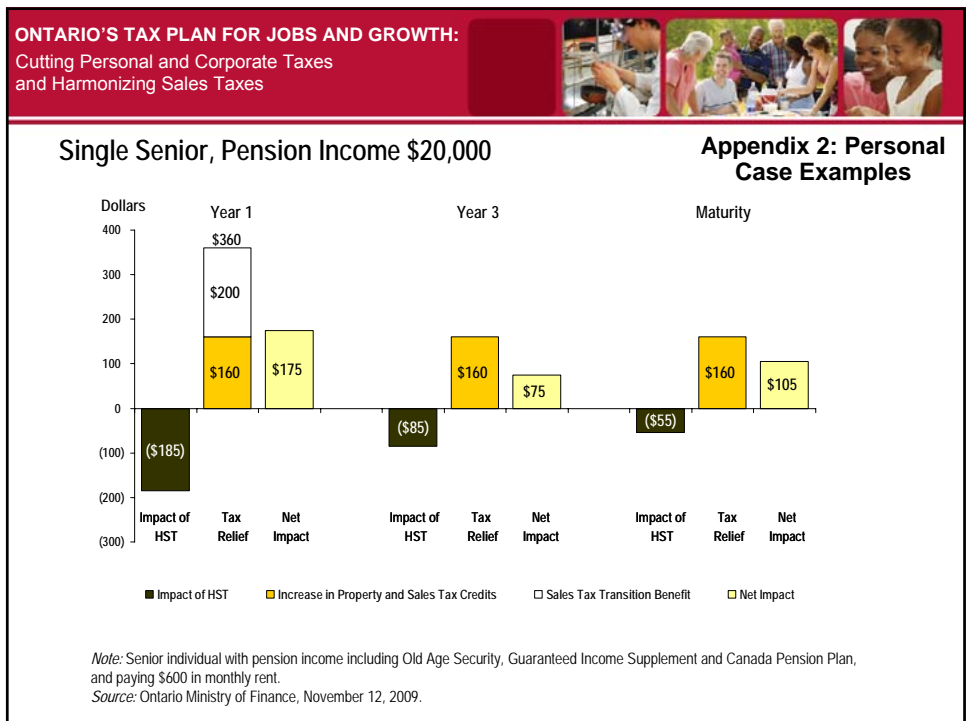
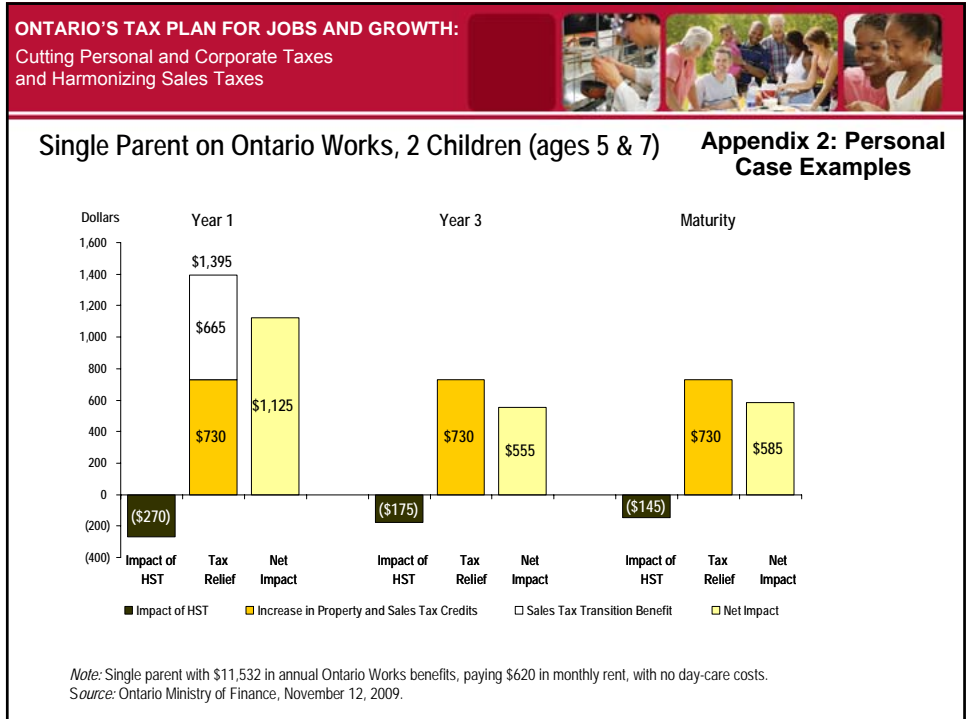
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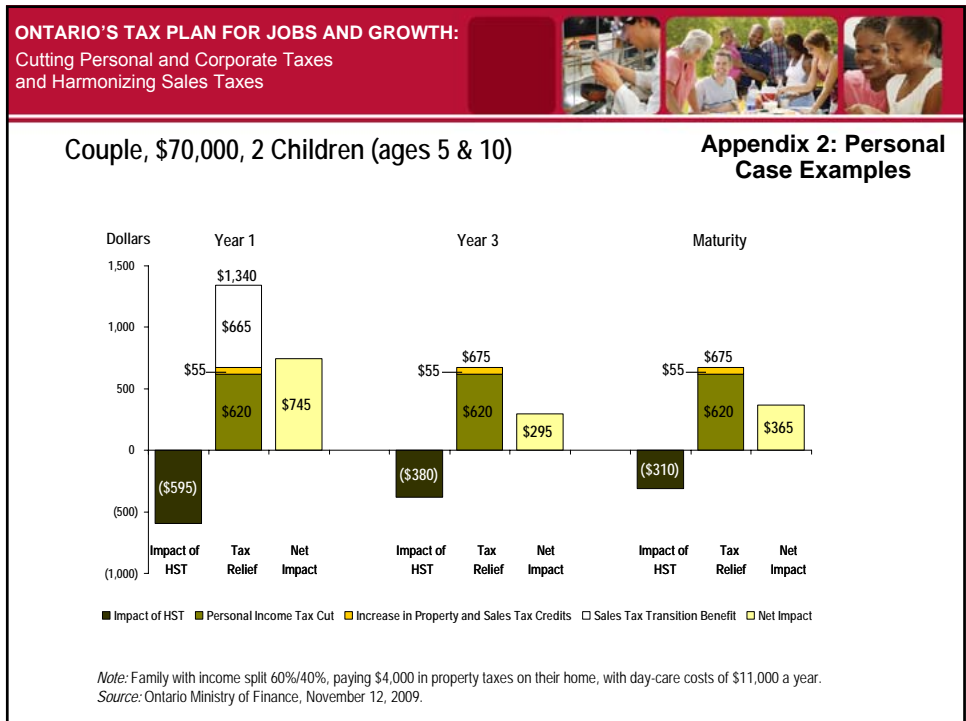
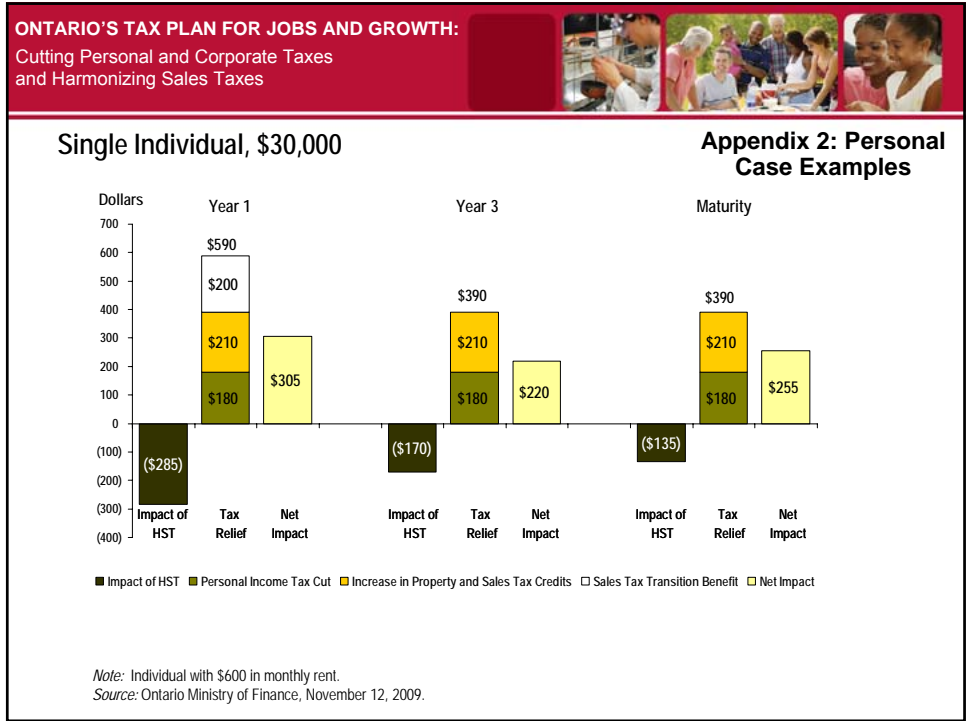
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Appendix 3: Endorsements

Post-Budget Endorsements of Harmonization

- The **Ontario Chamber of Commerce** noted that "Business will become much more competitive, with reduced costs of operation. And when business reduces their cost, they're able to pass on those savings to the consumer, who is the ultimate winner in all of this."
- The Chair of the **Institute for Competitiveness & Prosperity** wrote, "The most positive feature is the impact it [sales tax harmonization] will have on new business investment and, therefore, jobs and wages. We need more investment by Ontario businesses to improve prosperity for the average Ontarian."
- The **Canadian Council of Chief Executives** commented that harmonizing the federal and provincial sales taxes is "the single most important measure [the] government could take to encourage renewed business investment and growth across Ontario."
- **CD Howe Institute** commented that "putting an end to Ontario's archaic retail sales tax and adopting a value-added tax like the GST would sharply lower the effective tax rate on new business investment and offer the province a much-needed economic boost."
- The **Canadian Manufacturers and Exporters Association** commented: "Sales tax harmonization is exactly the kind of forward-looking policy reform that will be critical in strengthening the provincial economy and speeding along recovery. In fact, it is the single most important step that can be taken to boost the provincial economy and create job opportunities in the future."

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Appendix 3: Endorsements


Study by Jack Mintz on the Impact of the 2009 Budget Measures

- Professor Jack Mintz, Palmer Chair of Public Policy at the University of Calgary is known internationally as a leading authority on taxation economics
- His recent report "**Ontario's Bold Move to Create Jobs and Growth**" (Nov. 2009) examines the impact on investment, jobs and incomes in Ontario from the HST and proposed Ontario corporate income tax rate cuts together with other recent tax changes for business
- He finds that the reduction in the tax burden on new business investment would dramatically improve Ontario's international competitiveness

The report estimates that, within ten years, the benefits to Ontario from the lower tax burden on new investment would be **\$47 billion in increased capital investment, higher annual incomes of up to 8.8%, and 591,000 net new jobs.**

Ontario's Tax Plan for Jobs and Growth

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Appendix 3: Endorsements


Roger Martin's 2009 Report on HST

Exhibit 18 Most HST myths do not stand up to scrutiny

The Harmonized Sales Tax...	Myths	Realities
	Increases prices paid by consumers	<p>Only partly true:</p> <ul style="list-style-type: none"> Consumers already pay sales tax on goods. These prices will come down as manufacturers and retailers pay lower sales taxes themselves. In Atlantic Canada prices on goods fell when they harmonized the sales tax. For services, prices will increase. But not by the full 8%. In Atlantic Canada, prices on all items fell by 0.3%.
	is an excuse for producers and service providers to gouge consumers	<ul style="list-style-type: none"> Competition will prevent that – that was the experience in Atlantic Canada.
	raises costs for small businesses	<ul style="list-style-type: none"> Costs will decrease as small businesses recover sales taxes they have to pay on goods and services they purchase – just like the federal GST today. Harmonizing the provincial sales tax with the federal GST lowers administrative costs for small businesses.
	hurts lower income Ontarians	<ul style="list-style-type: none"> Not really. Lower income Ontarians may pay more for some services. But they will benefit from enhancements to property and sales tax assistance and personal tax adjustments.
	is a tax grab	<ul style="list-style-type: none"> Increased revenue from the harmonized sales tax is matched by reductions in corporate and personal taxes and by tax credits. The effect is revenue loss.
	is "business friendly"	<ul style="list-style-type: none"> It's Ontario friendly. The harmonized sales tax will increase investments by our businesses and this will create new, better paying jobs.
	should be delayed until the recovery is underway	<ul style="list-style-type: none"> If we want to encourage business investment for job creation, now is the best time for the harmonized sales tax.

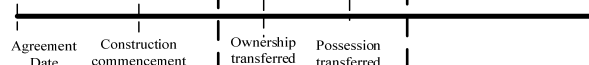
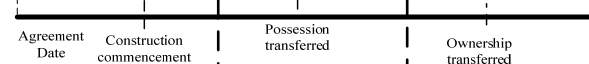


Source: Institute for Competitiveness & Prosperity analysis based on data from Industry Canada.

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Appendix 4: Single-Unit Housing Transitional Rules Charts

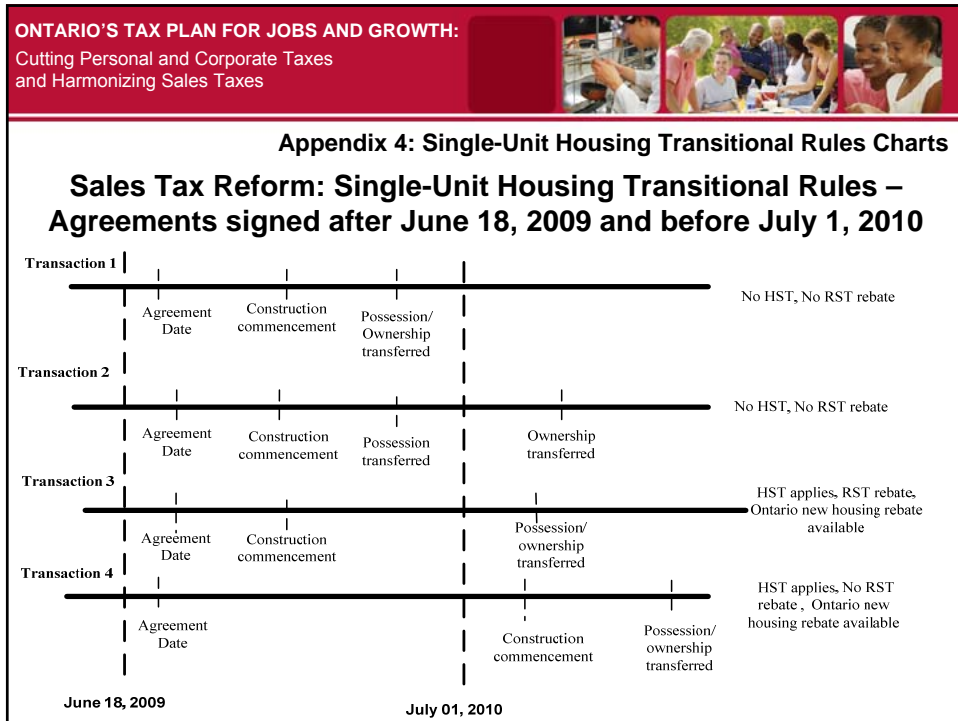
Sales Tax Reform: Single-Unit Housing Transitional Rules – Agreements signed on/before June 18, 2009

Transaction	Timeline	Rules
Transaction 1		No HST, No RST rebate, No TTA
Transaction 2		No HST, No RST rebate, No TTA
Transaction 3		No HST, Grandparented, No RST rebate, TTA applies (unless 90% or more completed on July 1, 2010)
Transaction 4		No HST, Grandparented, No RST rebate, TTA applies

June 18, 2009 July 1, 2010

1) Transitional Tax Adjustment (TTA) based on the extent of unfinished construction as of July 1, 2010.
2) Ontario New Housing Rebate is not available for grandparented housing

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Appendix 5: Additional Information

Multi-Jurisdictional Vehicle Tax (MJVT)

- MJVT will no longer apply to renewals or new registrations of these multi-jurisdictional vehicles under the IRP on or after July 1, 2010
- Vehicles will no longer be subject to RST (exit tax) when they cease to be registered under the IRP on or after July 1, 2010

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Appendix 5: Additional Information

Promoting Newer, More Fuel-Efficient Vehicles

- As part of the transition to the HST and wind-down of the RST:
 - the Tax for Fuel Conservation (TFFC) and Tax Credit for Fuel Conservation (TCFFC) will no longer apply to new vehicle purchases on or after July 1, 2010
 - the existing RST rebate for alternative fuel vehicles will no longer be available for purchases as of July 1, 2010
 - a new purchase rebate for consumers will be available for plug-in hybrid and battery electric vehicles purchased after July 1, 2010