

The Optimizer

TAX UPDATE:

With July 1, 2010 around the corner, we thought we would provide the following HST related guidance published by the Ontario Ministry of Revenue to help you understand the taxability of various items under the new regime. Feel free to contact us with your questions and comments.

CLOTHING AND FOOTWEAR

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Adult Clothing	5%	8%	No (remains 13%)
Children's Clothing	5%	No PST	No (remains 5%)
Shoe Repair Service	5%	8%	No (remains 13%)
Children's Footwear	5%	No PST if \$30 or less	No for footwear up to size 6 (remains 5%)
Tailoring Services	5%	8%	No (remains 13%)
Dry Cleaning Service	5%	No PST	Yes (changes to 13%)

FOOD AND BEVERAGES

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Basic Groceries (e.g., Dairy, Meat, Vegetables, Canned Goods)	No GST	No PST	No HST
Snack Foods (e.g., Chips, Pop)	5%	8%	No (remains 13%)
Qualifying Prepared Food and Beverages Sold for \$4.00 or Less	5%	No PST	No (remains 5%)
Restaurant Meals for More than \$4.00	5%	8%	No (remains 13%)
Alcoholic Beverages	5%	10-12%	HST 13% (*1)

*1 Although sales tax on alcohol is decreasing, other alcohol fees and taxes are changing to continue to support social responsibility.

HOME SERVICES

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Cable Television Services	5%	8%	No (remains 13%)
Cell Phone Services	5%	8%	No (remains 13%)
Municipal Water	No GST	No PST	No HST
Home Maintenance Equipment	5%	8%	No (remains 13%)
Home Phone Services	5%	8%	No (remains 13%)
Home Service Calls to Repair Free-Standing Appliances such as Stoves, Refrigerators, Washers, Dryers, and Televisions	5%	8%	No (remains 13%)
Home Insurance	No GST	8%	No (remains 8%)
Electricity and Heating (e.g., Natural Gas/Oil for Home)	5%	No PST	Yes (changes to 13%)
Internet Access Services	5%	No PST	Yes (changes to 13%)
Home Service Calls by Electrician/ Plumber/Carpenter to Maintain or Repair Furnace, Leaky Faucets, Bathtub, Toilet, Electrical Wiring, etc.	5%	No PST	Yes (changes to 13%)
Landscaping, Lawn-Care and Private Snow Removal	5%	No PST	Yes (changes to 13%)

ACCOMODATION, TRAVEL AND PASSENGER TRANSPORTATION SERVICES

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Luggage, Briefcases, Bags, etc.	5%	8%	No (remains 13%)
Municipal Public Transit	No GST	No PST	No HST
GO Transit	No GST	No PST	No HST
Air travel originating in Ontario and terminating in the U.S. (*2)	5%	No PST	No (remains 5%)
Air travel originating in Ontario and terminating outside of Canada and the U.S. (*3)	No GST	No PST	No HST
Rail, boat and bus travel originating in Ontario and terminating outside of Canada	No GST	No PST	No HST
Hotel Rooms	5%	5%	Yes (changes to 13%)
Taxis	5%	No PST	Yes (changes to 13%)
Camp Sites	5%	No PST	Yes (changes to 13%)
Domestic air, rail, boat and bus travel originating in Ontario	5%	No PST	Yes (changes to 13%)

*2 Includes air travel terminating in the French islands of St. Pierre and Miquelon but does not include air travel terminating in Hawaii.

*3 Includes air travel terminating in Hawaii but does not include air travel terminating in the French islands of St. Pierre and Miquelon.

AROUND THE HOUSE

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Cleaning Products	5%	8%	No (remains 13%)
Laundry Detergent, Fabric Softeners	5%	8%	No (remains 13%)
Household Furniture	5%	8%	No (remains 13%)
Refrigerators and Freezers	5%	8%	No (remains 13%)
Pre-Packaged Computer Software	5%	8%	No (remains 13%)
Books (including Audio Books)	5%	No PST	No (remains 5%)
Newspapers	5%	No PST	No (remains 5%)
Office Supplies, Stationery	5%	8%	No (remains 13%)
Landscaping Materials including Sod, Seeds, Plants	5%	8%	No (remains 13%)
Linens (e.g., Blankets, Towels, Sheets)	5%	8%	No (remains 13%)
Tents, Sleeping Bags, Camping Supplies	5%	8%	No (remains 13%)
Tools	5%	8%	No (remains 13%)
Patio Furniture	5%	8%	No (remains 13%)
Barbeques, Lawnmowers, Snowblowers, Sprinklers	5%	8%	No (remains 13%)
Toys (e.g., Puzzles, Games, Action Figures, Dolls, Playsets)	5%	8%	No (remains 13%)
Outdoor Play Equipment (e.g., Swing Sets, Sandboxes, Slides)	5%	8%	No (remains 13%)
Craft Supplies	5%	8%	No (remains 13%)
Building Materials (e.g., Lumber, Concrete Mix)	5%	8%	No (remains 13%)
Magazines Purchased at Retail	5%	8%	No (remains 13%)
Home Renovations	5%	No PST	Yes (changes to 13%)

MOTORIZED VEHICLES

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Vehicle Parts	5%	8%	No (remains 13%)
Short-Term Auto Rentals	5%	8%	No (remains 13%)
Lease of a Vehicle	5%	8%	No (remains 13%)
Child Car Seats and Booster Seats	5%	No PST	No (remains 5%)
Auto Insurance	No GST	No PST	No HST
Labour Charges to Repair Vehicle	5%	8%	No (remains 13%)
Oil Change	5%	8%	No (remains 13%)
Tires	5%	8%	No (remains 13%)
Window Repair	5%	8%	No (remains 13%)
Purchase of Vehicle from Dealer	5%	8%	No (remains 13%)
Boats	5%	8%	No (remains 13%)
Snowmobiles	5%	8%	No (remains 13%)
Recreational Vehicles	5%	8%	No (remains 13%)
Private Resale of Car (including Registration)	No GST	8%	Yes (*4) (changes to 13%)
Gasoline/Diesel	5%	No PST	Yes (changes to 13%)

*4 HST does not apply: however, Ontario will maintain the RST on private transfers of used vehicles at a rate of 13 per cent to help ensure a level-field between sales by dealerships and private sales

HOME PURCHASES:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
New Homes up to \$400,000	5%	No PST	No change (*5)
New Homes over \$400,000	5%	No PST	Yes (*5A)
Resale Homes	No GST	No PST	No HST
Real Estate Commissions	5%	No PST	Yes (changes to 13%)

*5 The new housing rebate will be 75 per cent of the Ontario component of the HST, up to a maximum of \$24,000.

The rebate will ensure that buyers of homes priced up to \$400,000 will, on average, pay no more tax than under the PST system. However, applicable PST on building supplies is embedded in the price of the home.

*5A New homes purchased as primary residences, valued at \$400,000 or more will be eligible for the maximum new housing rebate of \$24,000.

HEALTH PRODUCTS AND SERVICES:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Audiologist Services	No GST	No PST	No HST if offered by a practitioner of the service.
Chiropractor Services	No GST	No PST	No HST if offered by a practitioner of the service.
Physiotherapist Services	No GST	No PST	No HST if offered by a practitioner of the service.
Pharmacist Dispensing Fees	No GST	No PST	No HST
Over-the-Counter Medications	5%	8%	No (remains 13%)
Prescription Drugs	No GST	No PST	No HST
Some Medical Devices (includes Walkers, Hearing Aids)	No GST	No PST	No HST
Prescription Glasses/Contact Lenses	No GST	No PST	No HST
Feminine Hygiene Products	5%	No PST	No (remains 5%)
Adult Incontinence Products	No GST	No PST	No HST
Diapers	5%	No PST	No (remains 5%)
Cosmetics	5%	8%	No (remains 13%)
Hair Care Products (e.g., Shampoo, Conditioner, Styling Products)	5%	8%	No (remains 13%)
Dental Hygiene Products (e.g., Toothpaste, Toothbrushes)	5%	8%	No (remains 13%)
Massage Therapy Services	5%	No PST	Yes (changes to 13%)
Vitamins	5%	No PST	Yes (changes to 13%)

MEMEBERSHIPS, ENTERTAINMENT AND SPORTS EQUIPMENT:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Admissions to Professional Sporting Events	5%	10%	Combined rate going down to 13% from current 15%
Movie Tickets	5%	10%	Combined rate going down to 13% from current 15%
Music Lessons	No GST	No PST	No HST
Skis and Snowboards	5%	8%	No (remains 13%)
Hockey Equipment	5%	8%	No (remains 13%)
Golf Clubs	5%	8%	No (remains 13%)
Green Fees for Golf	5%	No PST	Yes (changes to 13%)
Gym and Athletic Membership	5%	No PST	Yes (changes to 13%)
Ballet, Karate, Trampoline, Hockey, Soccer Lessons, etc.	5%	No PST	Yes (*6) (changes to 13%)
Tickets for Live Theatre with Less than 3,200 Seats	5%	No PST	Yes (*7) (changes to 13%)

*6 HST taxable, although some could be HST-exempt if provided by a public service body to children 14 and under and underprivileged individuals with a disability.

*7 HST taxable, although some could be exempt if maximum admission charged by a public service body is \$1 or less, if the admissions are made in the course of the fundraising events where charitable receipts for income tax purposes may be issued, or admissions are to amateur performances.

LEASES AND RENTALS:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Condo Fees	No GST (*8)	No PST (*8)	No HST (*8)
Residential Rents	No GST	No PST	No HST
Hockey Rink and Hall Rental Fees	5%	No PST	Yes (changes to 13%)

*8 Residential condo fees charged to residents are exempt; however, purchases by condominium corporations will be subject to HST, if applicable.

ELECTRONICS:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
TVs	5%	8%	No (remains 13%)
DVD and Blu-ray Players and Accessories	5%	8%	No (remains 13%)
MP3 Players	5%	8%	No (remains 13%)
Cell Phones, Smart Phones	5%	8%	No (remains 13%)
Cell Phone Service	5%	8%	No (remains 13%)
CDs, DVDs and Blu-ray discs	5%	8%	No (remains 13%)
Radios and Stereos	5%	8%	No (remains 13%)
Computers and Printers	5%	8%	No (remains 13%)

PROFESSIONAL AND PERSONAL SERVICES:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Child Care Services	No GST	No PST	No HST
Legal Aid	No GST	No PST	No HST
Coffins and Urns Purchased Separately from a Package of Funeral Services	5%	8%	No (remains 13%)
Fitness Trainer	5%	No PST	Yes (changes to 13%)
Hair Stylist/Barber	5%	No PST	Yes (changes to 13%)
Esthetician Services (e.g. Manicures, Pedicures, Facials)	5%	No PST	Yes (changes to 13%)
Funeral Services	5%	No PST	Yes (changes to 13%)
Legal Fees	5%	No PST	Yes (changes to 13%)

TOBACCO:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Cigarettes and Other Tobacco Purchases	5%	No PST	Yes (changes to 13%)
Nicotine Replacement Products	5%	No PST	Yes (changes to 13%)

BANKING AND INVESTMENTS:

	GST-taxable before July 1, 2010	PST-taxable before July 1, 2010	Is there a change to the amount of tax payable under the HST?
Mortgage Interest Costs	No GST	No PST	No HST
Most Financial Services	No GST	No PST	No HST



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