



HARMONIZED SALES TAX

POINT OF SALE REBATES

In BC some items are effectively taxed at the 5% federal portion of HST rather than the full 12% amount.

The 7% BC portion of HST is “rebated” to the consumer at the point-of-sale.

These items are:

- ◆ Children’s sized clothing and footwear.
- ◆ Children’s car seats and booster seats.
- ◆ Children’s diapers.
- ◆ Books and audio books.
- ◆ Feminine hygiene products.
- ◆ Motor fuel.

Businesses selling any of these items may be wondering how to invoice their customers and how to report the HST to the government when filing their HST return.

For invoicing they have three options:

1. Show the total amount of the HST payable (12%) with the rebate of 7% shown separately; or
2. Show the total HST payable net of the rebate; or
3. Show the total price of the product including 5% HST and state that 5% HST is included.

These three options look like this:

Example—retailer in BC sells children’s clothing for \$50 plus HST.

Option 1:

Price of clothes	\$50.00
HST @ 12%	<u>6.00</u>
Subtotal	\$56.00
Rebate @ 7%	<u>- 3.50</u>
Amount due	<u>\$52.50</u>

Option 2:

Price of clothes	\$50.00
HST @ 5%	<u>2.50</u>
Amount due	<u>\$52.50</u>

Option 3:

Price of clothes	<u>\$52.50</u>
5% HST included	

Providing customers with a proper receipt is only part of the process.

Then the rebate must be reported on your HST return.

There are two options for this:

1. Assuming invoicing option 1 is being used, the total amount of HST collected will be reported on line 103 of the return and the rebate amount claimed as an adjustment on line 107.

Using the above example as a guide, \$6.00 would be reported on line 103 and \$3.50 on line 107. These amounts would net out to \$2.50 on line 109.

2. Using option 2 or 3 above, the net amount would be recorded as HST collected on line 103 of the HST return.

Per the example above, \$2.50 would be included on Line 103.

For more information:

<http://www.cra-arc.gc.ca/menu/GHIS-e.html>

<http://mnwcfga.com/>

Call us at 250-752-6996 or 250-724-0185