

Tax memo

Canadian tax updates



Sales tax changes: The years ahead

*Highlights
upcoming
Canadian sales
tax reforms and
rate changes.*

May 2, 2012

Four provinces – British Columbia, Nova Scotia, Quebec and Prince Edward Island – will be modifying their sales tax regimes or rates in coming years. This *Tax memo* gives an overview.

British Columbia

As a result of a provincial referendum that was held from June to August 2011, British Columbia's 12% Harmonized Sales Tax (HST) will be replaced on April 1, 2013, with a provincial retail sales tax regime similar to the one that applied before July 1, 2010: 7% provincial sales tax (PST) and 5% federal Goods and Services Tax (GST).

See our *Tax memos* at www.pwc.com/ca/taxmemo:

- "B.C. votes to extinguish HST";
- "Eliminating the HST in British Columbia: Canada's Department of Finance proposes transitional rules"; and
- "Returning to B.C.'s Provincial Sales Tax: Transitional rules for new housing."

Nova Scotia

Nova Scotia's 2012 budget announced that the province will reduce its HST rate from the current 15% (10% provincial component) to:

- 14% (9% provincial component) by July 1, 2014; and
- 13% (8% provincial component) by July 1, 2015.

Quebec

As announced on September 30, 2011, the Quebec sales tax (QST) will be further harmonized with the GST on January 1, 2013, when:

- the QST rate will increase to 9.975%, but will apply on the amount before GST; and
- financial services generally will become exempt rather than zero-rated.

The current 9.5% rate applies to the amount plus the 5% GST, so generally the new 9.975% rate (9.5% x 1.05) will not change total tax.

See our *Tax memo* "QST to be harmonized with GST by 2013" at www.pwc.com/ca/taxmemo.

Prince Edward Island

As announced in Prince Edward Island's 2012 budget, on April 1, 2013, a 14% HST (i.e., 9% provincial component plus the 5% federal GST) will replace the combined PST/GST rate of 15.5% (i.e., 10% PST, which applies to the amount plus the 5% GST).

Need more help?

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