



Certified General
Accountants of Ontario

HST FACT SHEET

Benefits of HST:

- HST offers many advantages to business and consumers ranging from simplifying tax compliance for businesses that will save an estimated \$500 million annually in reduced administrative costs, to the elimination of approximately \$5 billion in embedded PST that businesses absorb annually, reducing the pre-tax retail price to individuals.
- It is anticipated that 80 per cent of business savings will flow through to consumers in one year.
- The combination of sales tax harmonization, the reduced corporate income tax, and the elimination of capital tax is expected to result in 591,000 net new jobs and \$47 billion increase in capital investment within 10 years.
- It has been said that the implementation of a single sales tax would bring Ontario into line with *“what is viewed as the most efficient form of sales taxation around the world.”* Converting the PST into a value-added tax and harmonizing it with the GST would reduce the cost of goods that Ontario exports making Ontario more competitive.
- This is an excellent time for HST implementation. As businesses are getting back on their feet and beginning to recover from the challenges of the past few years, they will be looking for the most efficient and cost-effective places to do business.
- Having the HST in place will attract businesses to Ontario. There will also be \$1.1 billion in income tax cuts, by reducing the first tax rate from 6.05 per cent to 5.05 per cent in 2010; tax rates for small businesses to be reduced from 5.5 per cent to 4.5 per cent to help small businesses thrive in Ontario. The combination of these two tax initiatives will create more jobs, generate consumer spending, reduce administration costs of having two separate taxes and therefore lower costs for consumers.
- Small and medium-sized enterprises (SMEs) are the backbone of Ontario’s economy, representing over 95 per cent of all businesses in Ontario, almost 60 per cent of Ontario’s employment and almost 50 per cent of Ontario’s GDP. By harmonizing the two sales taxes businesses will save administration costs which will result in lower pricing.
- A value added tax system, such as HST or QST, is a model that has been implemented by many countries and several Canadian provinces.
- Business clients will be able to claim input tax credits for the HST they pay in the course of their commercial activities, including the tax they pay on accounting services.

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