



## **Understanding the Application of Ontario HST Transitional Rules to**

### **CGA Ontario's Business**

CGA Ontario has prepared this document for the benefit of CGAs, students in the CGA program and members of the public who may have questions as to how Ontario's Harmonized Sales Tax (HST) will affect fees related to the Association.

HST will apply to most property and services as of July 1, 2010. However, under the government's transitional rules, HST will also apply to payments or fees that become due, or paid prior to becoming due, on or after May 1, 2010, and before July 2010, for *supply of service* delivered on or after July 1, 2010.

As defined under the Government of Ontario's transitional rules for HST, transactions such as membership renewal, course enrolment and event registration are subject to HST because they are considered a member benefit and *supply of service*. As such, HST will apply to these services in the following manner:

#### **Event Registration**

If you register prior to May 1, 2010 for an event or professional development seminar that occurs on or after July 1, 2010 your registration fee is subject to GST but not HST (see *example 1*). However, if you register for the same event after May 1, 2010, HST at the rate of 13 per cent applies (see *example 2*).

**Example 1:** *Event registration on April 26, 2010 for an event taking place on July 15, 2010, HST is not applicable.*

- *Event fee: \$366.67*
- *GST (5%): \$18.33*
- *Total Fee: \$385.00*

**Example 2:** *Event registration on May 3, 2010 for an event taking place on July 15, 2010, HST is applicable.*

- *Event fee: \$366.67*
- *HST (13%): \$47.67*
- *Total Fee: \$414.34*



### **Membership Renewal**

CGAs renew their membership annually on a fiscal-year basis from May 1 to April 30. The HST implementation date occurs on July 1, 2010, two months after the beginning of the Association's 2010-11 fiscal year.

Therefore, GST of five per cent will apply to the period of May 1, 2010, to June 30, 2010. HST of 13 per cent will apply to the period on and after July 1, 2010. As member fees are paid on an annual basis, a blended tax of 11.667 per cent will apply for the entirety of the 2010-2011 year.

### **Course Enrolment**

Enrolment in session four (only) of the 2009-10 academic year, including course and tuition fees, may be subject to HST depending on the date of enrolment.

Enrolment prior to May 1, 2010, is subject to GST but not HST (*see example 3*). If enrolment occurs on or after May 1, 2010, HST will be applicable at an effective tax rate of 11.32 per cent (*see example 4*).

The transitional rules call for a blended tax rate which reflects the portion of services performed on or before June 30, 2010 and on or after July 1, 2010; the effective tax rate of 11.32 per cent.

**Example 3:** *Session four course enrolment for Accounting Theory on April 26, 2010, attracts 5 per cent GST but not HST.*

- *Course fee: \$746.67*
- *GST (5%): \$37.33*
- *Total Fee: \$784.00*

**Example 4:** *Session 4 course enrolment for Accounting Theory on May 3, 2010, attracts the blended GST/HST rate of 11.32 per cent.*

- *Course fee: \$746.67*
- *GST/HST (11.32%): \$84.52*
- *Total Fee: \$831.19*



For more information on Ontario's Harmonized Sales Tax, including the formal transitional rules and general overview of the sales tax reform, please visit:

- Canada Revenue Agency at <http://www.cra-arc.gc.ca/gncy/hrmnztn/on/menu-eng.html>
- Canada Revenue Agency at 1-800-959-5525
- Ontario Ministry of Revenue at <http://www.rev.gov.on.ca/en/taxchange/hst.html>
- Ontario HST Information line at 1-800-337-7222
- Ontario Chamber of Commerce and Smart Taxation Alliance at <http://taxharmonization.on.ca/>

**Disclaimer:** *This document has been prepared to offer an overview of the application of Ontario HST transactional rules to CGA Ontario's business for public consumption. For detailed information on Ontario's Harmonized Sales tax, including the transitional rules and sales tax reform, please contact the Ontario Ministry of Revenue.*