The HST Blog

RELEVANT COMMENTARY & INSIGHTS ON CANADA'S HARMONIZED SALES TAX

PUBLISHED BY
Cyndee Todgham Cherniak

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Newfoundland/Labrador Has Cancelled HST Rate Increase

On December 14, 2015, the Government of Newfoundland/Labrador officially cancelled the proposed HST rate increase - the Department of Finance has issued a press release. The 8% PVAT portion was scheduled to increase to 10% (based on an April 2015 announcement by the previous government). The combined rate will stay at 13% (rather than going up to 15%) That is not going to happen now - because the new provincial government has decided to cancel the increase after the November 30th election.

The Government of Newfoundland/Labrador has asked the Government of Canada to accommodate the cancellation. On December 15, 2015, the Canada Revenue Agency issued a Fact Sheet cancelling the HST rate increase.

It is very important for businesses to know that the HST rate increase has been cancelled. There was uncertainty. Businesses have been busy getting their systems ready to collect the higher rate of HST. In light of the cancellation of the HST rate increase, the transition rules designed to determine which tax rate to charge/pay are no longer applicable.

HOWEVER, a few tax changes will still take place on January 1, 2016. For example, the proposed new municipal rebate (25% stating January 1, 2016, 57.14% starting January 1, 2017) will not be impacted by the cancellation of the HST rate increase and the transitional rules for the municipal rebate rate increase will continue to apply. In addition, new remittance rates for the streamlined accounting methods affecting eligible public service bodies (i.e., municipalities) begin after December 31, 2015.

For more information ,please contact Cyndee Todgham Cherniak at cyndee@lexsage.com.

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LexSage Professional Corporation
The Gooderham "Flatiron" Building | 49 Wellington Street East | Suite 501
| Toronto, ON M5E 1C9 |
(t)
416-307-4168
| (f)
416-760-8999