



HST & You: Fact Sheet

What is HST?

HST, the acronym for “harmonized sales tax”, is a tax that combines the federal general sales tax (GST) and the provincial sales tax (PST) into one tax. GST is an example of a value-added tax; a tax paid by the consumer at point-of-sale. PST is an example of a retail sales tax; a tax that does not discriminate between business and consumer.

- As of July 1, 2010, Ontario will move from the system of GST and PST to sales tax harmonization
- Businesses will be exempt from paying HST on business inputs and exported products
- In theory, HST is being implemented as it is supposed to increase Ontario’s economic competitiveness and heighten the average income earnings of Ontarians (as a result of more jobs)
- HST has already been implemented in Saskatchewan, Nova Scotia, Newfoundland & Labrador, New Brunswick and soon to arrive in British Columbia as well as being used by over 150 countries around the world

Being Straight Up About HST!

There are two sides to the HST debate. Proponents say HST is important to expand business in Ontario by making the cost of doing business less expensive. Opponents say HST is a tax grab for a cash-strapped provincial government. So what’s the truth?

- Government will witness a slight increase in revenue—\$133 million per year or 0.25% of the budget
- While HST will add over \$2 billion to government coffers, the new income tax cuts and tax credits of over \$3.4 billion will help most Ontarians in offsetting the costs of more tax at the cash register
- Single students 18 years of age and older will receive transition benefit cheques of up to \$300 through three installments between July 2010-2011; couples/families will receive up to \$1000
- The government is reducing income tax by 1% for the lowest tax bracket
- Since cost of production will be lowered for business, HST will reduce the cost of business— theoretically inviting more businesses to establish themselves in Ontario
- Prices are argued by proponents as likely to be lowered as business costs are reduced; however expect the prices of some things to slightly rise (more information on next page)
- Also, it is expected that an additional 600,000 jobs will be created in Ontario through the next decade simply as a result of HST implementation.

How Will Changes to Ontario Tax System Affect You?

The cost of living in Ontario is expected to rise by only 0.4% from HST, or \$37 per household per year.

Below is a list of what has, and has not, changed in taxable status. Eighty-three percent of all products and services in Ontario will remain unaffected by HST implementation with only 17% of these witnessing an increase in tax by 8%.

No Change in Taxable/Exempt Status

- Admissions to Sporting Events
- Adult Incontinence Products
- Auto Insurance
- Auto Rentals
- Basic Groceries
- Books
- Cable TV Service
- Cell Phone Charges
- Certain Medical Devices
- Child Car Seats and Car Booster Seats
- Child Care Services
- Children's Clothing
- Children's Footwear
- Cleaning Products (e.g., Soaps, Detergents)
- Clothing
- Crafting Supplies (Scissors, Yarn)
- Diapers
- Feminine Hygiene Products
- Furniture
- Home Insurance
- Home Maintenance Equipment (Lawnmowers, Snow Blowers, Sprinklers)
- Home Phone Services
- Luggage, Briefcases, Bags, etc.
- Mortgage Interest Costs
- Most Educational Services
- Most Health Care Services
- Movie Tickets

- Municipal Public Transportation
- Municipal Water
- Music Lessons
- Newspapers
- Over-the-Counter Medication
- Pharmacist Dispensing Fees
- Prepackaged Computer Software
- Prepared Foods Sold for \$4 or Less
- Prescription Drugs
- Radios, Stereos, CD Equipment and Accessories
- Refrigerators and Freezers
- Residential Rent
- Restaurant Meals
- Tailoring
- Toys
- TVs, DVDs and Accessories
- Vehicle Repairs (Parts and Labour)
- Vehicles and Parts

Change in Taxable Status

- Electricity
- Gasoline
- Heating Fuels
- Internet Access Fees
- Personal Services (e.g., Hairstyling)
- Professional Services (e.g., Legal, Accounting and Real Estate Fees and Commissions)
- Tobacco

Rent/shelter, clothes and transportation may all cost you more. Gas prices and tobacco costs will also rise. While services such as haircuts will rise, costs of doing business will actually lower and other jurisdictions have witnessed these business savings being passed onto the consumer.

To check out the full information piece on HST along with references and additional sources of information to consult, read the document at www.collegestudentalliance.ca.