

NEWSFLASH!

HARMONIZED SALES TAX — THE NEW GST/PST COMBINATION TAX IMPLEMENTATION EFFECTIVE MAY 1, 2010.

The HST doesn't officially kick in until July 1st, but the tax is getting an early start on some items this Saturday. HST will affect items people usually buy in advance — like airline fares. Travel Agencies in Canada are to begin collecting HST for applicable passenger transportation **sold on/after May 1, 2010 for travel on/after July 1, 2010.**

Effective July 1st 2010, the Provinces that are HST applicable will be replacing their single tax for Goods and Services and Provincial Sales Tax to HST- the Harmonized Sales Tax.

Not all Provinces have the same HST tax amounts and not all Provinces are participating provinces. **Ontario, British Columbia, Nova Scotia, New Brunswick, Newfoundland & Labrador are participating HST Provinces** and the tax break down is as follows:

- HST Tax - 13% for travel originating in Ontario
- HST Tax - 12% for travel originating in British Columbia
- HST Tax - 15% for travel originating in Nova Scotia
- HST Tax - 13% for travel originating in New Brunswick, Newfoundland & Labrador

HST on airline tickets is determined based on the point of origin for your trip. For example if travel commences in Toronto the HST tax calculated on your ticket is 13% and this tax will be included in your ticket as before when it was only GST.

When travel originates in the Province of Quebec QST is applicable.

HST on Agency Service Fees is based on the customer address and not the point of origin of the travel, and **will take effect July 1, 2010.** A company located in Ontario will pay the Ontario HST tax of 13% on all service fees, whereas a company located in British Columbia will pay 12%. Companies with an address in Quebec will only pay QST, and companies in Alberta will only pay GST.

All US processed service fees will continue to be issued without GST or HST.

For further information, please visit:

<http://www.cra-arc.gc.ca/E/pub/gj/notice247/notice247-e.html>

Should you have any questions or concerns, do not hesitate to contact Selina Johnston directly at:

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