

HST Information

CDS Canada, September 1, 2010

- There are virtually no "sales-tax exempt customers." Almost all sales are taxable.
There are no more PST exemption forms.
Discounters: No more exemption numbers in Smart Vendor.
- The **one exception is for "Indians."** **If the customer is an individual (not a corporation) and presents their Indian Status Card, CDS is to deduct 8% from the 13% Ontario rate at the time of sale -- the customer is effectively charged 5% HST.**

These transactions should be very rare. We are not going to set up any customers as permanently exempt on our systems as a result of their supposedly having Indian Status.

With each such sale, **photocopy both sides of their Indian Status Card and send the copy to Janette at Head Office.** Alternatively, if it is a repeat customer, you can make sure Janette has a copy of their Indian Status card and keep a copy on file at the store. Be sure to **check the expiry date** to ensure the Indian Status Card has NOT expired. Also, the **name on the invoice MUST be the same on the Indian Status Card.**

Regarding how to make HST amount adjustments for Indian Status transactions, see the "Making HST Amount Adjustments" section below.

- Ontario and Federal gov't entities *now pay HST*, no longer exempt from any sales tax.
- Certain Government entities in Alberta, Manitoba, PEI, Quebec, Saskatchewan, and the Territories may be HST exempt. If so, they must provide the official documentation -- which Janette will maintain. We rarely if ever sell to gov't entities in these provinces.
- 220 volt spas and other such "real property" that we sell is no longer exempt from any sales tax.
- Out-of-Ontario shipments: Tax based on *shipping* address. For shipments to other Canadian provinces/territories, we charge the customer the rate of HST/GST in *their* province. (A province may have a separate non-harmonized provincial tax which is never our concern.) See the Provincial HST rate table below. For shipments Out-of-Canada, no sales tax.

For Out-of-Ontario shipments, we must have proof of shipment, or customer must provide a PO that states which products are being shipped out of Ontario, or customer must fill out our "Out of Ontario Shipment Letter Template" available in Orbiter Documents or in Catalyst.

- Making HST Dollar Adjustments.
In every case, make sure you have the correct paper backup as spelled out above.

- Construction Net30 customers:

If there is an issue with sales tax in the future, just make it clear in the Comments. Invoicing will take care of adjusting the amount.

- C.O.D. sales or on Refunds:

Normally, Smart Vendor and Orbiter automatically calculate the sales tax for you.

There will be rare times that you have to adjust the tax amount on a C.O.D. sale or on a refund. For example: Shipments out of Ontario for Discounters, Shipments out of the Customer's usual province for Construction, "Indian Status" sales, Refund on merchandise that was purchased PST-exempt before July 1, 2010, Refunds on merchandise where the 9999 code (Discounters) or the SalesTaxAdj (Construction) was used for the original sale.

For Smart Vendor, use the following inventory line-item code: 9999.

For Orbiter, if it's a first time customer and the transaction is exempt, typically where we have the backup documentation re a shipment out of Canada, use Customer Code MIS01NOTAX instead of MISC01.

For other Orbiter order adjustments, best to call Invoicing to adjust the order tax amt for you. Or, as a last resort, use line item code: SalesTaxAdj Sales Tax Adjustment.

Provinces	Abbrev.	HST/GST
Alberta	AB	5
British Columbia	BC	12
Manitoba	MB	5
New Brunswick	NB	13
Newfoundland and Labrador	NL	13
Northwest Territories	NT	5
Nova Scotia	NS	15
Nunavut	NU	5
Ontario	ON	13
Prince Edward Island	PE	5
Quebec	PQ	5
Saskatchewan	SK	5
Yukon	YT	5