



Smart Girls Event

February 11, 2010

Ladies Choice Auto Care

HST Information Package

What is the HST?

- As announced in the 2009 Ontario Budget, the Provincial Sales Tax (PST) will be replaced with a more modern, value-added tax that will be combined with the federal Goods and Services Tax (GST) to create a Harmonized Sales Tax (HST) for Ontario, effective July 1, 2010.
- The provincial portion of the HST will be eight per cent and the federal portion will be five per cent, for a combined HST rate of 13 per cent.

Why the HST

- Ontario's comprehensive tax package, including the harmonized sales tax, will create jobs by making Ontario more competitive and provide [personal tax relief](#).
- The world has changed. We've witnessed the biggest global economic downturn in 80 years. If we want Ontario to remain strong, we must change too.
- We need to be more competitive. We need to attract more investment and jobs. We need protect those important services like health care and education we've worked so hard to build.
- Many [economists and businesses agree](#) that a single value-added tax, like the HST, is the most important thing we can do to strengthen Ontario's economy.
- We have a choice: we can refuse to fix what's broken, resign ourselves to the idea that Ontario will be less competitive, and watch our province move backward. Or we can move forward, embrace change and hold firm to the conviction that Ontario can emerge through this stronger than ever before.

How it works

- The fact is, our current sales tax structure hurts job creation.
- Right now the PST is charged on many purchases made by businesses in manufacturing goods and providing services. It penalizes business by taxing them at [every step](#) in the production, distribution and retail processes – making it a tax on a tax on a tax.
- Roughly \$4.5 billion in embedded sales tax is [hidden](#) in the cost of doing business in Ontario. It drives up costs to consumers and places Ontario's businesses at a competitive disadvantage. Most countries we compete with for jobs don't have that disadvantage.
- The HST will generally remove this hidden tax by refunding sales taxes paid on most business inputs. These refunds will mean lower prices for many consumer purchases and lower business costs, which [experts agree](#) will improve the competitiveness of Ontario businesses and result in increased business investment, leading to more jobs and higher incomes.

Tax Benefits for Consumers

Rebates and Exemptions

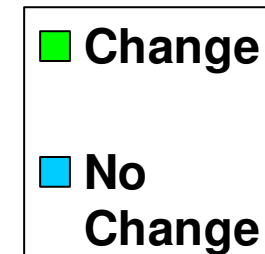
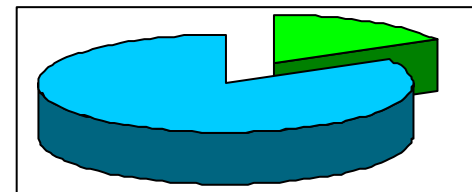
- The HST will not be charged on the following items that are currently not subject to PST:
 - Basic groceries
 - Prescription drugs
 - Certain medical devices
 - Child care
 - Residential rents
 - Municipal public transit
 - Most health and education services
 - Legal aid
 - Most financial services
 - Tutoring
 - Music lessons
- Consumers will not have to pay the provincial portion of the HST for:
 - Qualifying prepared food and beverages sold for \$4.00 or less
 - Print newspapers
 - Children's clothing and footwear
 - Children's car seats and car booster seats
 - Diapers
 - Feminine hygiene products
 - Books (including audio books)
- **Buyers of new homes will receive a rebate of up to \$24,000 regardless of the price of the new home.**
- **Buyers of new residential rental properties will receive a similar rebate**
- **The HST will not apply to purchases of resale homes**

How are consumers affected by the HST?

- Some purchases will likely cost more under the new HST. However, 83 per cent of consumer purchases will not see a new tax. In fact, on a number of items, prices will eventually come down.

Did You Know?

- When the Atlantic provinces harmonized with the federal GST, cost savings to business were passed through to consumers. This led to lower prices for some products.



Buying a Home

- The HST will not apply to resale homes.
- **Enhanced New Housing Rebate**
- Buyers of new homes will receive a rebate of up to \$24,000 regardless of the price of the new home.
- This rebate ensures that buyers of homes priced up to \$400,000 (about three-quarters of new homes built in Ontario) will, on average, pay no more - or possibly even less - tax than under the PST system.
- **New Rental Housing Rebate**
- New rental housing, including residential investment properties, will receive a similar rebate. This rebate will also support affordable rental housing in Ontario.
- **Transitional Rules**
- For some purchases of new homes that straddle the implementation date of July 1, 2010, the provincial portion of the HST will not apply, depending on when the written agreements of purchase and sale were entered into and when ownership or possession are transferred.