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TAX GUIDE

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STREAMLINED ACCOUNTING METHODS

On April 18, 2012, Prince Edward Island announced its plans to implement a harmonized sales tax (HST) effective April 1, 2013 at the rate of 14%. Effective October 1, 2016 Prince Edward Island increased the rate of HST to 15% - combining the existing 5% federal goods and services tax (GST) with a 10% PEI component.

This guide provides information on the streamlined accounting methods available under the GST/HST effective October 1, 2016.

OVERVIEW

Eligible small businesses, as well as eligible public service bodies, may use a Quick or Special Quick Method of Accounting to simplify compliance. These methods allow the business or public service body to remit an amount of tax that is a percentage (the "remittance rate") of its eligible GST/HST included sales. In general, this allows the entity to avoid keeping track of the GST/HST collected on sales and paid on purchases. Certain transactions are excluded from these rules (e.g. the sale or purchase of real property). In such cases the tax must be accounted for separately under normal GST/HST rules.

As a result of the increase in the provincial component of the HST in Prince Edward Island from 9 percent to 10 percent, effective on October 1, 2016, new remittance rates will be required for the streamlined accounting methods. The proposed new percentages are provided in the attached tables.

These remittance rates would generally apply for the purpose of determining the net tax of a registrant for reporting periods ending after September 30, 2016. For reporting periods that begin before October 1, 2016 and end after September 30, 2016, the remittance rates and rules that would have applied before the proposed changes apply in respect of a supply if consideration for the supply becomes due or is paid before October 1, 2016.

Table 1

Remittance Rates for Business Registrants in Prince Edward Island Using the Quick Method of Accounting after September 30, 2016

	Supplies Made in		
	Non-participating province	Ontario	Nova Scotia, New Brunswick, Prince Edward Island or Newfoundland and Labrador
i) Mainly Purchases Goods for Resale			
<i>(Permanent Establishment in Prince Edward Island)</i>	0.0%* (credit 4.0%)*	3.3%	5.0%
ii) Mainly Provides Services			
<i>(Permanent Establishment in Prince Edward Island)</i>	1.4%	8.4%	10.0%

* Businesses who use the 0% remittance rate for eligible sales are entitled to a credit on those sales as they generally pay HST at 15% on their inputs but collect 5% GST on those sales.

Table 2

Remittance Rates for Business Registrants in Other Provinces Using the Quick Method of Accounting after September 30, 2016

	Supplies Made in Prince Edward Island
i) Mainly Purchases Goods for Resale	
<i>(Permanent Establishment in)</i>	
Non-participating province	10.4%
Ontario	6.1%
Nova Scotia, New Brunswick or Newfoundland and Labrador	5.0%
ii) Mainly Provides Services	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.0%
Ontario	10.4%
Nova Scotia, New Brunswick or Newfoundland and Labrador	10.0%

Table 3

Remittance Rates for Public Service Bodies in Prince Edward Island Using the Special Quick Method of Accounting after September 30, 2016

	Supplies Made in		
	Non-Participating Province	Ontario	Nova Scotia, New Brunswick, Prince Edward Island or Newfoundland and Labrador
i) Municipality	2.3%	9.2%	10.8%
ii) University or Public College (if Supplies Through Vending Machines Account for at Least 25% of the amount determined by the formula on page 10 of Guide RC4247, <i>The Special Quick Method of Accounting for Public Service Bodies</i>, available on the CRA website.)	0.0%	7.0%	8.6%
iii) University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of the amount determined by the formula on page 10 of Guide RC4247, <i>The Special Quick Method of Accounting for Public Service Bodies</i>, available on the CRA website.)	2.0%	8.9%	10.5%
iv) School Authority	1.9%	8.8%	10.4%
v) Hospital Authority, External Supplier or Facility Operator	1.6%	8.5%	10.1%
vi) Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	0.7%	7.7%	9.3%

Table 4

Remittance Rates for Public Service Bodies in Other Provinces Using the Special Quick Method of Accounting after September 30, 2016

	Supplies Made in Prince Edward Island
i) Municipality	
<i>(Permanent Establishment in)</i>	
Non-participating province	13.0%
Ontario	12.6%
Nova Scotia or New Brunswick	12.1%
Newfoundland and Labrador (before January 1, 2017)	11.4%
Newfoundland and Labrador (after December 31, 2016)	12.1%
ii) University or Public College (if Supplies Through Vending Machines Account for at Least 25% of Total Supplies)	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.4%
Ontario	11.8%
Nova Scotia	11.2%
New Brunswick or Newfoundland and Labrador	8.6%
iii) University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of Total Supplies)	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.7%
Ontario	12.3%
Nova Scotia	12.0%
New Brunswick or Newfoundland and Labrador	10.5%
iv) School Authority	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.7%
Ontario	12.6%
Nova Scotia	12.0%
New Brunswick or Newfoundland and Labrador	10.4%
v) Hospital Authority, External Supplier or Facility Operator	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.8%
Ontario	12.5%
Nova Scotia	12.4%
New Brunswick or Newfoundland and Labrador	10.1%
vi) Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.0%
Ontario	11.4%
Nova Scotia, New Brunswick or Newfoundland and Labrador	10.0%

Table 5

Remittance Rates for Registrants that Provide a Point-of-Sale Rebate on Eligible Supplies When Using the Quick or Special Quick Method of Accounting after September 30, 2016

<i>(Type of supplier)</i>	
Business that Mainly Purchases Goods for Resale	1.8%
Business that Mainly Provides Services	3.6%
Municipality	4.7%
University or Public College (if Supplies Through Vending Machines Account for at Least 25% of Total Supplies)	4.1%
University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of Total Supplies)	4.4%
School Authority	4.4%
Hospital Authority, External Supplier or Facility Operator	4.5%
Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	3.6%

More Information

Quick Method of Accounting

English

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bspsbch/rtrns/qck-eng.html> (does not work)

French

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bspsbch/rtrns/qck-fra.html> (does not work)

Special Quick Method of Accounting for Public Service Bodies

English

http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bspsbch/rtrns/qckmthd_psb-eng.html (does not work)

French

http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bspsbch/rtrns/qckmthd_psb-fra.html (does not work)

The Harmonized Sales Tax (HST) is administered by the Canada Revenue Agency (CRA). If you have specific questions on how the HST applies to your business or whether a good or service is taxable, visit the CRA website at www.cra.gc.ca/gsthst or call 1-800-959-5525.

Copies of this guide are available on our website. For information regarding this guide, please contact:

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This notice is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this guide and the statutes, the statutes shall prevail.