

Harmonized Sales Tax (HST) FAQs

1. What is HST or Harmonized Sales Tax?

Several provinces, referred to as the participating provinces, harmonized their provincial sales tax with the federal Goods and Services Tax (GST) to create the HST. Generally, the HST applies to the same supplies of goods and services as the GST.

2. Which provinces are subject to HST and what are the rates?

Effective April 1, 2013 the rates are:

Nova Scotia – 15%

Prince Edward Island – 14%

New Brunswick – 13%

Newfoundland and Labrador – 13%

Ontario – 13%

*British Columbia – 5% (transactions between July 1, 2010 and March 31, 2013 are taxed at 12%)

3. We do not have provincial sales tax in Alberta. Should the University of Alberta pay HST for goods and services we purchase?

As provided in question 2, the GST/HST applies at 5 different possible rates (15, 14, 13, 5 or 0% - including zero-rated supplies) to taxable supplies of property and services made in Canada, including those made by electronic means. The legislation includes “**place of supply**” rules to determine

- a) whether a supply is made in Canada; and
- b) whether those supplies that are made in Canada are made in any of the HST participating provinces of Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador or Prince Edward Island.

For example, a supply made in Alberta is subject to 5% GST; a supply made in Ontario is subject to 13% HST; a supply made in PEI is subject to 14% HST. Accordingly, in determining whether or not HST is applicable when purchasing goods or services from a participating province, we must determine the HST “**place of supply**”.

The exact circumstances of each supply must be established, but in most instances, the place of supply for goods and services to the University of Alberta is made in Alberta and is therefore subject to GST only.

Examples of situations where the “place of supply” occurs in Alberta and are therefore subject to GST (5%) are:

- Goods purchased by the UofA from a supplier located in ON which are delivered by the supplier via courier to the UofA in Alberta
- Intangible property, (i.e. a licence to access software or membership to a professional

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- organization) purchased by the UofA for use by staff and/or students at the UofA
- Advising, consulting or professional services, where the supplier obtains the UofA's address in Alberta in the normal course of its business (i.e. for invoice/accounting purposes or maintaining a client database)
- Services for the repair or maintenance of equipment, which are shipped from the UofA in Alberta to the repair facility in BC, are repaired and then returned to Alberta.
- Round trip or one-way airfares originating in Alberta are subject to GST only

Some examples of situations where the “place of supply” occurs in a participating province (i.e. PEI or ON) and are therefore subject to HST are:

- Freight or courier shipments leaving the UofA, destined for one of the participating provinces (HST is charged on the freight/courier invoice)
- Any goods or services you receive while physically present in one of the participating provinces (i.e. hotel accommodation in PEI; items purchased at a conference in ON)
- One-way airfare originating in Nova Scotia = 15% HST
- UofA purchases of goods which are delivered by the supplier to a participating province (i.e. UofA orders equipment from a supplier to be used in ON and the supplier delivers the equipment to an address in ON)

4. What should I do if the examples provided do not fit the circumstances of my purchase?

Ensure that you have a clear understanding of the terms of the purchase. Ask yourself:

- Where is the supplier located?
- What is the nature of the supply? Is it a tangible good? An intangible property, such as the right to access copyright material? Is it a service?
- Where will the supply be delivered? Where will the supply be used or accessed? Will it be used in Alberta?
- In the regular course of its business, does the supplier obtain the UofA's delivery or billing address?

Generally, if the place of supply is Alberta, you should be taxed at 5% (GST). There may be nuances to the terms of supply which require HST to be paid. You may wish to speak with your supplier to ask why they would deem a supply to be assessed HST.

Finally, if still in doubt, you may contact Supply Management Services for assistance. Send an email to SMS Customer Service at customerservice@sms.ualberta.ca and include as much of the information outlined above as possible. We will locate the appropriate resource to assist in determining the HST status of your purchase.