

TAX FACT SHEET

HARMONIZED SALES TAX [HST]

The Harmonized Sales Tax (HST) is a value added tax that combines the provincial sales tax with the federal Goods and Services Tax (GST), to create a single, federally administered tax

Provincial Sales Tax Rates

January 1, 2018

	Consumer		Business	
	RST	HST	RST	HST
NL	-	10%	-	0%
PE	-	10%	-	0%
NS	-	10%	-	0%
NB	-	10%	-	0%
QC	-	9.975%	-	0%
ON	-	8%	-	0%
MB	8%	-	8%	-
SK	6%	-	6%	-
AB	0%	-	0%	-
BC	7%	-	7%	-

▶ A value-added tax is applied to a broad range of goods and services in an effort to keep the rate as low as possible. Most goods and services supplied in Newfoundland and Labrador are subject to the HST. Basic food items and medical supplies are zero-rated meaning that they are taxed at 0%.

- ▶ The HST is administered by the federal government on behalf of the province under the Canada-Newfoundland and Labrador Comprehensive Integrated Tax Coordination Agreement (CITCA).
- ▶ Under CITCA, the province agrees to impose the tax on the same base as the GST and includes a formula for the sharing of revenue between the federal government and HST participating provinces.
- ▶ CITCA limits the province's ability with respect to the HST to setting tax rates and offering rebates. The province does not have the ability to make changes to the tax base, changes to the base requires the approval of the federal government.

▶ The HST in many ways is progressive in that individuals are only subject to the tax based on consumption of mostly discretionary goods and services. Individuals can always choose to consume less and thus, pay less HST.

- ▶ Consumption taxes impose a relatively higher tax burden on low-income households because they tend to consume a higher proportion of taxable goods and services.
- ▶ General consumption taxes are believed to be more efficient than other types of taxes and consistent with this approach, governments could apply taxes on taxpayers' actual expenditures, instead of on their ability to spend.
- ▶ Sales tax rates are the same across the Atlantic region so there would be little difference in the amount of HST paid by consumers with the exception of some province specific rebates.