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To learn more about  
McIntyre & Associates, visit us  
online at: [www.mcintyreca.com](http://www.mcintyreca.com)

Questions? Call (613) 726-7788  
and we will be happy to  
address any of your questions.

## HST – Place of Supply Rules for Services

When Ontario and British Columbia adopt the harmonized sales tax on July 1, there will be changes to the federal government's place of supply rules. These rules determine whether GST/HST-registered businesses are required to collect GST/HST on their sales and the rate of GST/HST that is to apply to the transaction.

### Services – Place of supply rules

The place of supply rules have changed significantly for services. Previously, the place of supply rules for services generally determined that the applicable rate of GST was based on where the service was performed. This is no longer the case. There are now four general rules to consider when determining the application of GST/HST on a service.

**Rule 1 –** If a supply of a service is made and, in the normal course of business, the supplier obtains a particular address of the recipient, the service will be regarded as having been made in the province of the following address:

(a) a home or business address in Canada of the recipient;

(b) if the supplier obtains more than one home or business address in Canada of the recipient, the home or business address that is most closely connected with the supply; or

(c) if the supplier does not obtain a home or business address in Canada of the recipient, another Canadian address that is most closely connected with the supply.

**Example:** A wedding planner based in Ontario plans a wedding (supplies a service) to be held in Quebec. Approximately 40% of the service is supplied in Quebec at the wedding location and 60% of the service is supplied in Ontario. The home address of the client is in Ontario.

Since the client's home address in Canada is most closely connected with the services provided in Ontario, the place of supply is deemed to be in Ontario and subject to HST at a rate of 13%.

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### GST/HST Rates (as of July 1, 2010)

British Columbia	12% HST (5% federal and 7% provincial)
Alberta	5% GST
Saskatchewan	5% GST
Manitoba	5% GST
Ontario	13% HST (5% federal and 8% provincial)
Quebec	5% GST
New Brunswick	13% HST (5% federal and 8% provincial)
Newfoundland and Labrador	13% HST (5% federal and 8% provincial)
Nova Scotia	15% HST (5% federal and 10% provincial)
Prince Edward Island	5% GST

## HST – Place of Supply Rules for Services (continued from page 1)

Rule 2 – If the supplier does not obtain an address as per Rule 1 (e.g., a non-resident purchaser), the service will be regarded as having been made in an HST province (if the part of the service that is performed in Canada is performed primarily in the HST province). As such, the service will be regarded as made in the HST province in which the greatest proportion of the service is performed.

Example: An online service provider located in Ontario that specializes in the provision of document editing services, provides these services to clients over the Internet. The clients send electronic versions of documents by e-mail to the e-mail address of the service provider to be edited or translated with the resulting edited or translated documents returned to the clients by sending the documents to the e-mail addresses of the clients. The services are performed by employees of the service provider from its business address in Ontario. The service provider does not obtain an address of its clients.

The Canadian element of the service is performed primarily in the participating provinces and the participating province in which the greatest proportion of the Canadian element of the service is performed is Ontario and subject to HST at a rate of 13%.

Rule 3 – If Rule 2 applies but the supplier cannot determine one single HST province in which the greatest proportion of the service is performed because the service is performed equally in two or more HST provinces, the supply will be regarded as made in the province with the highest rate of the provincial component of the HST.

Rule 4 – If Rule 3 applies but a single participating province still cannot be determined to be the place of supply because the HST rate for the provincial component of the HST in two or more of the HST provinces is the same, the supplier will be required to charge HST by applying that particular rate.

Special rules for certain services  
The general rules noted above will not apply to a number of services. Some examples of services to which the general rules will not apply include personal services, postage and mail delivery services, and computer-related services and Internet access.

While the place of supply rules for services have changed significantly, these changes may not affect your business. That said, it is still a good idea to take a close look at your particular situation and your obligations related to filing GST/HST returns. Please contact us should you have any questions or concerns about these new rules or any other changes.

### Our Filing Cabinets are Looking for a New Home

As part of our commitment to being a green workplace, we would like to find a new use for our filing cabinets.

We would be happy to give them to anyone who could put them to good use. Please [contact us](#) if you or someone you know would like them.

## New Reporting Requirements for GST/HST Registrants

On January 4, 2010, the government of Canada announced new reporting requirements that will impact most GST/HST registrants.

For all reporting periods ending after June 30, 2010, you are now required to file your GST/HST returns electronically, if any of the following apply:

- You and your associates have annual taxable supplies over \$1.5 million (excluding charities).
- You are a builder that is affected by the HST transitional rules for housing.

[Visit CRA's website](#) to learn more about the electronic filing options available.

Please [contact us](#) if you have questions or concerns about how these changes affect your business.

## What's New at McIntyre & Associates

**Riding the Rideau** – On September 11, 2010, Jim and Judy will be taking part in a 100 km bike tour along the Rideau River to raise funds for cancer research at the Ottawa Hospital Research Institute. To support the cause, or to find out how to join the ride, visit [www.ridetherideau.ca](http://www.ridetherideau.ca).



The McIntyre & Associates team celebrated the end of tax season with gourmet cooking lessons at the Urban Element on May 27.

## Summer Has Arrived!

Please note our office hours for July and August

Monday to Thursday - 8:30 am to 4:30 pm  
Friday - Closed

During summer office hours, our client drop box is open  
Monday to Thursday - 7:00 am to 6:00 pm  
Friday - Closed

## CRA's Prescribed Interest Rates

The prescribed interest rates for the second quarter of 2010 are as follows:

- 1% to calculate a deemed interest benefit on subsidized employee and shareholder loans;
- 3% on refunds of income tax overpayments; and
- 5% on payments of overdue income taxes, insufficient income tax instalments, unremitted employee source deductions, CPP contributions or EI premiums, and unpaid penalties.

These rates are in effect from April 1, 2010 to June 30, 2010.

## Has your contact information changed?

If your contact information has changed recently, please let us know.

[contactupdate@mcintyreca.com](mailto:contactupdate@mcintyreca.com)

## McIntyre & Associates Professional Corporation

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