

## **How the impact of the HST will differ between Ontario and B.C.**

TORONTO — The harmonized sales tax about to take effect in British Columbia and Ontario is proof of Benjamin Franklin's assertion that "in this world nothing can be said to be certain, except death and taxes."

Funerals are just one of many services and goods previously exempted from provincial sales taxes that will be subject to the HST starting Canada Day, as governments in both provinces switch the tax burden from corporations and to consumers.

However, exactly what's going up in price and what's not depends entirely on which province you live in.

The single sales tax, which combines the five per cent Goods and Services Tax with provincial Retail Sales Taxes, will be 12 per cent in B.C. and 13 per cent in Ontario.

Energy costs will be the biggie for most Ontario consumers, with an immediate jump in the cost of electricity, natural gas and home heating oil because of the HST.

Ontario motorists will be among the first to feel the pinch when they fill up at the pumps. Gasoline and diesel fuel, which had been exempt from the province's eight per cent sales tax, will be subjected to the 13 per cent HST.

British Columbia is maintaining its exemption for the provincial sales tax portion of the HST on gas and diesel, and won't apply the HST to electricity or home heating fuels. However, B.C. has a carbon tax on energy that will rise to 4.82 cents a litre on July 1.

The tax on alcohol is actually decreasing, but the prices won't. The provincial taxes of 10 to 12 per cent will be lowered under the HST, but other fees and taxes will rise because of what the provinces say is their social responsibility to maintain minimum prices for liquor.

The HST will not apply to purchases of resale homes in either province, but will apply to new homes costing over \$400,000 in Ontario and those over \$525,000 in B.C. New home buyers in Ontario will receive rebates up to \$24,000 to lessen the impact of the HST.

There are so many other differences to the way B.C. and Ontario are harmonizing sales taxes that retailers who operate in both provinces will need two rule sheets to figure out what's taxed and what's not.

Internet fees will now be subject to the HST in Ontario, but were already hit with both taxes in B.C.

British Columbia will apply the HST to cable television fees and local residential phones, both of which were already taxed with the GST and PST in Ontario.

Green fees at golf courses will be subjected to the HST in Ontario but not in British Columbia.

Ontario has exempted newspapers and prepared meals and drinks costing under \$4 from the HST, but British Columbia did not.

B.C. will apply the HST to snack foods, catering services, over-the-counter medications and food-producing plants and trees.

Ontario will apply the HST to legal services but they will remain exempt in B.C.

B.C. will subject shoe repairs, tailoring, wedding planning services and veterinary bills to the HST while those services remain exempt in Ontario.

Taxes will go up in both provinces on services such as lawn care, snow removal, dry cleaning, hair cuts, massages, personal trainers, gym memberships and home service calls. Home renovations and real estate commissions will also rise because of the HST.

Home insurance was exempt from the GST so it will not be hit with the HST, but will still be subject to the provincial sales tax.

Other items previously exempt from the PST but now subject to the HST include hotel rooms, taxis, domestic air, rail and bus travel along with campsites and hunting and fishing licences.

Also rising will be the tax on magazine subscriptions, some theatre tickets, ski lift fees, rental fees for hockey rinks and banquet halls and lessons for everything from ballet to soccer. However, music lessons will remain exempt from the HST.

Music and videos downloaded as MP3 files will also be subject to the HST after previously being exempt from the provincial sales tax.

Cigarettes and other tobacco products — and nicotine replacement products — will also be subjected to the HST after being exempt from the provincial sales tax, as will vitamins.

There will be no HST on vital documents such as health cards and birth certificates or on driver's licence and vehicle plate renewals, although personalized vanity plates will be subject to the HST in Ontario.

Used cars, which were previously exempt from the five per cent GST when sold privately, will now be subject to the 13 per cent HST in Ontario and a 12 per cent provincial sales tax in B.C.

Both provinces negotiated some exemptions from the HST with the federal government, which wanted the tax applied as widely and with as few exemptions as the GST.

Consumers will continue to pay only the five per cent GST on children's clothing and footwear, children's car and booster seats, diapers, books and feminine hygiene products.

The HST will not be charged on basic groceries, rent, condo fees, prescription drugs, some medical devices, child care, municipal public transit, most health and education services, tutoring, most financial services and legal aid.

However, even though condo fees are exempt from the HST, purchases by condominium corporations will be subject to the tax, so condo fees are expected to rise.

The price of going to the movies or a sporting event in Ontario is actually expected to drop with the introduction of the 13 per cent HST because those outings were hit with a 10 per cent PST plus the GST.