

RTG: 188

February 2013

SUPPLIES OF TAXABLE PROPERTY AND SERVICES TO PRINCE EDWARD ISLAND GOVERNMENT ENTITIES

On April 18, 2012, Prince Edward Island (PEI) announced its plans to implement a harmonized sales tax (HST) effective April 1, 2013. The HST will be implemented at a rate of 14% - combining the existing 5% federal goods and services tax (GST) with a 9% PEI component.

Under the Canada-Prince Edward Island Comprehensive Integrated Tax Coordination Agreement (CITCA), PEI has agreed that, effective April 1, 2013, all PEI government departments, agencies, boards, commissions and Crown corporations will pay HST on their purchases of taxable property and services.

OVERVIEW

PEI government entities that are currently exempt from paying PST, as well as those that are currently paying PST, will pay HST on their purchases of taxable property and services effective April 1, 2013.

Accordingly, suppliers must generally charge and collect HST on any consideration that becomes due on or after April 1, 2013 in respect of a taxable supply to a PEI government entity. In these cases, suppliers should not rely on or accept any exemption requests or certifications requesting HST relief at the point-of-sale.

APPLICATION OF THE GENERAL TRANSITIONAL RULES

PEI government entities are currently paying GST on their taxable purchases and will be subject to the general transitional rules on all of their taxable purchases. Information about the general transitional rules can be found at:

- RTG: 185 – Implementation of the Harmonized Sales Tax in Prince Edward Island
- CRA at <http://www.cra-arc.gc.ca/E/pub/gi/notice278/notice278-e.pdf>

FURTHER INFORMATION

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 and the *Revenue Tax Act* and Regulations are available on our website. For information regarding the winding down of the revenue tax (PST), please contact:

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