

## Prepare for Ontario's HST: #7 – Small Business Transition Support

This information will help small businesses understand if they are eligible for a small business transition support payment and explain how the support payment will be delivered to them. This support payment has been commonly referred to as the "Small Business Transition Credit".

The Ontario government is providing one-time transition assistance to help small businesses make changes to their point-of-sale and accounting systems in order to collect the Harmonized Sales Tax (HST) that comes into effect in Ontario on July 1, 2010.

The general transitional rules for the HST were released in October 2009 to assist businesses and consumers in the move to the HST. As part of the transitional rules, starting May 1, 2010, the HST will generally apply to consideration that becomes due, or is paid without having become due, for property and services that will be provided on or after July 1, 2010.

Businesses are reminded that all necessary changes to their accounting and point-of-sale systems should be implemented to ensure that the HST is properly charged and paid, and to reduce the potential for costly errors and oversights.

Systems that require changes may include:

- point-of-sale terminals, cash registers, computer software and websites
- invoices, sales receipts, purchase orders and expense reports
- special codes for Ontario's point-of-sale rebates
- the ability to track restricted/non-restricted ITCs, federal/provincial components of HST

### Eligibility for the Support Payment

In order to qualify for a transition support payment, an eligible business must:

- not be a listed financial institution under the *Excise Tax Act* (Canada);
- carry on business in Ontario and be a GST/HST registrant on July 1, 2010;

- make GST/HST taxable supplies (including zero-rated supplies) in the course of carrying on business;
- have taxable annual revenues of less than \$2 million (as announced in the 2010 Ontario Budget, the province will prescribe the 12-month period for calculating the \$2 million taxable revenue threshold for purposes of the transition support payment).

Eligible businesses will qualify for a transition support payment of up to \$1,000 as outlined in the following table:

Small Business Transition Support	
Total Quarterly Taxable Revenues	Amount of Transition Support Payment
Up to and Including \$15,000	\$300
Over \$15,000 and Up to and Including \$50,000	2% of Taxable Revenue for the Quarter
Over \$50,000 and Up to and Including \$500,000	\$1,000

### Delivery of Support Payments

Ontario will automatically generate and send cheques to all eligible businesses using key information that will be obtained from the Canada Revenue Agency (CRA). The issuance of the cheques is expected to commence in late fall of 2010.

Additional details about the small business transition support payment process will be released to businesses and taxpayers as they become available.

## For More Information:

Call Ontario's Budget hotline at 1-800-337-7222 and Teletypewriter (TTY) 1-800-263-7776 or visit [ontario.ca/taxchange](http://ontario.ca/taxchange) for general information on the introduction of the HST in Ontario and the wind down of the RST.

To obtain the most current version of this tax tip, visit our website at [ontario.ca/revenue](http://ontario.ca/revenue).

The Canada Revenue Agency is your source for the latest information on how the transitional rules apply, how to get ready for the HST and the application of HST. Visit the CRA's "Are You HST Ready" website at [cra.gc.ca/harmonization](http://cra.gc.ca/harmonization) or call 1 800 959-5525.

