

Prepare for Ontario's HST: #8 – Accounting and Systems Changes

This information is intended to assist businesses as they review and modify their accounting and point-of-sale systems, in preparation for the Harmonized Sales Tax (HST) that comes into effect in Ontario on July 1, 2010.

Note: The Ontario government is providing one-time small business transition support to assist small businesses in making changes to their point-of-sale and accounting systems in order to collect the HST. The issuance of the support payments is expected to commence in late fall of 2010.

Accounting and Point-of-Sale Systems

With the HST implementation date now only a short while away, businesses are reminded to allocate sufficient lead time into making changes to their accounting and point-of-sale systems.

Systems that require changes may include, for example:

- 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

These changes must be implemented by July 1, 2010 in order to ensure that the HST is properly charged and paid, and will help to reduce the potential for costly errors and oversights.

Claiming Compensation - April 1, 2010 to June 30, 2010

The 2009 Ontario Budget proposed to end Retail Sales Tax (RST) vendor compensation as part of the transition to the HST, effective March 31, 2010.

In the 2010 Ontario Budget, the Ontario government proposes to extend compensation to RST vendors up to a maximum of \$375 for the shortened RST collection period of April 1, 2010 to June 30, 2010. To claim compensation during this period, vendors may record an adjustment

in their accounting records equal to the amount of the compensation they are claiming and reduce the amount of tax reported on line 2 of the RST return by the compensation amount being claimed. For more details see **Tax Tip #3 – Compensation for RST Vendors** available on the ministry's website.

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 for general information on introduction of the HST in Ontario and wind down of the RST.

To obtain the most current version of this tax tip, visit our website at ontario.ca/revenue.

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 or call 1 800 959-5525.