



Canada Revenue  
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# Quick Method of Accounting for GST/HST

## Is this guide for you?

This guide explains how to use the quick method of accounting. It does not apply to qualifying non-profit organizations, municipalities, hospital authorities, charities, and most universities, public colleges and school authorities. If your organization is one of these, see Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

### GST/HST and Quebec

In Quebec, Revenu Québec generally administers the GST/HST. If the physical location of your business is in Quebec, you have to file your returns with Revenu Québec using its forms, unless you are a person that is a selected listed financial institution (SLFI) for GST/HST or QST purposes or both. For more information, see the Revenu Québec publication IN-203-V, *General Information Concerning the QST and the GST/HST*, available at [www.revenuquebec.ca](http://www.revenuquebec.ca), or call 1-800-567-4692. If you are an SLFI go to [www.cra.gc.ca/slfi](http://www.cra.gc.ca/slfi).

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This guide uses plain language to explain the most common tax situations. It is provided for information only and does not replace the law.

La version française de ce guide est intitulée *La méthode rapide de comptabilité pour la TPS/TVH*.

## What's new?

We list the major changes below. This guide contains information based on amendments to the *Excise Tax Act* and Regulations. At the time of publication, some of these amendments were proposed and not law. The publication of this guide should not be taken as a statement by the Canada Revenue Agency that these amendments will in fact become law in their current form. If they become law as proposed, they will be effective as of the dates indicated.

### Online services for businesses

You can now:

- authorize the CRA to withdraw an amount from your bank account on the date(s) that you choose; and
- enrol for direct deposit, or update your banking information.

To access our online services, go to:

- [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount), if you are a business owner; or
- [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives), if you are an authorized representative or employee.

For more information, see “Handling business taxes online” on page 16.

### Online services for representatives

Representatives can now register for online mail on behalf of their business clients by going to [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives).

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## Definitions

**Associated** – for GST/HST purposes, is generally used to describe a relationship between persons where one controls the other. An association may exist between:

- two or more corporations;
- an individual and a corporation;
- a person and a partnership or trust; or
- two persons, if they are associated with the same third person.

**Capital property** – generally means:

- any depreciable property that is eligible or would be eligible for a capital cost allowance deduction for income tax purposes; and
- any property, other than depreciable property, which, if you disposed of it, would result in a capital gain or capital loss for income tax purposes.

**Eligible capital property** – generally means property that does not physically exist but that gives you a lasting economic benefit such as goodwill, franchises, concessions, and licences for an unlimited period.

**Participating province** – means a province that has harmonized its provincial sales tax with the GST to implement the harmonized sales tax (HST). Participating provinces include New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, and Prince Edward Island, but do not include the Nova Scotia offshore area or the Newfoundland offshore area except to the extent that offshore activities, as defined in subsection 123(1) of the *Excise Tax Act*, are carried on in that area.

**Permanent establishment** – of a person generally means:

- the person's fixed place of business through which the person supplies property or services; or
- a fixed place of business of someone else (other than a broker or an agent) who is acting in Canada for the person and through whom the person supplies property or services in the ordinary course of business.

**Place of business** – means any premises, facility, or installation used to carry on business, whether or not it is used exclusively for that purpose. Premises, facilities, or installations may be considered to be a place of business whether they are owned or rented, or, in some cases, where they are simply available to the business.

**Supply** – means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, or disposition.

## The quick method of accounting

The quick method is another accounting option available to help small businesses calculate their net tax for GST/HST purposes. This method reduces paperwork and makes it easier to calculate GST/HST remittances and file GST/HST returns because it eliminates the need to report the actual GST/HST paid or payable on most purchases.

When you use the quick method, you still charge the GST at the rate of 5% or the HST at the applicable rate on your taxable supplies of property and services. For the list of applicable GST/HST rates, go to [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) and select "GST/HST rates" under "Tools." However, to calculate the amount of GST/HST to remit, you multiply the amount of your GST/HST-included supplies for the reporting period by the quick method remittance rate, or rates, that apply in your situation.

The remittance rates of the quick method are less than the applicable rates of GST/HST that you charge. This means that you remit only a part of the tax that you collect, or that is collectible. Since you cannot claim input tax credits (ITCs) on most of your purchases when you use this method, the part of the tax that you keep accounts for the approximate value of the ITCs you would otherwise have claimed. For information on the different remittance rates, see "What are my quick method remittance rates?" on page 8.

### Note

Whether the quick method will be more beneficial for you to use than the regular method depends on your specific situation.

## Who can make this election?

You can use the quick method if you meet **all** of the following conditions:

- you have been in business continuously throughout the year (365 days) ending immediately before your current reporting period (if you are a new registrant, see the next page);
- you did **not** revoke an election for the **quick method** or the **simplified method for claiming ITCs** during that 365-day period;
- you are **not** a person listed under "Exceptions" on the next page; and
- your revenues from annual worldwide taxable supplies **and those of your associates**, including the GST/HST and zero-rated supplies, are not more than \$400,000 for either the period consisting of the first four consecutive fiscal quarters out of your last five fiscal quarters, or the period consisting of the last four fiscal quarters out of your last five fiscal quarters. When you calculate your annual worldwide taxable supplies, exclude supplies of financial services and sales of real property, capital property, and eligible capital property (including goodwill).

## Exceptions

The following persons **cannot** use the quick method:

- persons that provide legal, accounting, or actuarial services in the course of the person's professional practice;
- persons that provide book-keeping, financial consulting, tax consulting, or tax return preparation services in the course of the person's commercial activity;
- listed financial institutions;
- municipalities or local authorities designated as a municipality;
- public colleges, school authorities, or universities;
- hospital authorities, facility operators, and external suppliers;
- charities; or
- non-profit organizations with at least 40% government funding in the year (qualifying non-profit organizations).

### Note

A special quick method is available to certain qualifying non-profit organizations, selected public service bodies, specified facility operators and designated charities. For more information, see Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

### Example

ABC Shoe Store is a GST/HST registrant located in Calgary, Alberta, where it has operated for the last five years and makes all of its supplies. It files quarterly GST/HST returns and has always used the regular method of calculating its net tax. ABC Shoe Store is not a type of business listed under "Exceptions" above. They would like to use the quick method beginning April 1, 2015.

ABC Shoe Store's worldwide taxable sales (including the GST/HST) for the last five fiscal quarters are as follows:

ABC Shoe Store Calgary, Alberta		
Taxable sales (including the GST/HST) for the fiscal quarters ending:		
March 31, 2014	\$ 78,000	
June 30, 2014	\$ 118,000	\$ 118,000
September 30, 2014	\$ 128,000	\$ 128,000
December 31, 2014	\$ 70,000	\$ 70,000
March 31, 2015		\$ 86,000
<b>Total for four consecutive quarters</b>	<b>\$ 394,000</b>	<b>\$ 402,000</b>

The total sales (including the GST/HST) for the first four fiscal quarters (ending December 31, 2014) was \$394,000. The total sales (including the GST/HST) for the last four fiscal quarters (ending March 31, 2015) was \$402,000.

Since at least **one** of the periods of four consecutive fiscal quarters out of the five most recent fiscal quarters has GST/HST-included sales that are not more than \$400,000, ABC Shoe Store can elect to start using the quick method on April 1, 2015.

## New registrants

If you have not been in business continuously for the past year but you are an eligible type of business, you may be eligible to use the quick method. You can elect to use the quick method if, in your first full year of business, you can reasonably expect your revenues from worldwide taxable supplies, and those of your associates, to be \$400,000 or less.

## When can you make the election?

If you file annual GST/HST returns, you have to make the election by the first day of your second fiscal quarter.

If you file monthly or quarterly GST/HST returns, you have to make your election by the due date of the return in which you begin using the quick method.

You can start using the quick method on the effective date you indicate to us. However, this date has to be the first day of a GST/HST reporting period.

If you previously elected to use the quick method and had revoked that election, you have to wait at least one year from the date the revocation became effective before you can elect to use the quick method again.

## How do you elect to use the quick method?

You can elect to use the quick method by using our online services at [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount) or [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives), or by completing and sending a Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, to your tax services office (TSO).

## How long does the election stay in effect?

Generally, the election stays in effect as long as the total annual revenue from your worldwide taxable supplies (including the GST/HST and zero-rated supplies), and those of your associates, does not exceed \$400,000, **or** until you become a person that cannot use the quick method because of the type of business you carry on (see "Exceptions" on this page).

Do **not** include supplies of financial services and sales of real property, capital property, and eligible capital property (including goodwill).

If your election ceases to be in effect, you have to start accounting for the GST/HST using the regular method:

- at the beginning of your next fiscal year if:
  - you file annual returns; and
  - in your current fiscal year, you exceed the \$400,000 threshold or become a person that cannot use the quick method because of the type of business you carry on;
- at the beginning of your second fiscal quarter of a fiscal year if:
  - you file monthly or quarterly returns;
  - your election to use the quick method **was** in effect at the beginning of that year; and
  - you exceeded the \$400,000 threshold in your previous fiscal year;
- at the beginning of your next fiscal quarter if:
  - you file monthly or quarterly returns;
  - your election to use the quick method **was not** in effect at the beginning of the fiscal year; and
  - you exceeded the \$400,000 threshold in both the first four and the last four consecutive quarters of the previous five fiscal quarters;
- at the beginning of a fiscal quarter if:
  - you file monthly or quarterly returns; and
  - you become a person that cannot use the quick method because of the type of business you began to carry on in the fiscal quarter.

#### Note

At the end of each fiscal year, make sure that your business is still eligible to use the quick method for the following year. Also make sure that the same category of rates applies to your business. Base your calculations on supplies made in the fiscal year that just ended.

#### Example

XYZ Clothing Store Winnipeg, Manitoba	
Taxable sales (including the GST/HST) for the quarters ending:	
March 31, 2015	\$ 92,000
June 30, 2015	\$ 98,000
September 30, 2015	\$ 103,000
December 31, 2015	\$ 123,000
<b>Total sales for fiscal year ended December 31, 2015</b>	<b>\$ 416,000</b>

XYZ Clothing Store is a quarterly filer and used the quick method throughout 2015. To see how long its election would stay in effect, the store had to review its taxable sales (including the GST/HST) for the previous fiscal year. Since its worldwide taxable sales for 2015 were more than \$400,000, it had to stop using the quick method at the **end** of the first fiscal quarter of 2016. This means it had to start calculating its GST/HST remittance using the regular method on April 1, 2016.

## When and how can you revoke the election?

You can revoke the election only **after** your quick method election has been in effect for at least one year.

You can revoke the election by using our online services at [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount) or [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives), or by sending a Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, to your TSO.

You have to revoke the election by the due date of the GST/HST return for the last reporting period in which you wish to use the quick method.

If you revoke the election, **you have to wait at least one year** before you can elect to use the quick method again.

In addition, if you stop using the quick method, you cannot claim ITCs for any tax paid or payable on purchases you made while using it, other than the ITCs you would have been entitled to claim, but did not claim, while you were using the quick method.

## Books and records

When you complete your GST/HST return using the quick method, you do not have to indicate the actual GST/HST that you charged on most of your taxable supplies or the GST/HST paid or payable on most of your business purchases. However, you still have to keep detailed records of this information. Keep all books and records related to your business purchases and your supplies for six years after the year they relate to. These have to be made available to our auditors on request.

## How does the quick method work?

When you use the quick method, you still charge the GST at 5% or the HST at the applicable rate on your supplies of taxable property and services (other than zero-rated supplies), but you remit only a portion of that tax to us.

The HST rate can vary from one participating province to another. For the list of all applicable GST/HST rates, go to [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) and select “GST/HST rates” under “Tools.”

The tax you have to remit is calculated using the applicable quick method remittance rates. Usually only one of these rates will apply to your business. For more information, see “What are my quick method remittance rates?” later on this page.

You cannot claim ITCs for most of your purchases when you use the quick method. This is because the part of the tax that you keep accounts for the approximate value of the ITCs you would otherwise have claimed. For more information, see “Claiming input tax credits” later on this page.

## Supplies not eligible for the quick method calculation

The quick method calculation applies to most of your supplies of property and services. However, certain supplies you make are not eligible for this calculation. If you make a supply that is not eligible, you do not use a remittance rate to calculate how much tax you have to remit. Instead, you have to account for such a supply the same way you would if the election were not in effect. For example, if you make a supply that is not eligible and you charge 5% GST, you have to report the full amount of tax charged instead of using a quick method remittance rate.

The following supplies are **not** eligible for the quick method calculation:

- sales of real property;
- sales of capital property or eligible capital property;
- zero-rated supplies;
- supplies made outside Canada;
- supplies for which the recipient is not required to pay tax, such as certain supplies to Indians and supplies to provincial governments (unless the province has agreed to pay the GST/HST);
- supplies you made as an agent or auctioneer for which you are required to account for the tax;
- supplies of property (other than capital property) or services for which you had to self-assess tax because you appropriated property or services for the personal benefit of yourself, a shareholder, a beneficiary, a partner, a member of your organization, or related persons;
- supplies of property or services for which you had to self-assess tax because you received a reimbursement under a warranty for property or services you acquired, and you were entitled to claim an ITC or rebate; and
- supplies of property or services you made to an employee or shareholder on which you have to account for tax on the value of the supplies and that is to be included in the individual's income as a taxable benefit for income tax purposes.

## Claiming input tax credits

You do not claim ITCs on most of your purchases and expenses since, under the quick method, you keep a part of the tax you charge. However, you can claim any ITCs to which you are entitled for the following **only**:

- purchases of real property and improvements to real property;
- purchases of capital property (other than real property), such as computers and vehicles, and improvements to capital property;
- purchases of eligible capital property and improvements to eligible capital property;
- purchases on which GST/HST became payable **before** your quick method election took effect, if the time limit to claim the amounts has not expired;
- goods sold by an auctioneer or an agent on your behalf where the auctioneer or agent has to account for the tax; and
- goods you are **deemed** (considered) to have bought to use only in your commercial activities because:
  - a non-resident, who is not registered for the GST/HST, transferred them to you, after paying tax on them; and
  - you provided a commercial service on the goods and then sold them, acting as an agent for the non-resident and collecting the GST/HST.

## What are my quick method remittance rates?

Most businesses use only one remittance rate. The rate that applies depends on whether you make taxable supplies of property or services in a participating or non-participating province, and whether you make the supplies through a permanent establishment that is located in a participating or non-participating province. The type of business you are involved in is also a factor. For example, a business that provides mostly services generally has to use a different remittance rate than a business that is involved mostly in purchasing goods for resale.

In some cases, a business may have to use more than one remittance rate. For example, if a business makes supplies in both participating **and** non-participating provinces, more than one rate may apply. For more information, see chart “GST/HST quick method remittance rates for businesses that purchase goods for resale, based on the province where the permanent establishment (PE) of a business is located” on the next page.

### Note

The information in this section **does not** apply to the supplies listed in “Supplies not eligible for the quick method calculation” on this page.



## Remittance rates for businesses that purchase goods for resale

Generally, retailers and wholesalers who purchase goods for resale use the first group of remittance rates. To be eligible to use these rates, the cost (including the GST/HST) of goods you purchased in your previous fiscal year for resale, or to use in goods you produce or manufacture for resale, must be at least 40% of your total revenue from annual taxable supplies (including the GST/HST) for that fiscal year. **Do not include** the annual taxable supplies of your associates in this calculation.

### Note

If you began to use the quick method in your current fiscal year, your calculations should be based on your purchases and taxable supplies from either the first four or the last four consecutive quarters of the previous five quarters, instead of from your previous fiscal year.

Exclude **purchases** of basic groceries and purchases for which you are not required to pay tax from your calculation of the cost of goods you purchased.

Exclude **supplies** of basic groceries, financial services, and sales of real property, capital property, eligible capital property (including goodwill), and goods that you sold on behalf of someone else by auction from your calculation of your total annual taxable supplies, but **include** sales made by an auctioneer on your behalf.

The following are examples of businesses that may use this group of quick method remittance rates:

- antique dealers;
- grocery and convenience stores;
- art and craft shops;
- boutiques and novelty stores; and
- service stations (gas).

GST/HST quick method remittance rates for businesses that purchase goods for resale, based on the province where the permanent establishment (PE) of a business is located					
	Column 1: PE located where GST at 5% applies	Column 2: PE located where HST at 12% applies	Column 3: PE located where HST at 13% applies	Column 4: PE located where HST at 14% applies	Column 5: PE located where HST at 15% applies
<b>Supplies where GST at 5% applies</b>	1.8%	0% (and 2.3% credit)	0% (and 2.8% credit)	0% (and 3.4% credit)	0% (and 4.0% credit)
<b>Supplies where HST at 12% applies</b>	8.0%	4.1%	3.6%	N/A	2.5%
<b>Supplies where HST at 13% applies</b>	8.8%	5.0%	4.4%	3.9%	3.3%
<b>Supplies where HST at 14% applies</b>	9.6%	N/A	5.3%	4.7%	4.2%
<b>Supplies where HST at 15% applies</b>	10.4%	6.6%	6.1%	5.6%	5.0%

If your business gives a point-of-sale rebate for sales of qualifying publications in the participating provinces, you can use the 1.8% remittance rate for those sales if your cost of goods for resale is at least 40% of your total annual taxable sales (including the GST/HST but not including sales made by your associates). Qualifying publications include a printed book or an update of such a book, an audio recording, all or substantially all (90% or more) of which is a spoken reading of a printed book, and a bound or unbound printed version of scripture of any religion.

Use the “Applicable rates” table on the next page to determine which column to use in the above table.

Applicable rates		
If the permanent establishment of your business is in:	During the following periods	Use the column:
Alberta	■ On or after January 1, 2008	■ Column 1
British Columbia	■ On or after January 1, 2008, and before July 1, 2010; and on or after April 1, 2013 ■ On or after July 1, 2010, and before April 1, 2013	■ Column 1 ■ Column 2
Manitoba	■ On or after January 1, 2008	■ Column 1
New Brunswick	■ On or after January 1, 2008	■ Column 3
Newfoundland and Labrador	■ On or after January 1, 2008	■ Column 3
Northwest Territories	■ On or after January 1, 2008	■ Column 1
Nunavut	■ On or after January 1, 2008	■ Column 1
Nova Scotia	■ On or after July 1, 2010 ■ On or after January 1, 2008, and before July 1, 2010	■ Column 5 ■ Column 3
Ontario	■ On or after July 1, 2010 ■ On or after January 1, 2008, and before July 1, 2010	■ Column 3 ■ Column 1
Prince Edward Island	■ On or after April 1, 2013 ■ On or after January 1, 2008, and before April 1, 2013	■ Column 4 ■ Column 1
Saskatchewan	■ On or after January 1, 2008	■ Column 1
Yukon	■ On or after January 1, 2008	■ Column 1

## Remittance rates for businesses that provide services

The next group of remittance rates is for businesses that do not qualify to use the first group of remittance rates, mentioned in the previous section. Generally, these rates are for use by small businesses that provide services.

The following are examples of businesses that may use this group of remittance rates:

- delivery services;
- dry cleaners;
- auto repair shops;
- quick-service food outlets;
- house-cleaning services;
- campgrounds;
- caterers;
- delicatessens;
- painting contractors;
- photographers; and
- taxi drivers.

GST/HST quick method remittance rates for businesses that provide services, based on the province where the permanent establishment (PE) of a business is located					
	Column 1: PE located where GST at 5% applies	Column 2: PE located where HST at 12% applies	Column 3: PE located where HST at 13% applies	Column 4: PE located where HST at 14% applies	Column 5: PE located where HST at 15% applies
Supplies where GST at 5% applies	3.6%	2.1%	1.8%	1.6%	1.4%
Supplies where HST at 12% applies	9.7%	8.2%	8.0%	N/A	7.6%
Supplies where HST at 13% applies	10.5%	9.0%	8.8%	8.6%	8.4%
Supplies where HST at 14% applies	11.3%	N/A	9.6%	9.4%	9.2%
Supplies where HST at 15% applies	12.0%	10.6%	10.4%	10.2%	10.0%

If your business gives a point-of-sale rebate for sales of qualifying publications in the participating provinces, use the 3.6% remittance rate for those sales. Qualifying publications include a printed book or an update of such a book, an audio recording, all or substantially all (90% or more) of which is a spoken reading of a printed book, and a bound or unbound printed version of scripture of any religion.

Use the “Applicable rates” table on the previous page to determine which remittance rates apply to you.

## Do you make supplies in both participating and non-participating provinces?

If you make supplies in both participating and non-participating provinces, you normally have to use more than one remittance rate. However, special rules apply when **90% or more** of the eligible supplies you made in a reporting period were in either a participating province or a non-participating province. These rules are as follows:

- If 90% or more of the eligible supplies you made through a permanent establishment in a reporting period were made in a participating province, only use the rate that you would have to use if all eligible supplies were made in the participating province.
- If 90% or more of the eligible supplies you made through a permanent establishment in a reporting period were made in non-participating provinces, only use the rate that you would have to use if all eligible supplies were made in a non-participating province.

If neither of these situations applies to you, you may have to use more than one remittance rate unless 90% or more of the eligible supplies you made through a permanent establishment in a reporting period were made in participating provinces having the same HST rate.

## Credit of 1% on the first \$30,000 of eligible supplies

In calculating your net tax using the quick method, you are entitled to a 1% credit on the first \$30,000 of your eligible supplies (including the GST/HST) on which you must collect the GST at 5% or the HST at the applicable rate (see the chart on page 10) in **each** fiscal year.

To qualify for the 1% credit, your quick method election must be in effect at the beginning of a fiscal year or, if you are a new registrant, on the day you became a registrant.

If you file monthly or quarterly GST/HST returns, the 1% credit applies to the first and the following reporting periods of a fiscal year until you reach the \$30,000 threshold, or the fiscal year ends. If you file annual GST/HST returns, use the 1% credit on your first \$30,000 of eligible supplies in that fiscal year.

If the 0% remittance rate applies to your eligible sales, you are entitled to the 1% credit in addition to the credit given to businesses that purchase goods for resale (for more information, see the remittance rates chart on page 9).

### Note

If you do not make \$30,000 in eligible supplies in a fiscal year, you cannot carry forward any unused portion of the credit to a later fiscal year.

## Special situations

### Self-assessment of the provincial part of the HST

In some cases, you may have to self-assess the provincial part of the HST, but you cannot use the quick method calculation to do so. Self-assessment may be required in the following situations:

- you bring goods into a participating province from a non-participating province;
- you have goods delivered or made available to you in a participating province by a non-resident who is not registered for GST/HST purposes;

- you are a resident of a participating province and you acquire, in a non-participating province, intangible personal property or a service for consumption, use or supply primarily in participating provinces; or
- you import commercial goods, services, or intangible personal property that is not acquired for consumption, use, or supply exclusively in the course of your commercial activities in the participating provinces.

If you have to self-assess the provincial part of the HST, report the amount on **line 405** of your GST/HST return. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, and Technical Information Bulletins B-079, *Self-Assessment of the HST on Supplies Brought into a Participating Province*, and B-081, *Application of the HST to Imports*.

## Bad debts

When you use the quick method to calculate your net tax, you cannot make adjustments to your net tax for bad debts, except for supplies that are not eligible for the quick method calculation.

## Credit adjustments

If you give a customer a credit, refund, or rebate because you reduced the price of a good or a service that is eligible for the quick method calculation (see page 8 for a list of supplies that are **not eligible**), deduct the amount of the credit, refund, or rebate from the amount of your total eligible supplies **before** calculating your net tax using the remittance rate. This adjustment should be made for the reporting period during which you credited or paid the amount to your customers.

## Trade-ins

If you use the quick method, you have to include in your sales calculations any amount credited to a purchaser for a trade-in. For example, you sell a pair of skates for \$100 and accept a used pair of skates. You give a credit of \$35 for the new skates. You have to include \$100 in the total eligible sales for your net tax calculation.

## Changes in the nature of your business

If your business adds a new service, purchases the operations of another firm, or significantly changes its product lines or sales patterns, you have to determine your eligibility to continue using the quick method and the remittance rates that apply to your eligible supplies.

If the nature of your business changes, see “Who can make this election?” on page 5 to determine if you are still a person who can use the quick method. If you are no longer eligible, see “How long does the election stay in effect?” on page 6 to determine when you have to start calculating your GST/HST remittance using the regular method.

## Completing your GST/HST return using the quick method

If you only have to use one remittance rate, follow these steps. Only complete the lines of the return that apply to you.

If you have to use more than one remittance rate, follow these instructions for **each** rate.

### Line 101 – Sales and other revenue

For each reporting period, add your revenues from taxable supplies (include the GST/HST at the rate that applied at that time) and enter the total on **line 101**, rounded off to the nearest dollar.

Do **not** include the following on **line 101**:

- revenue from supplies that are not eligible for the quick method calculation (see page 8);
- supplies on which no GST/HST was charged (such as zero-rated supplies, exempt supplies, supplies made outside Canada, or goods and services sold to Indians or provincial or territorial governments that are relieved of paying the GST/HST); and
- provincial sales tax, if you had to charge the GST.

### Line 103 – GST/HST collected or collectible

**Step 1:** Multiply the total you entered on **line 101** by the remittance rate that applies for that reporting period. To determine the applicable rate, see “What are my quick method remittance rates?” on page 8.

**Step 2:** Calculate the GST/HST you had to charge on taxable supplies that are **not eligible**. For a list of these supplies, see page 8.

**Step 3:** Add the amounts from Step 1 and Step 2 and enter the result on **line 103** or include it in your **line 105** calculation if you are filing electronically.

### Line 104 – Adjustments

Enter the total of any adjustments to be added to the net tax for the reporting period (for example, the GST/HST you obtained on the recovery of a bad debt from supplies that are **not eligible** for the quick method calculation) on **line 104** or include it in your **line 105** calculation if you are filing electronically.

### Line 105 – Total GST/HST and adjustments for period

Add the amounts on **lines 103** and **104**, and enter the result on **line 105**.

## Line 106 – Input tax credits (ITCs)

Add any amounts that you are eligible to claim as an ITC and enter the total on **line 106**. See page 8 for a list of the purchases and expenses for which you are still eligible to claim ITCs. The quick method remittance rates already take into account the ITCs for operating expenses and inventory purchases. Do **not** include any GST/HST paid or payable on these types of costs.

If the 0% remittance rate applies to your eligible supplies, add the applicable credit (see the charts on pages 9 and 10) of those supplies (including the GST) and enter the total on **line 106** or include it in your **line 108** calculation if you are filing electronically.

## Line 107 – Adjustments

If you are entitled to the 1% credit on the first \$30,000 of your eligible supplies, enter the amount of the credit on **line 107** or include it in your **line 108** calculation if you are filing electronically. For more information, see the previous page.

Also enter the total of any adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt from supplies that are **not eligible** for the quick method calculation).

## Line 108 – Total ITCs and adjustments

Add the amounts on **lines 106** and **107**, and enter the result on **line 108**.

## Line 109 – Net tax

Subtract the amount on **line 108** from the amount on **line 105** and enter the result on **line 109**. If the result is negative, enter a minus sign in the box next to the line number.

## Line 110 – Instalment and other annual filer payments

Enter any instalment and other annual filer payments you made for the reporting period on **line 110**.

## Line 111 – Rebates

Enter the total amount of GST/HST rebates, **only** if the rebate form indicates that you can claim the amount on **line 111**. If you have entered an amount on **line 111**, attach the rebate application to the GST/HST return.

## Line 112 – Total other credits

Add the amounts on **lines 110** and **111**, and enter the result on **line 112**.

## Line 113 A – Balance

Subtract the amount on **line 112** from the amount on **line 109** and enter the result on **line 113 A**. If the result is negative, enter a minus sign in the box next to the line number.

## Line 205 – GST/HST due on acquisition of taxable real property

If you **acquired** taxable real property and have to remit the GST/HST on your acquisition, enter the amount of that GST/HST on **line 205**.

## Line 405 – Other GST/HST to be self-assessed

Enter the applicable rate of the provincial part of the HST you have to self-assess when you bring property or a service into a participating province, or when you import commercial goods, services, or intangible property into Canada. For more information, see page 11.

## Line 113 B – Total other debits

Add the amounts on **lines 205** and **405**, and enter the result on **line 113 B**.

## Line 113 C – Balance

Add the amounts on **lines 113 A** and **113 B** and enter the result on **line 113 C**. If the result is negative, enter a minus sign in the box next to the line number.

## Line 114 – Refund claimed

If the amount entered on **line 113 C** is negative, enter this amount on **line 114** to claim your refund.

### Note

We will not show a refund or debit balance of \$2 or less on the notice of (re) assessment.

## Line 115 – Payment enclosed

If the amount on **line 113 C** is positive, enter this amount on **line 115**. If you file a **paper return**, enter this amount on the return portion (Part 2) that you will send to us. Enclose a cheque for this amount.

You can make your remittance online using My Payment. For more information, go to [www.cra.gc.ca/mypayment](http://www.cra.gc.ca/mypayment). You can also pay electronically using your financial institution's Internet or telephone banking service.

If you choose not to pay electronically, use Form RC158, *GST/HST NETFILE/TELEFILE Remittance Voucher* to make your payment.

### Example

Al and Bob's Lumber Yard sold goods in both a participating and a non-participating province through their permanent establishment in Newfoundland and Labrador.

<b>Al and Bob's Lumber Yard Goose Bay, Newfoundland and Labrador</b>	
<b>Annual purchases and sales for 2015</b>	
Total purchases related to goods for resale (including the GST/HST)	\$ 63,000
Total annual taxable sales (including the GST/HST)	\$140,000
Percentage of purchases to sales	45%
<b>First quarter sales for 2016</b>	
Total eligible sales, including the GST, made in Winnipeg, Manitoba, through the permanent establishment in Goose Bay (20% of lumber sales)	\$ 9,000
Total eligible sales, including the HST, made in Goose Bay through the permanent establishment in Goose Bay (80% of lumber sales)	\$ 36,000
<b>Total eligible sales</b> (Al and Bob's Lumber Yard would enter this amount on line 101 of its GST/HST return)	<b>\$ 45,000</b>

This company used the quick method throughout 2015.

In 2015, the company's annual worldwide taxable sales (including the GST/HST) were not more than \$400,000. This means that the company can continue to use the quick method in 2016.

The company's 2015 purchases (including the GST/HST) of goods for resale were more than 40% of the total annual taxable sales (including the GST/HST).

For the first quarter of 2016, the company has to use two different remittance rates because it has sales in Newfoundland and Labrador (a participating province), **and** in Manitoba (a non-participating province) and it does not make at least 90% of its total taxable sales in **one** of these provinces.

The remittance rate for the eligible sales made in Manitoba is 0%. The remittance rate for the eligible sales made in Newfoundland and Labrador is 4.4%. This company can deduct a credit of 2.8% for the eligible sales made in Manitoba.

<b>Quick method calculation for Al and Bob's Lumber Yard</b>	
<b>Calculation of GST/HST remittance in first quarter of 2016</b>	
Multiply the eligible sales made in Manitoba (\$9,000), including the GST, by the 0% remittance rate	\$ 0
Multiply the eligible sales made in Newfoundland and Labrador (\$36,000), including the HST, by the 4.4% remittance rate	\$ 1,584
(Al and Bob's Lumber Yard would enter the total of these two amounts on line 103 of its GST/HST return)	
Deduct 2.8% for the \$9,000 eligible sales made in Manitoba (Al and Bob's Lumber Yard would enter this amount on line 106 of its GST/HST return)	\$ (252)
Deduct 1% for the first \$30,000 of eligible sales (Al and Bob's Lumber Yard would enter this amount on line 107 of its GST/HST return)	\$ (300)
<b>First quarter remittance</b> (Al and Bob's Lumber Yard would enter this amount on line 115 of its GST/HST return)	<b>\$ 1,032</b>

## Publications and forms

We offer a wide range of publications in both official languages. For a list of all GST/HST publications, go to [www.cra.gc.ca/gsthstpub](http://www.cra.gc.ca/gsthstpub).

- Pamphlets and booklets are available on a variety of subjects.
- Guides contain more detailed information on how the GST/HST affects specific types of businesses and organizations.
- Info Sheets provide explanations on specific topics.
- GST/HST Memoranda give more in-depth technical information on administrative and policy aspects of the GST/HST, and are aimed at tax professionals.
- GST/HST Notices provide explanations on recent changes.
- Technical Information Bulletins announce changes to GST/HST legislation and administrative policy in specific areas.

Revenu Québec administers the GST/HST in Quebec. If the physical location of your business is located in Quebec, contact Revenu Québec at **1-800-567-4692**, unless you are a person that is a selected listed financial institution (SLFI) for GST/HST or QST purposes or both. If you are an SLFI, go to [www.cra.gc.ca/slfi](http://www.cra.gc.ca/slfi).

## Forms

There are a number of options available to businesses and organizations to make it easier to comply with the GST/HST. These options, called **elections** or **applications**, allow you to adapt the administrative requirements of the GST/HST to your own business activity. While some options are available to all registrants, other options are available only to organizations and businesses that meet certain conditions.

Other forms are used to remit an amount of tax. They are called returns or remittance vouchers.

## Elections

You can use an election if you meet all the eligibility criteria.

You are responsible for ensuring that you meet the conditions of the election. At the time of an audit, we reserve the right to verify your eligibility and to disallow an election if you have not met the requirements.

## Applications

Applications are different from elections. You have to meet the necessary requirements, and for many applications, you can call us or complete the form and mail it to us. We have to acknowledge that we have processed and approved your application before you can begin to use the procedure for which you have applied.

## Online services

### GST/HST electronic filing and remitting

You have several options for filing your GST/HST return or remitting an amount owing electronically. For more information, go to [www.cra.gc.ca/gsthst-filing](http://www.cra.gc.ca/gsthst-filing).

### Handling business taxes online

Save time using the CRA's online services for businesses. You can:

- authorize a representative, an employee, or a group of employees, who has registered with Represent a Client, for online access to your business accounts;
- request or delete authorization online through Represent a Client, if you are a representative;
- register for online mail, get email notifications, and view your mail online;
- calculate a balance that includes interest calculated to a future date;
- authorize the withdrawal of a pre-determined amount from your bank account;
- transfer payments and immediately view updated balances;
- enrol for direct deposit, update your banking information, and view direct deposit transactions;

- change addresses;
- view answers to common enquiries, and if needed, submit account related enquiries; and
- do much more.

To register or log in to our online services, go to:

- [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount), if you are a business owner; or
- [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives), if you are an authorized representative or employee.

For more information, go to [www.cra.gc.ca/businessonline](http://www.cra.gc.ca/businessonline).

### Electronic payments

Make your payment using:

- your financial institution's online or telephone banking services;
- the CRA's My Payment service at [www.cra.gc.ca/mypayment](http://www.cra.gc.ca/mypayment); or
- pre-authorized debit at [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount).

For more information on all payment options, go to [www.canada.ca/payments](http://www.canada.ca/payments).



## For more information

### What if you need help?

If you need more information after reading this guide, go to [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) or call 1-800-959-5525.

### Direct deposit

Direct deposit is a faster, more convenient, reliable, and secure way to get your refunds and rebates deposited directly into your account at a financial institution in Canada. For more information, go to [www.cra.gc.ca/directdeposit](http://www.cra.gc.ca/directdeposit).

### Forms and publications

To get our forms or publications, go to [www.cra.gc.ca/gsthstpub](http://www.cra.gc.ca/gsthstpub).

### Ordering personalized remittance forms

The following personalized remittance forms are not available on our website. We only provide them in a pre-printed format:

- RC158, *GST/HST NETFILE/TELEFILE Remittance Voucher*;
- RC159, *Amount Owing Remittance Voucher*;
- RC160, *Interim Payments Remittance Voucher*; and
- RC177, *Balance Due Remittance Voucher*.

You can order these remittance vouchers online, by selecting the "Enquiries service" at [www.cra.gc.ca/mybusinessaccount](http://www.cra.gc.ca/mybusinessaccount) or through [www.cra.gc.ca/representatives](http://www.cra.gc.ca/representatives).

### Excise and GST/HST News

As a GST/HST registrant, you may want to review the quarterly issues of the **Excise and GST/HST News**, which discuss different issues that concern GST/HST registrants, including new online services. We can notify you by email when new information on a subject of interest to you is available on our website. To subscribe to our electronic mailing lists, go to [www.cra.gc.ca/lists](http://www.cra.gc.ca/lists). You can also go to [www.cra.gc.ca/gsthsttech](http://www.cra.gc.ca/gsthsttech) to read the latest edition of Excise and GST/HST News online.

### Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

### GST/HST rulings and interpretations

You may request a ruling or interpretation on how the GST/HST applies to a specific transaction for your operations. This service is provided free of charge. For the mailing address or fax number of the closest GST/HST rulings centre, see the publication RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*, GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, or call 1-800-959-8287.

### Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA); see the *Taxpayer Bill of Rights*.

If you are not satisfied with the service you received, try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to [www.cra.gc.ca/contact](http://www.cra.gc.ca/contact).

If you still disagree with the way your concerns were addressed, you can ask to discuss the matter with the employee's supervisor.

If you are still not satisfied, you can file a service complaint by filling out Form RC193, *Service-Related Complaint*.

If the CRA has not resolved your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsman.

For more information, go to [www.cra.gc.ca/complaints](http://www.cra.gc.ca/complaints) or see Booklet RC4420, *Information on CRA – Service Complaints*.

### Reprisal complaint

If you believe that you have experienced reprisal, fill out Form RC459, *Reprisal Complaint*.

For more information about reprisal complaints, go to [www.cra.gc.ca/reprisalcomplaints](http://www.cra.gc.ca/reprisalcomplaints).

### Tax information videos

We have a number of tax information videos for small businesses on topics such as business income and expenses, GST/HST, and payroll. To watch our videos, go to [www.cra.gc.ca/videogallery](http://www.cra.gc.ca/videogallery).