

Sale of Business Assets

Requirement to Collect Tax

Vendors are required to collect the Retail Sales Tax (RST) on the sale of all taxable goods and taxable services.

This means if a vendor sells any business assets, such as machinery or office equipment, etc., it must collect RST on the sale regardless of whether the transaction may be considered outside its ordinary course of business.

Legislation

The *Retail Sales Tax Act* (Act) defines a “vendor” to mean a person who in the ordinary course of business:

- sells or licences tangible personal property (TPP), or
- sells or renders a taxable service.


The Act states that “every vendor is an agent of the Minister and as such shall levy and collect the taxes imposed by this Act upon the purchaser or consumer.”


Sale in Bulk


Where there is a sale of assets through the sale or closure of a business, the *Bulk Sales Act* may apply. The *Bulk Sales Act* defines a “sale in bulk” as the sale of stock (i.e., fixtures, goods, chattels) in bulk out of the usual course of business or trade of the seller. Vendors that sell their businesses should ensure that they follow all the guidelines listed in the ***Retail Sales Tax Clearance Certificate Checklist***.

More Information

If you need more information on this topic please see ***Small Business Pointer (SBP) 901 – The Basics of Retail Sales Tax*** or visit our website at ontario.ca/revenue.

 Telephone:
1 866 ONT-TAXS (1 866 668-8297)
Teletypewriter (TTY) 1 800 263-7776

 Online:
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 Written Interpretation:
To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Revenue
Tax Advisory Services Branch
Retail Sales Tax Section
33 King Street West, 3rd Floor
Oshawa ON L1H 8H5