



Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Feminine Hygiene Products

The Government of Ontario and the Government of British Columbia have each proposed a harmonized sales tax (HST) which would come into effect on July 1, 2010.

The HST rate in Ontario will be 13% of which 5% will represent the federal part and 8% the provincial part.

The Government of British Columbia has proposed that the HST rate would be 12% of which 5% would represent the federal part and 7% the provincial part.

This info sheet reflects proposed tax changes announced in:

- the 2009 Ontario Budget and the document, *Ontario's Tax Plan for Jobs and Growth: Cutting Personal and Corporate Taxes and Harmonizing Sales Taxes*, released by the Government of Ontario on November 16, 2009; and
- the News Release issued by the Government of British Columbia on July 23, 2009, and the Tax Information Notice – HST Notice #2, *Point-of-Sale Rebates for British Columbia HST*, released by the Government of British Columbia on November 16, 2009.

Any commentary in this info sheet should not be taken as a statement by the Canada Revenue Agency (CRA) that the proposed point-of-sale rebates will be enacted in their current form.

The governments of Ontario and British Columbia have each announced that they would provide a point-of-sale rebate of the provincial part of the proposed HST payable on qualifying feminine hygiene products. The CRA and the Canada Border Services Agency (CBSA) would administer these rebates on behalf of the governments of Ontario and British Columbia.

Note: Please refer to the following info sheets for information on point-of-sale rebates on other qualifying goods in Ontario or British Columbia:

- *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Newspapers* (GI-060);
- *Harmonized Sales Tax for British Columbia – Point-of-Sale Rebate on Motor Fuels* (GI-061);

- *Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Children's Goods* (GI-063);
- *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Prepared Food and Beverages* (GI-064);
- *Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Books* (GI-065).

In this publication:

“Consumer” means an individual who acquires or imports qualifying feminine hygiene products for the individual’s personal consumption or use, or for the personal consumption or use of another individual.

“Provincial part of the HST” means the 8% Ontario part of the HST or the 7% British Columbia part of the HST.

“Qualifying feminine products” means goods designated by the governments of Ontario and British Columbia as qualifying feminine hygiene products and satisfying prescribed conditions. More information is available under the heading “Goods qualifying for the rebate”.

“Rebate” means the proposed point-of-sale rebate of the provincial part of the HST payable on qualifying feminine hygiene products, which would be provided by the governments of Ontario and British Columbia.

“Recipient” of qualifying feminine hygiene products means the person who is liable to pay for the feminine hygiene products. When no amount is due, it means the person to whom the feminine hygiene products are delivered or made available. A recipient could be a wholesaler, retailer or consumer.

La version française du présent document est intitulée *Taxe de vente harmonisée de l'Ontario et de la Colombie-Britannique – Remboursement au point de vente pour les produits d'hygiène féminine*.



“Registrant” means a person who is registered, or is required to be registered, for GST/HST purposes.

Who would be eligible for the rebate

The rebate would be available to all persons that:

- are recipients of qualifying feminine hygiene products sold in Ontario or British Columbia;
- are resident in Ontario or British Columbia and that import qualifying feminine hygiene products in circumstances where the provincial part of the HST would be payable on the importation; and
- receive delivery or possession of qualifying feminine hygiene products in, or bring qualifying feminine hygiene products into, Ontario or British Columbia in circumstances where the provincial part of the HST would be payable on the feminine hygiene products.

The rebate would be available at any point in the distribution chain of the qualifying feminine hygiene products. For example, the rebate would be available to persons that are wholesalers, retailers or consumers of qualifying feminine hygiene products.

Note: If you are not sure whether you are eligible for a rebate, you may ask for a written ruling or interpretation, or call a GST/HST rulings centre at 1-800-959-8287. See GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretation Service*, for more information.

Goods qualifying for the rebate

The following goods would be qualifying feminine hygiene products for purposes of the rebate:

- sanitary napkins;
- tampons;
- sanitary belts; and
- other goods marketed exclusively for purposes similar to the purposes for which sanitary napkins, tampons and sanitary belts are marketed (e.g., menstrual cups).

The following goods would **not** be qualifying feminine hygiene products for purposes of the rebate, and therefore, no rebate would be available in respect of the provincial part of the HST payable on these goods:

- deodorants;
- douches;
- sprays;
- syringes; and
- feminine wipes.

How to claim the rebate

Recipients of qualifying feminine hygiene products sold in Ontario or British Columbia would receive their rebate by:

- being paid or credited the rebate amount by the registrant supplier (e.g., a producer, wholesaler or retailer) at the point of sale; or
- filing a rebate claim with the CRA.

Rebate amount paid or credited by registrant suppliers

Generally, recipients of qualifying feminine hygiene products sold in Ontario or British Columbia would automatically have their rebate paid or credited to them at the point of sale by the registrant supplier that sold the feminine hygiene products to them.

The rebate amount that a registrant supplier would pay or credit to the recipient would equal the amount of the provincial part of the HST that would be payable by the recipient on the sale of the qualifying feminine hygiene products.

A registrant supplier that pays or credits the rebate amount at the point of sale would collect only the 5% federal part of the HST on the sale of the qualifying feminine hygiene products. Information on how a registrant supplier discloses the rebate amount paid or credited is available under the heading “How registrant suppliers show the rebate on their invoices”.

Example 1

A consumer buys a box of tampons from a retailer in Ontario.

Tampons will be qualifying feminine hygiene products for purposes of the rebate. As a result, the retailer will collect only the 5% federal part of the HST and pay or credit the rebate of the 8% provincial part of the HST to the consumer at the point of sale.

Example 2

A consumer buys a feminine hygiene spray from a retailer in British Columbia.

Feminine hygiene sprays would not be qualifying feminine hygiene products for purposes of the rebate. As a result, the retailer would collect the 12% HST and not pay or credit the 7% provincial part of the HST to the consumer.

Example 3

A wholesaler in Ontario sells a case of sanitary napkins to a retailer in Ontario.

Sanitary napkins will be qualifying feminine hygiene products for purposes of the rebate. Because the rebate will apply to sales at any point in the distribution chain, the wholesaler will collect only the 5% federal part of the HST and pay or credit the rebate of the 8% provincial part of the HST to the retailer at the point of sale.

Filing rebate claims with the CRA

If the registrant supplier does not pay or credit the rebate amount at the point of sale, then the recipient of the qualifying feminine hygiene products sold in Ontario or British Columbia would be able to file a rebate claim with the CRA using Form GST189, *General Application for Rebate of GST/HST*.

The rebate amount that the CRA would pay to the recipient would equal the amount of the provincial part of the HST that the recipient paid on the sale of the qualifying feminine hygiene products. The recipient would have to file Form GST189 within four years after the day the provincial part of the HST became payable.

If the registrant supplier does not pay or credit the rebate amount at the point of sale and the recipient of the qualifying feminine hygiene products sold in Ontario or British Columbia is a registrant acquiring the feminine hygiene products for use or supply in the course of a commercial activity, then the recipient would be able to claim an input tax credit (ITC) to recover the 5% federal part of the HST paid. The recipient would also be able to file a rebate claim with the CRA, using Form GST189, to recover the provincial part of the HST paid. The recipient would have to file this form within four years after the day the provincial part of the HST became payable.

Example 4

On December 15, 2010, a retailer in Ontario sells a box of sanitary napkins to a consumer. Sanitary napkins will be qualifying feminine hygiene products for purposes of the rebate.

The retailer collects the 13% HST and does not pay or credit the rebate of the 8% provincial part of the HST at the point of sale. The consumer will be able to file a rebate claim with the CRA for the 8% provincial part of the HST paid to the retailer. The consumer will have until December 15, 2014, to file this rebate claim.

Example 5

On August 1, 2010, a wholesaler in British Columbia sells a case of tampons to a retailer in British Columbia. Both the wholesaler and retailer are registrants. Tampons would be qualifying feminine hygiene products for purposes of the rebate.

The wholesaler collects the 12% HST and does not pay or credit the rebate of the 7% provincial part of the HST at the point of sale. The retailer would be able to claim an ITC to recover the 5% federal part of the HST paid to the wholesaler. The retailer would also be able to file a rebate claim with the CRA for the 7% provincial part of the HST paid to the wholesaler. The retailer would have until August 1, 2014, to file this rebate claim.

Residents importing qualifying feminine hygiene products

Generally, persons that are resident in Ontario or British Columbia and that import qualifying feminine hygiene products in circumstances where the provincial part of the HST would be payable on the importation would automatically have their rebate deducted by the CBSA from the HST payable.

The rebate amount that the CBSA would deduct would equal the amount of the provincial part of the HST that would be payable by the person on the imported qualifying feminine hygiene products. The CBSA would, therefore, collect only the 5% federal part of the HST on the imported qualifying feminine hygiene products.

Similarly, where a non-resident supplier (e.g., a non-resident producer, wholesaler or retailer) that is not registered for GST/HST purposes sends qualifying feminine hygiene products by mail or courier to an address in Ontario or British Columbia, the CBSA would automatically deduct the rebate amount from the HST payable on the importation and collect only the 5% federal part of the HST.

Example 6

An internet-based company located in Chicago (USA) sells and ships cloth sanitary napkins to a consumer that is resident in Ontario. The company is not registered for GST/HST purposes. The cloth sanitary napkins will be qualifying feminine hygiene products for purposes of the rebate.

If the consumer is the importer of the cloth sanitary napkins, the consumer will have to pay the 5% federal part of the HST on the importation of the cloth sanitary napkins. The CBSA will automatically deduct the rebate of the 8% provincial part of the HST on the imported cloth sanitary napkins.

Persons bringing qualifying feminine hygiene products into Ontario or British Columbia

In certain circumstances, a person that brings qualifying feminine hygiene products into Ontario or British Columbia would have to self-assess the provincial part of the HST on these feminine hygiene products. Generally, the person would be eligible for a rebate equal to the amount of the provincial part of the HST payable by the person on the qualifying feminine hygiene products.

Rebate for registrants

If the person is a registrant, the person would account for the provincial part of the HST self-assessed on the qualifying feminine hygiene products brought into Ontario or British Columbia on its regular GST/HST return for the reporting period in which the tax became payable.

The person would receive the rebate by claiming a deduction for the rebate amount on the return for the reporting period in which the tax became payable.

Rebate for non-registrants

If the person is not a registrant, the person would normally account for the provincial part of the HST self-assessed on the qualifying feminine hygiene products brought into Ontario or British Columbia on Form GST489, *Return for Self-Assessment of the Provincial Portion of the Harmonized Sales Tax (HST)*, no later than the last day of the month after the calendar month in which the tax became payable.

However, the person would receive the rebate by deducting the rebate amount from the self-assessed provincial part of the HST. The person would not

have to file Form GST489 where the resulting amount is nil.

How registrant suppliers show the rebate on their invoices

When disclosing the HST on an invoice or receipt issued in respect of the sale of qualifying feminine hygiene products to which the registrant supplier has paid or credited the rebate amount at the point of sale, the registrant supplier may show:

- the total amount of the HST payable (or the total HST rate) with the rebate amount paid or credited shown separately;
- the total HST payable as an amount net of the rebate amount paid or credited; or
- the total price of the qualifying feminine hygiene products that includes HST at a net rate of 5%.

Example 7

A retailer in British Columbia sells qualifying sanitary napkins for \$5.00 and pays or credits the rebate amount of \$0.35 ($\$5.00 \times 7\% = \0.35) at the point of sale. The retailer would have the following three options for disclosing the total HST payable and the rebate amount paid or credited:

Price of napkins	\$5.00
HST @ 12%	<u>\$0.60</u>
Subtotal	\$5.60
Rebate @ 7%	<u>\$0.35</u>
Amount due	\$5.25

or

Price of napkins	\$5.00
HST	<u>\$0.25</u>
Amount due	\$5.25

or

Price of napkins	\$5.25
5% HST included	

If the recipient in the above example were a registrant that would be eligible to claim an ITC to recover the tax paid or payable on the purchase of the sanitary napkins, the maximum ITC available would be \$0.25 (i.e., the 5% federal part of the HST). This amount appears only on the second invoice.

In the case of the first and third invoices, the recipient would have to calculate 5% of \$5.00 ($\$5.00 \times 5\% = \0.25), or 5/105 of \$5.25 ($\$5.25 \times 5/105 = \0.25), respectively, to determine the amount that may be claimed as ITC.

Note: For information on invoicing requirements for registrants, see Guide RC4022, *General Information for GST/HST Registrants*.

How registrant suppliers account for the rebate on their GST/HST returns

A registrant supplier that pays or credits the rebate amount at the point of sale would have two options for accounting for the rebate amount on its GST/HST return.

First, the registrant supplier may account for the total HST collected or collectible (i.e., 13% for Ontario and 12% for British Columbia) on line 103 of the return, and claim an adjustment for the rebate amount paid or credited on line 107.

Second, the registrant supplier may show the net amount as the HST collected or collectible (i.e., 5%) on line 103, and not claim an adjustment for the rebate amount paid or credited on line 107.

Example 8

A retailer in Ontario sells qualifying feminine hygiene products for \$6.00 and credits the rebate amount of \$0.48 ($\$6.00 \times 8\% = \0.48) at the point of sale. The retailer collects the 5% federal part of the HST of \$0.30 ($\$6.00 \times 5\% = \0.30) payable on the sale.

With respect to accounting for this particular sale on its GST/HST return, the retailer may show the 13% HST collectible of \$0.78

($\$6.00 \times 13\% = \0.78) on line 103, and claim an adjustment for the rebate amount credited (\$0.48) on line 107, as follows:

Sales and other revenue (line 101):	\$6.00	
GST/HST collected or collectible (line 103)	\$0.78	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$0.78
ITCs (line 106)	0	
Adjustment (line 107)	\$0.48	
Total ITCs /adjustments (line 108)		\$0.48
Net tax (line 109)		\$0.30

Or, the retailer may show the net amount collectible ($\$0.78 - \$0.48 = \$0.30$) on line 103, and not claim an adjustment for the rebate amount credited on line 107, as follows:

Sales and other revenue (line 101):	\$6.00	
GST/HST collected or collectible (line 103)	\$0.30	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$0.30
ITCs (line 106)	0	
Adjustment (line 107)	0	
Total ITCs /adjustments (line 108)		0
Net tax (line 109)		\$0.30

Note: For information on completing a GST/HST return, see Guide RC4022, *General Information for GST/HST Registrants*.

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings centre for additional information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling the toll-free number 1-800-567-4692.

All GST/HST publications are available on the CRA Web site at www.cra-arc.gc.ca/gsthsttech.