

Prepare for Ontario's HST: #10 – Point-of-Sale Rebate for Newspapers

This information supplements the information on the point-of-sale rebate for newspapers in the **More Point-of-Sale Exemptions for Ontario HST Backgrounder** (<http://news.ontario.ca/rev/en/2009/11/more-point-of-sale-exemptions-for-ontario-hst.html>)

The Harmonized Sales Tax (HST) is one part of the comprehensive tax package announced in the 2009 Ontario Budget. In addition to the HST, the comprehensive tax package is also delivering more than \$4.6 billion in tax relief to business and \$11.8 billion in tax relief to people over three years.

Together with the other tax measures, the HST will help make Ontario more attractive for new business investment and allow existing Ontario businesses to improve their competitiveness. A recent report estimates that within ten years, the benefits from the lower tax burden on new investment will lead to \$47 billion in increased capital investment, higher annual incomes of up to 8.8%, and 591,000 net new jobs in Ontario.

On November 12, 2009, the Ontario government announced it will provide a point-of-sale rebate of the provincial component of the HST for newspapers. The HST for Ontario will have a combined rate of 13 per cent – combining the existing five per cent federal Goods and Services Tax (GST) with an eight per cent Ontario component.

The point-of-sale rebate will be similar in nature to the current Ontario Retail Sales Tax (RST) exemption for newspapers.

Qualifying Newspapers

Newspapers that will qualify for the Ontario point-of-sale rebate are print newspapers that contain news, editorials, feature stories or other information of interest to the general public, and that are published at regular intervals (typically on a daily, weekly or monthly basis), but not flyers, inserts, magazines, periodicals and shoppers.

Electronic and digital publications will not qualify for the point-of-sale rebate.

This will replace the definition of newspaper used for the current Ontario RST exemption, including the point-system approach in subsection 1(2) of Regulation 1013 to the *Retail Sales Tax Act*.

Newspaper Subscriptions vs. Newspapers sold at Newsstands and Retail Outlets

As under the current Ontario RST exemption for newspapers, the point-of-sale rebate of the Ontario component of the HST will not differentiate between newspapers sold on subscription, sold at newsstands or sold at retail outlets. The point-of-sale rebate will be

applicable to newspapers sold in Ontario by all methods and at all places so long as the newspapers meet the definition of qualifying newspapers above.

Vendors will automatically provide purchasers with the point of sale rebate, crediting the Ontario component of the HST and only collecting the five per cent federal component of HST on the sale of qualifying newspapers.

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.

