

Highlights from the 2008 Ontario Budget

Retail Sales Tax

About this Notice On March 25, 2008, a number of proposed measures relating to the *Retail Sales Tax (RST) Act* were announced in the 2008 Ontario Budget.

The Budget also referenced Ontario's regulatory modernization, including an outline for a Taxes Administration Act that would combine provincial tax administration rules common to various tax statutes into one statute.

The proposals must be passed by the Legislature and receive Royal Assent to become law. This notice provides general information and is not a substitute for the legislation.

RST Exemption for Admissions to Live Theatres A temporary RST exemption is in place for admissions to live theatres, including dinner theatres, of not more than 3,200 seats that present live dramatic, comedic, choreographic or musical performances.

The government proposes to introduce legislation to make this a permanent exemption, effective April 1, 2008.

RST Exemption for ENERGY STAR® Household Appliances and Light Bulbs A temporary RST exemption is available for qualifying new ENERGY STAR® household appliances and light bulbs purchased on or after July 20, 2007, and on or before July 19, 2008.

The exemption is available at the point of sale for qualifying new household appliances and light bulbs listed as ENERGY STAR® by the Office of Energy Efficiency, Natural Resources Canada at the time they are purchased. It applies to the first-time sale, rental or lease, for at least one year, of a qualifying new appliance.

Qualifying products are non-commercial refrigerators, dishwashers, clothes washers (including inseparable clothes washer-dryer combinations), freezers, dehumidifiers, room air conditioners, light bulbs and decorative light strings.

The government proposes to introduce legislation to extend this temporary exemption to include qualifying appliances purchased, rented or leased on or before August 31, 2009, and delivered on or before September 30, 2009, and to include qualifying light bulbs and decorative light strings purchased on or before August 31, 2009.

RST Exemption for Bicycles and Related Safety Equipment A temporary RST exemption is available for bicycles and related safety equipment purchased on or after December 1, 2007, and on or before November 30, 2008.

The exemption is available on the purchase of new or used bicycles that have a purchase price of \$1,000 or less, and includes tricycles and unicycles.

**RST Exemption
for Bicycles and
Related Safety
Equipment**
(continued)

Exempt bicycle safety equipment includes: bicycle helmets, reflectors for bicycles, bicycle lights (including generators, battery operated lights), bells and horns for bicycles, and mirrors for bicycles.

The lease or rental of bicycles remains taxable. Labour for bicycle repairs and bicycle assembly fees continue to be subject to RST. For additional details, see Information Notice (November 2007): Retail Sales Tax Exemption for Bicycles and Related Safety Equipment.

The government proposes to introduce legislation to extend this temporary exemption to include purchases made on or before December 31, 2010.

**RST Exemption
for Nicotine
Replacement
Therapies**

A temporary RST exemption is in place for qualifying non-prescription nicotine replacement therapies purchased on or after August 13, 2007, and on or before August 12, 2008 and that have been assigned a Drug Identification Number by the federal government.

The government proposes to introduce legislation to make this a permanent exemption. For purchases made after March 25, 2008, qualifying nicotine replacement therapies would be those that have been assigned a Drug Identification Number or a Natural Product Number by the federal government, and are sold for the sole purpose of assisting the purchaser to stop smoking tobacco. These therapies come in a variety of delivery mechanisms, including transdermal patches, gums, lozenges, inhalers, sprays and sublingual tablets.

Products that purport to be nicotine replacement therapies but are not registered with a Drug Identification Number or a Natural Product Number by the federal government remain taxable.

**RST Exemption
for Destination
Marketing Fees**

The government proposes to extend the RST exemption for Destination Marketing Fees for two additional years. Destination Marketing Fees billed on or before June 30, 2010 would qualify for exemption from the 5 per cent RST on transient accommodation that would ordinarily apply.

**RST Exemption
for Newspapers**

As announced in December 2007, Ontario is expanding the definition of "newspaper" to enable publications with smaller circulation or less frequent publishing schedules, such as community and ethnic newspapers, to qualify for the RST exemption for newspapers.

A draft regulation was posted on the Ministry of Finance website in December 2007 for consultation. The regulation is expected to be finalized in the spring. The expanded definition will be retroactive to January 1, 2000, and will be more responsive by using a listing of physical characteristics typical of newspapers, with points allocated for each characteristic.

**Returnable
Containers**

Amendments are proposed to the RST Act, effective May 7, 1997, in response to a recent court interpretation. The proposed amendments would confirm Ontario's longstanding requirement for persons to pay RST on purchases of containers and other packaging, storage and shipping items that are intended to be returned for reuse in the packaging, storage or shipping of goods. The proposed amendments would also confirm the longstanding requirement for persons to pay RST on containers and other items that are provided as a promotional distribution.

Clearance Certificates Technical amendments to the RST Act are proposed to clarify that a seller of tangible personal property in a sale in bulk remains liable for any amount of RST owing despite the issuance of a clearance certificate under section 6 of the Act. The proposed measure would not affect the purchaser's protection associated with a clearance certificate.

Automobile Insurance Technical amendments to the RST Act are proposed to update the definition of automobile insurance and to repeal obsolete provisions. The amendments would clarify that the RST exemption for contracts of automobile insurance only apply to those contracts that satisfy the requirements of the *Compulsory Automobile Insurance Act*.

Ontario's Regulatory Modernization Work is commencing on a Taxes Administration Act as part of Ontario's regulatory modernization. Such an act would combine provincial tax administration rules common to various tax statutes. Work on the initiative is expected to be completed in late 2009.

For More Information

Revenue Tax Offices For more information, please contact the nearest Ontario Ministry of Revenue Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory.

Telephone Enquiries Please contact the Ministry Information Centre between 8:15 am and 5:00 pm toll free from anywhere in Canada.

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