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Ottawa, May 19, 2010
2010-050

PROPOSED CHANGES TO THE APPLICATION OF THE HARMONIZED SALES TAX TO FINANCIAL INSTITUTIONS

Related Document:

- [Backgrounder - Financial Institution Rules for the Harmonized Sales Tax \(HST\)](#)

The Department of Finance today released proposed changes to the Harmonized Sales Tax (HST) rules for financial institutions relating to the calculation of the provincial component of the HST.

These changes are being proposed to ensure that the federal *Excise Tax Act* and its regulations function properly in the context of the modernized HST Framework, which gives additional flexibility to provinces in areas such as variable rates of the provincial component of the HST under the *Provincial Choice Tax Framework Act*. The proposed changes are intended to provide for a level playing field for financial institutions in terms of where they locate or where they purchase their business inputs, and result in the appropriate amount of tax collected for HST provinces.

The accompanying document provides details on proposed changes to the rules for certain financial institutions. The document also outlines proposed transition rules in relation to the implementation of the HST in Ontario and British Columbia on July 1, 2010.

References in the document to "Announcement Date" should be read as referring to today's date.

Comments on these proposals should be submitted by interested parties by June 9, 2010 to ConsultationsFI-IF@fin.gc.ca or to:

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