

## Prepare for Ontario's HST: # 16 - Retail Sales Tax Transitional Inventory Rebate

This information will help contractors that repair and/or improve residential premises understand if they are eligible for the Retail Sales Tax (RST) transitional inventory rebate. Improvement of residential property does not include construction of residential housing for which an RST new housing rebate is available (see Non-Qualifying Uses of Construction Materials below).

Under the *Retail Sales Tax Act* contractors are generally required to pay RST on construction materials that are purchased before July 1, 2010, or produced for use before July 1, 2010, and used in real property contracts. If these construction materials are used or supplied in the repair or improvement of residential premises on or after July 1, 2010, the Harmonized Sales Tax (HST) would generally also apply to that repair or improvement.

An RST rebate will be available for the RST paid on construction materials that are held in inventory immediately prior to July 1, 2010 and incorporated into residential premises as part of a repair or improvement on or after July 1, 2010.

### Eligibility for the Rebate

The rebate will be provided for RST paid on construction materials that are:

- held in inventory immediately prior to July 1, 2010 and
- used in a repair or improvement of residential premises on or after July 1, 2010 and before January 1, 2011 on which the HST was collected.

### Qualifying Residential Premises

Qualifying residential real property contracts would include contracts to repair or improve land and items permanently attached to land, such as buildings and patios.

Residential real property contracts for repair or improvements to rental housing, condominium and apartment buildings and long-term residential care facilities may qualify for this rebate.

### Non-Qualifying Uses of Construction Materials

The rebate is not available when the construction materials are used in the construction or substantial renovation of a building in respect of which a new housing rebate or an RST transitional new housing rebate is available.

The rebate is also not available when the construction materials are used in the repair or improvement of a non-residential building or structure.

### Filing Procedures

Contractors must file their application for a rebate along with supporting documentation with the Ontario Ministry of Revenue on or before December 31, 2010.

Supporting documentation includes:

- itemized receipts/invoices showing RST was charged on construction materials purchased on or before June 30, 2010

- proof HST was charged for the repair or improvement of a residential building (e.g., sales invoices, conditional sales agreement, etc.). Each item must correspond with an item for which RST was charged at the time of purchase
- address at which the installations were made
- schedule listing each invoice claimed (date of invoice, amount of tax paid, supplier name, etc.) with corresponding real property contract(s).

The application must be mailed to:

Ministry of Revenue  
Retail Sales Tax, Refund Unit  
2nd floor, 1600 Champlain Avenue  
Whitby ON L1N 9B2.

### For More Information

- Call Ontario's Budget hotline at 1-800-337-7222, Teletypewriter (TTY) 1-800-263-7776, or visit [ontario.ca/taxchange](http://ontario.ca/taxchange) for general information on introduction of the HST in Ontario and wind down of the RST.
- 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](http://cra.gc.ca/harmonization) or call 1 800 959-5525.

