

Labour Charges

About this Guide

This *Guide* provides tax information to help vendors and customers understand how the Retail Sales Tax applies to labour charges. Revisions to the previous version dated March 2001 are identified by a bar (|).

For general RST information that applies to all businesses such as registration for vendor permits, general exemptions, and how to charge and collect tax, see ***Small Business Pointer 901 – The Basics of Retail Sales Tax***.

Taxable Labour

Vendors that provide labour to install, assemble, dismantle, adjust, repair, or maintain items, or install, configure, modify or upgrade a taxable computer program, are providing a taxable service and must collect RST from their customers on the total charge for labour. For more information on services that apply to computer programs see ***RST Guide 650 – Computer Programs and Related Services***.

The following are examples of taxable labour:

Business Equipment

- installing, assembling, dismantling, adjusting, repairing or maintaining business equipment, including typewriters, calculators, cash registers, photocopiers, and computer hardware.

Clothing and Shoes

- mending, alterations and restyling of adult clothing, including fur garments
- shoe repairs and dyeing
- skate sharpening

Furniture and Appliances

- furniture repair, re-upholstery, refinishing, and restyling
- repairs to free standing appliances such as stoves, refrigerators, washers, dryers, and televisions

Motor Vehicles

- battery charging
- conversion of vehicles to operate on alternative fuels
- diagnosis, when done as part of repair and maintenance
- engine tune up, oil change, and chassis lubrication
- installation or removal of all items such as fenders, mufflers, rocker panels, and bumpers
- radiator recoring
- motor vehicle repair and auto body repainting
- rust proofing and finish protection
- tire installation, balancing, and repair
- wheel alignment

(See ***RST Guide 600 - Motor Vehicle Repairs***).

Miscellaneous

- knife sharpening
- piano tuning and guitar and violin restringing
- potted plant maintenance, if the planters are moveable
- refinishing, restoring, and retouching of works of art, including paintings, sculptures, and artifacts
- repair and rewinding of motors, generators, and transformers
- stain protection of items, such as furniture and upholstery in motor vehicles
- watch and jewellery repairs and maintenance

Local Travel Charges

- local travel charges associated with taxable labour form part of the fair value of the service performed and are subject to Retail Sales Tax (RST). Local travel charges are expenses incurred during a normal working day for items such as mileage and meals, but do not include other expenses, such as hotel and airfare cost.

Non-Taxable Labour

The following are examples of non-taxable labour charges:

Motor Vehicle Services

- car washing, including waxing and engine shampooing
- lock-out services
- towing and emergency battery boosting

Personal Services

- barbering, hairdressing, beauty treatments and ear piercing
- dry cleaning, and carpet, drapery and upholstery cleaning, including charges for stain protection and waterproofing when done in conjunction with the cleaning
- medical and health services
- taxidermy
- veterinary care and animal grooming

Installation of Items That Become Real Property

- built in cupboards and appliances
- built-in fireplaces
- lighting fixtures and bulbs
- replacement windows
- water heaters and furnaces

Repair and Maintenance of Real Property

- building renovation
- lawn maintenance and tree surgery
- painting, wallpapering, plastering, and tilework
- plumbing and electrical work
- roofing
- work on central air conditioning and heating systems

(See *RST Guide 206 - Real Property and Fixtures*).

Repair and Maintenance of Items that are Exempt

The labour charges to repair and/or maintain the following items may be purchased exempt from RST by providing a valid PEC or a valid Identity Card. This includes labour to repair:

- commercial aircraft
- equipment used by a university that is designed for and used exclusively (90%) in research or investigation
- equipment used in religious worship
- farm machinery and equipment
- hospital equipment used in patient care
- production machinery and equipment.

Repair and Maintenance of Items that are Exempt
(continued)

Labour to repair or maintain unconditionally exempt items do not require a PEC or Identity Card. Examples include:

- alterations to infants' and children's clothing
- repairs to orthopaedic appliances such as custom made corrective footwear.

Repairing Your Own Goods

Individuals do not need to pay Retail Sales Tax (RST) on their own labour when they install, repair or maintain their own goods. However, RST must be paid on the materials used, unless the materials are tax-exempt.

Goods shipped Out-of-Province

RST does not apply to item(s) repaired in Ontario when the repair person ships the repaired item(s) to a customer located outside Ontario.

In some instances, the repair person sends the item out of Ontario for repair. If the customer is located in Ontario, the Ontario repair person must charge RST on the total repair charges, including parts and labour, even though the item was repaired outside of Ontario.

Warranty Contracts

Customers are required to pay RST at the rate of 8 per cent on their purchase of warranty contracts, extended warranty contracts, service or maintenance contracts, or guarantees. If a customer pays a deductible as part of the warranty repair, the customer must also pay RST of 8 per cent on the deductible amount.

More Information

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- 🌐 Online:
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- ✉ Written Interpretation:
To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Revenue
Tax Advisory Services Branch
Retail Sales Tax Section
33 King Street West, 3rd Floor
Oshawa ON L1H 8H5

Disclaimer and References

The information contained in this publication is provided only as a guideline and is not intended to replace the legislation.

Legislative References:

- *Retail Sales Tax Act*, Section 1, Subsections 1(1), 2.0.1(1) and 2(3), Paragraphs 7(1)(2) and 7(1)33
- Regulation 1013, under the *Retail Sales Tax Act*, Subsection 3(2)

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