



Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Books

The Government of Ontario and the Government of British Columbia have each introduced a harmonized sales tax (HST) which will come into effect on July 1, 2010.

The HST rate in Ontario will be 13% of which 5% will represent the federal part and 8% the provincial part.

The HST rate in British Columbia will be 12% of which 5% will represent the federal part and 7% the provincial part.

This info sheet reflects proposed tax changes announced in:

- the 2009 Ontario Budget and the document, *Ontario's Tax Plan for Jobs and Growth: Cutting Personal and Corporate Taxes and Harmonizing Sales Taxes*, released by the Government of Ontario on November 16, 2009; and
- the News Release issued by the Government of British Columbia on July 23, 2009, and the Tax Information Notice – HST Notice #2, *Point-of-Sale Rebates for British Columbia HST*, released by the Government of British Columbia on November 16, 2009;
- the 2009 Nova Scotia Budget released on April 6, 2010 by the Government of Nova Scotia.

Any commentary in this info sheet should not be taken as a statement by the Canada Revenue Agency (CRA) that the proposed point-of-sale rebates will be enacted in their current form.

The governments of Ontario and British Columbia have each announced that they will provide a point-of-sale rebate of the provincial part of the HST payable on qualifying books. The CRA and the Canada Border Services Agency (CBSA) will administer these rebates on behalf of the governments of Ontario and British Columbia.

The governments of Nova Scotia, New Brunswick and Newfoundland and Labrador currently provide a rebate of the 8% provincial part of the HST payable on qualifying books sold, imported or brought into those provinces. Effective July 1, 2010, the HST rate in Nova Scotia will be increased to 15%. Nova Scotia's existing point-of-sale rebate on

qualifying books will continue as currently legislated, with adjustments to reflect the increase of the provincial part of the HST to 10%.

Please refer to the following info sheets for information on point-of-sale rebates on other qualifying goods in Ontario, British Columbia or Nova Scotia:

- [Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Newspapers](#) (GI-060);
- [Harmonized Sales Tax for British Columbia – Point-of-Sale Rebate on Motor Fuels](#) (GI-061);
- [Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia – Point-of-Sale Rebate on Feminine Hygiene Products](#) (GI-062);
- [Harmonized Sales Tax for Ontario, British Columbia and Nova Scotia – Point-of-Sale Rebate on Children's Goods](#) (GI-063);
- [Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Prepared Food and Beverages](#) (GI-064).

In this publication:

“Consumer” means an individual who acquires or imports qualifying books for the individual's personal consumption or use, or for the personal consumption or use of another individual.

“Exempt” means not subject to the GST/HST.

“Provincial part of the HST” means the 8% Ontario part of the HST or the 7% British Columbia part of the HST.

“Qualifying books” means goods designated by the governments of Ontario and British Columbia as qualifying books and satisfying prescribed conditions. More information is available under the heading “Goods qualifying for the rebate”.

La version française du présent document est intitulée *Taxe de vente harmonisée de l'Ontario et de la Colombie-Britannique – Remboursement au point de vente pour les livres*.



“Qualifying course” means a course where the service of instructing in the course is an exempt educational service or would be an exempt educational service if the supplier had not made an election to make it taxable. Most elementary, secondary and university level courses as well as certain professional accreditation and vocational courses are qualifying courses.

“Read-only medium” means a tangible medium designed for the read-only storage of information and other material in digital format. Read-only medium can be a tangible medium like a CD-ROM. A medium designed to allow removal or replacement of the information stored on it such as a storage device or an MP3 player would not meet this definition.

“Rebate” means the point-of-sale rebate of the provincial part of the HST payable on qualifying books, which will be provided by the governments of Ontario and British Columbia.

“Recipient” of qualifying books means the person who is liable to pay for the books. When no amount is due, it means the person to whom the books are delivered or made available. A recipient could be a wholesaler, retailer or consumer.

“Registrant” means a person who is registered, or is required to be registered, for GST/HST purposes.

“Taxable” means subject to the 5% GST or the HST rate in effect in a particular province.

Please refer to GST/HST Memorandum 300-4-3, [Educational Services](#), for more information on services that are exempt educational services.

Who will be eligible for the rebate

The rebate will be available to all persons that:

- are recipients of qualifying books sold in Ontario or British Columbia;
- are resident in Ontario or British Columbia and that import qualifying books in circumstances where the provincial part of the HST will be payable on the importation; and

- receive delivery or possession of qualifying books in, or bring qualifying books into, Ontario or British Columbia in circumstances where the provincial part of the HST will be payable on the books.

The rebate will be available at any point in the distribution chain of the qualifying books. For example, the rebate will be available to persons that are wholesalers, retailers or consumers of qualifying books.

If you are not sure whether you are eligible for a rebate, you may ask for a written ruling or interpretation or call a GST/HST rulings centre at 1-800-959-8287. See GST/HST Memorandum 1.4, [Excise and GST/HST Rulings and Interpretations Service](#), for more information.

Goods qualifying for the rebate

The following goods will be qualifying books for purposes of the rebate:

- a printed book or an update of a printed book;
- an audio recording 90% or more of which is a spoken reading of a printed book (e.g., an “audio book”);
- a bound or unbound printed version of scripture of any religion;
- a printed book with a read-only medium that is wrapped, packaged or prepared for sale as a single product where the read-only medium contains material 90% or more of the value of which is reasonably attributable to a reproduction of the printed book and/or material that makes specific reference to the printed book and its content, and that supplements and is integrated with that content; and
- a printed book with a read-only medium or a right to access a website (or both) that is wrapped, packaged or prepared for sale as a single product specially designed for use by students enrolled in a qualifying course where the read-only medium or website contains material related to the subject matter of the printed book.

The following goods, including anything having the following goods as its main part, will **not** be printed books for purposes of the rebate, and therefore, would not be qualifying books. As a result, no rebate will be available in respect of the provincial part of the HST payable on these goods:

- a newspaper (A rebate is available on qualifying newspapers in Ontario. For more information, see GST/HST Info Sheet GI-060, *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Newspapers*);
- a magazine or periodical acquired otherwise than by way of subscription;
- a magazine or periodical in which the printed space devoted to advertising is more than 5% of the total printed space;
- a brochure or pamphlet;
- a sales catalogue, a price list or advertising material;
- a warranty booklet or an owner’s manual;
- a book designed primarily for writing on;
- a colouring book or a book designed primarily for drawing on or affixing thereto, or inserting therein, items such as clippings, pictures, coins, stamps, or stickers;
- a cut-out book or a press-out book;
- a program relating to an event or performance;
- an agenda, calendar, syllabus, or timetable;
- a directory, an assemblage of charts or an assemblage of street or road maps, but not including a guidebook or an atlas that consists in whole or in part of maps other than street or road maps;
- a rate book;
- an assemblage of blueprints, patterns or stencils; or
- an assemblage or a collection of, or any item similar to, the above items.

For purposes of the rebate, the term “printed book” has its ordinary meaning. Therefore, electronic and digital books will not qualify as printed books for purposes of the rebate.

Appendixes A to D to this info sheet contain examples of items that are, and are not, qualifying books for purposes of the rebate.

See GST/HST Memorandum 13.4., *Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures*, for descriptions of the above items excluded from printed books for purposes of the rebate.

How to claim the rebate

Recipients of qualifying books sold in Ontario or British Columbia will receive their rebate by:

- being paid or credited the rebate amount by the registrant supplier (e.g., a publisher, wholesaler or retailer) at the point of sale; or
- filing a rebate claim with the CRA.

Rebate amount paid or credited by registrant suppliers

Generally, recipients of qualifying books sold in Ontario or British Columbia will automatically have their rebate paid or credited to them at the point of sale by the registrant supplier that sold the books to them.

The rebate amount that a registrant supplier will pay or credit to the recipient will equal the amount of the provincial part of the HST that will be payable by the recipient on the sale of the qualifying books.

A registrant supplier that pays or credits the rebate amount at the point of sale will collect only the 5% federal part of the HST on the sale of the qualifying books. Information on how a registrant supplier discloses the rebate amount paid or credited is available under the heading “How registrant suppliers show the rebate on their invoices”.

Example 1

A bookstore owner in Ontario sells a hardcover novel to a consumer.

As a printed book, the novel will be a qualifying book for purposes of the rebate. As a result, the bookstore owner will collect only the 5% federal part of the HST and pay or credit the rebate of the 8% provincial part of the HST to the consumer at the point of sale.

Example 2

A retailer in British Columbia sells a colouring book to a consumer.

A colouring book will not be a printed book for purposes of the rebate, and therefore, would not be a qualifying book. As a result, the retailer will collect the 12% HST and not pay or credit the 7% provincial part of the HST to the consumer.

Example 3

A publisher in Ontario sells an order of historical fiction novels to a wholesaler in Ontario.

The novels are printed books for purposes of the rebate, and therefore, will be qualifying books. Because the rebate will apply to sales at any point in the distribution chain, the publisher will collect only the 5% federal part of the HST and pay or credit the rebate of the 8% provincial part of the HST to the wholesaler at the point of sale.

Example 4

A book publisher in British Columbia sells a textbook on biology to a wholesaler in British Columbia. The textbook includes a CD-ROM with chapter summaries and interactive quizzes based on the subject material in the book. The textbook is designed for use by students in secondary level biology courses, and is sold as a single product.

The single product consisting of the printed book and CD-ROM will be a qualifying book for purposes of the rebate. As a result, the publisher will collect only the 5% federal part of the HST and pay or credit the rebate of the 7% provincial part of the HST to the wholesaler at the point of sale.

Filing rebate claims with the CRA

If the registrant supplier does not pay or credit the rebate amount at the point of sale, then the recipient of the qualifying books sold in Ontario or British Columbia will be able to file a rebate claim with the CRA using Form GST189, [General Application for Rebate of GST/HST](#).

The rebate amount that the CRA will pay to the recipient will equal the amount of the provincial part of the HST that the recipient paid on the sale of the qualifying books. The recipient will have to file Form GST189 within four years after the day the provincial part of the HST became payable.

If the registrant supplier does not pay or credit the rebate amount at the point of sale and the recipient of the qualifying books sold in Ontario or British Columbia is a registrant acquiring the books for use or supply in the course of a commercial activity, then the recipient will be able to claim an input tax

credit (ITC) to recover the 5% federal part of the HST paid. The recipient will also be able to file a rebate claim with the CRA, using Form GST189, to recover the provincial part of the HST paid. The recipient will have to file this form within four years after the day the provincial part of the HST became payable.

Example 5

On December 15, 2010, a bookstore owner in Ontario sells a classic novel that includes a reproduction of the full text of the novel on CD-ROM to a consumer. The single product consisting of the printed book and CD-ROM will be a qualifying book for purposes of the rebate.

The bookstore owner collects the 13% HST and does not pay or credit the rebate of the 8% provincial part of the HST at the point of sale. The consumer will be able to file a rebate claim with the CRA for the 8% provincial part of the HST paid to the bookstore owner. The consumer will have until December 15, 2014, to file this rebate claim.

Example 6

On August 1, 2010, a wholesaler in British Columbia sells two dozen cookbooks to a bookstore owner in British Columbia. Both the wholesaler and bookstore owner are registrants. As printed books, the cookbooks will be qualifying books for purposes of the rebate.

The wholesaler collects the 12% HST and does not pay or credit the rebate of the 7% provincial part of the HST at the point of sale. The bookstore owner will be able to claim an ITC to recover the 5% federal part of the HST paid to the wholesaler. The bookstore owner will also be able to file a rebate claim with the CRA for the 7% provincial part of the HST paid to the wholesaler. The bookstore owner will have until August 1, 2014, to file this rebate claim.

Residents importing qualifying books

Generally, persons that are resident in Ontario or British Columbia and that import qualifying books in circumstances where the provincial part of the HST will be payable on the importation will automatically have their rebate deducted by the CBSA from the HST payable.

The rebate amount that the CBSA would deduct would equal the amount of the provincial part of the HST that would be payable by the person on the imported qualifying book. The CBSA will, therefore, collect only the 5% federal part of the HST on the imported qualifying book.

Similarly, where a non-resident supplier (e.g., a non-resident publisher, wholesaler or retailer) that is not registered for GST/HST purposes sends qualifying books by mail or courier to an address in Ontario or British Columbia, the CBSA will automatically deduct the rebate amount from the HST payable on the importation and collect only the 5% federal part of the HST.

Example 7

An internet-based company located in Oregon (USA) sells and ships two hardcover novels to a consumer that is resident in Ontario. The company is not registered for GST/HST purposes. The novels will be qualifying books for purposes of the rebate.

If the consumer is the importer of the books, the consumer will have to pay the 5% federal part of the HST on the importation of the books. The CBSA will automatically deduct the rebate of the 8% provincial part of the HST on the imported books.

Persons bringing qualifying books into Ontario or British Columbia

In certain circumstances, a person that brings qualifying books into Ontario or British Columbia will have to self-assess the provincial part of the HST on these books. Generally, the person will be eligible for a rebate equal to the amount of the provincial part of the HST that will be payable by the person on the qualifying books.

Rebate for registrants

If the person is a registrant, the person will account for the provincial part of the HST self-assessed on the qualifying books brought into Ontario or British Columbia on its regular GST/HST return for the reporting period in which the tax became payable.

The person will receive the rebate by claiming a deduction for the rebate amount on the return for the reporting period in which the tax became payable.

Rebate for non-registrants

If the person is not a registrant, the person will normally account for the provincial part of the HST self-assessed on the qualifying books brought into Ontario or British Columbia on Form GST489, *Return for Self-Assessment of the Provincial Portion of the Harmonized Sales Tax (HST)*, no later than the last day of the month after the calendar month in which the tax became payable.

However, the person will receive the rebate by deducting the rebate amount from the self-assessed provincial part of the HST. The person will not have to file Form GST489 where the resulting amount is nil.

How registrant suppliers show the rebate on their invoices

When disclosing the HST on an invoice or receipt issued in respect of the sale of qualifying books to which the registrant supplier has paid or credited the rebate amount at the point of sale, the registrant supplier may show:

- the total amount of the HST payable (or the total HST rate) with the rebate amount paid or credited shown separately;
- the total HST payable as an amount net of the rebate amount paid or credited; or
- the total price of the qualifying books that includes HST at a net rate of 5%.

Example 8

A bookstore owner in British Columbia sells a qualifying printed book for \$40.00 and pays or credits the rebate amount of \$2.80 ($\$40.00 \times 7\% = \2.80) at the point of sale. The bookstore owner would have the following three options for disclosing the total HST payable and the rebate amount paid or credited:

Price of book	\$40.00
HST @ 12%	<u>\$4.80</u>
Subtotal	\$44.80
Rebate @ 7%	<u>\$2.80</u>
Amount due	\$42.00

or

Price of book	\$40.00
HST	<u>\$2.00</u>
Amount due	\$42.00

or

Price of book	\$42.00
5% HST included	

If the recipient in the above example were a registrant that would be eligible to claim an ITC to recover the tax paid or payable on the purchase of the book, the maximum ITC available would be \$2.00 (i.e., the 5% federal part of the HST). This amount appears only on the second invoice. In the case of the first and third invoices, the recipient would have to calculate 5% of \$40.00 ($\$40.00 \times 5\% = \2.00) or 5/105 of \$42.00 ($\$42.00 \times 5/105 = \2.00), respectively, to determine the amount that may be claimed as an ITC.

For information on invoicing requirements for registrants, see Guide RC4022, [General Information for GST/HST Registrants](#).

How registrant suppliers account for the rebate on their GST/HST returns

A registrant supplier that pays or credits the rebate amount at the point of sale will have two options for accounting for the rebate amount on its GST/HST return.

First, the registrant supplier may account for the total HST collected or collectible (i.e., 13% for Ontario or 12% for British Columbia) on line 103 of the return, and claim an adjustment for the rebate amount paid or credited on line 107.

Second, the registrant supplier may show the net amount as the HST collected or collectible (i.e., 5%) on line 103, and not claim an adjustment for the rebate amount paid or credited on line 107.

Example 9

A bookstore owner in Ontario sells a qualifying printed book for \$39.00 and credits the rebate amount of \$3.12 ($\$39.00 \times 8\% = \3.12) at the point of sale. The bookstore owner collects the 5% federal part of the HST of \$1.95 ($\$39.00 \times 5\% = \1.95) payable on the sale.

With respect to accounting for this particular sale on its GST/HST return, the bookstore owner may show the 13% HST collectible of \$5.07 ($\$39.00 \times 13\% = \5.07) on line 103, and claim an adjustment for the rebate amount credited (\$3.12) on line 107, as follows:

Sales and other revenue (line 101):	\$39.00	
GST/HST collected or collectible (line 103)	\$5.07	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$5.07
ITCs (line 106)	0	
Adjustment (line 107)	\$3.12	
Total ITCs /adjustments (line 108)		\$3.12
Net tax (line 109)		\$1.95

Or, the retailer may show the net amount collectible ($\$5.07 - 3.12 = \1.95) on line 103, and not claim an adjustment for the rebate amount credited on line 107, as follows:

Sales and other revenue (line 101):	\$39.00	
GST/HST collected or collectible (line 103)	\$1.95	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$1.95
ITCs (line 106)	0	
Adjustment (line 107)	0	
Total ITCs /adjustments (line 108)		0
Net tax (line 109)		\$1.95

For information on completing a GST/HST return, see Guide RC4022, [General Information for GST/HST Registrants](#).

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings office for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, [GST/HST Rulings – Experts in GST/HST Legislation](#), explains how to obtain a ruling and lists the GST/HST rulings offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling 1-800-567-4692. You may also visit their Web site at www.revenu.gouv.qc.ca to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthsttech.

Appendix A – Printed books

A printed book or an update of a printed book will be a qualifying book for purposes of the rebate. However, as discussed in the section “Goods qualifying for the rebate” of this info sheet, a printed book excludes a number of items such as newspapers, certain magazines and periodicals, and brochures and pamphlets.

The following table sets out the various items that will, and will not, be printed books/qualifying books for purposes of the rebate.

Items	Examples of items that will not be printed books/qualifying books	Examples of items that will be printed books/qualifying books
Newspapers	<ul style="list-style-type: none"> • all newspapers 	
Magazines and other periodicals	<ul style="list-style-type: none"> • if purchased on a per copy basis, or • if more than 5% of total printed space is devoted to advertising 	<ul style="list-style-type: none"> • if purchased by subscription and if 5% or less of the total printed space is devoted to advertising • a loose-leaf series
Brochures and pamphlets	<ul style="list-style-type: none"> • a library’s pamphlet describing how to use its reference service • a free brochure giving monthly updates of financial information 	<ul style="list-style-type: none"> • legislation (because not a brochure or pamphlet and not otherwise excluded)
Sales catalogues, price lists and advertising materials	<ul style="list-style-type: none"> • books published by manufacturers to promote their own products • mail-order catalogues 	<ul style="list-style-type: none"> • catalogues with a reference function such as art exhibition catalogues, coin catalogues, stamp catalogues, and antique catalogues • reprints of historical catalogues
Warranty booklets and owner’s manuals	<ul style="list-style-type: none"> • additional copies of a manual that accompanied an appliance 	<ul style="list-style-type: none"> • a mechanic’s guide for car repairs sold separately by a publisher • books on computer software purchased off the shelf in bookstores • manuals sold separately from software
Books for writing on and drawing on	<ul style="list-style-type: none"> • address books • diaries • journals • notebooks 	<ul style="list-style-type: none"> • periodicals such as crossword puzzle magazines and find-a-word magazines (if obtained through subscription and if 5% or less of the total space is devoted to advertising) • exercise books consisting of practice tests • exam preparatory books

Items	Examples of items that will not be printed books/ qualifying books	Examples of items that will be printed books/ qualifying books
Colouring books, scrapbooks and albums	<ul style="list-style-type: none"> • scrapbooks for clippings • sticker books • sketchbooks • albums for photographs, stamps or coins 	
Programs	<ul style="list-style-type: none"> • sports events • concerts • plays • assemblies 	
Agendas, calendars, syllabuses, or timetables	<ul style="list-style-type: none"> • all types, including university or college calendars 	<ul style="list-style-type: none"> • school yearbooks
Directories	<ul style="list-style-type: none"> • telephone books • postal-code books • fax directories • service directories such as municipal service directories • books that are primarily listings of national or local goods and services providers • manufacturing, industrial or trade directories 	
Road and street maps, charts, patterns, and blueprints	<ul style="list-style-type: none"> • navigational charts 	<ul style="list-style-type: none"> • books of maps other than street or road maps such as contemporary and historical atlases
Rate books	<ul style="list-style-type: none"> • insurance rate books 	

Appendix B – Audio recordings of printed books

An audio recording 90% or more of which is a spoken reading of a printed book (an “audio book”) will be a qualifying book for purposes of the rebate. The following table provides examples of items that will, and will not, be audio books/qualifying books for purposes of the rebate.

Item	Examples of items that will not be audio books/qualifying books	Examples of items that will be audio books/qualifying books
Audio recordings of printed books	<ul style="list-style-type: none"> • recordings based on unpublished manuscripts • recordings of performances of musical scores • CD-ROMs 	<ul style="list-style-type: none"> • recordings that reproduce the text of a book in audio form, including summary or abridged form • recordings that also include minimal commentary, analysis or interpretation • recordings of excerpts from a published book • recordings of performances of published plays

Appendix C – Religious scriptures

A bound or unbound printed version of scripture of any religion will be a qualifying book for purposes of the rebate. The following table provides examples of items that will be religious scriptures/qualifying books for purposes of the rebate.

Item	Examples of items that will be religious scriptures/qualifying books
Printed version of scripture of any religion	<ul style="list-style-type: none"> • bound and unbound versions of scripture • the Koran • the Bible • prayer books • missals • hymn books • Torah scrolls • illustrated versions of scripture, e.g., comic book versions

Appendix D – Composite books

A composite book consists of a printed book and a read-only medium (and/or a right to access a website under certain conditions as discussed in the section “Goods qualifying for the rebate” of this info sheet) that is wrapped, packaged or prepared for sale as a single product. The following table provides examples of items that will not be composite books/qualifying books for purposes of the rebate.

Item	Examples of items that will not be composite books/ qualifying books
Printed books with read-only medium sold together as a single product	<ul style="list-style-type: none">• composite books where the material on the read-only medium does not make specific reference to the printed book and its content• printed book and a read-only medium purchased by a recipient at the same time but prepared for sale by the publisher as separate products
Printed books with read-only medium or a right to access a website (or both) sold together as a single product specially designed for students	<ul style="list-style-type: none">• printed book and a read-only medium or access to a website purchased by a recipient at the same time but prepared for sale by the publisher as separate products