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REVENUE TAX

GUIDE

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STREAMLINED ACCOUNTING METHODS

On April 18, 2012, Prince Edward Island announced its plans to implement a harmonized sales tax (HST) effective April 1, 2013. The HST will be implemented at a rate of 14% - combining the existing 5% federal goods and services tax (GST) with a 9% PEI component.

This guide provides information on the streamlined accounting methods available under the GST/HST.

OVERVIEW

Small businesses, as well as eligible public service bodies, can use a Quick or Special Quick Method of Accounting to simplify compliance. Under these methods, registrants multiply eligible GST/HST-included sales by a reduced percentage and remit that amount in lieu of tracking and claiming input tax credits for most of the tax they pay. The percentages used are specified in the federal *Streamlined Accounting (GST/HST) Regulations*.

As a result of provincial flexibility in establishing the rate of the provincial component of the HST under the new harmonized value-added tax framework and the implementation of the HST in Prince Edward Island, effective on April 1, 2013, new specified percentages will be required for the streamlined accounting methods. The proposed new percentages are provided in the attached tables.

The proposed percentages would be applicable for the purpose of determining the net tax of a registrant for reporting periods ending on or after April 1, 2013. However, if the reporting period of the registrant includes April 1, 2013, the specified percentages that would have applied before the proposed changes apply in respect of a supply where consideration for the supply is paid or becomes due before that day.

Table 1

**Remittance Rates for Business Registrants in Prince Edward Island
Using the Quick Method of Accounting after March 31, 2013**

	Supplies Made in			
	Non- participating province	Ontario, New Brunswick or Newfoundland and Labrador	Prince Edward Island	Nova Scotia
i) Mainly Purchases Goods for Resale				
<i>(Permanent Establishment in Prince Edward Island)</i>	0.0%*	3.9%	4.7%	5.6%
	(credit 3.4%)*			
ii) Mainly Provides Services				
<i>(Permanent Establishment in Prince Edward Island)</i>	1.6%	8.6%	9.4%	10.2%

* Businesses who use the 0% remittance rate for eligible sales are entitled to a credit on those sales as they generally pay HST at 14% on their inputs but collect 5% GST on those sales.

Table 2

**Remittance Rates for Business Registrants in Other Provinces Using
the Quick Method of Accounting after March 31, 2013**

	Supplies Made in Prince Edward Island
i) Mainly Purchases Goods for Resale	
<i>(Permanent Establishment in)</i>	
Non-participating province	9.6%
Ontario, New Brunswick or Newfoundland and Labrador	5.3%
Nova Scotia	4.2%
ii) Mainly Provides Services	
<i>(Permanent Establishment in)</i>	
Non-participating province	11.3%
Ontario, New Brunswick or Newfoundland and Labrador	9.6%
Nova Scotia	9.2%

Table 3

Remittance Rates for Public Service Bodies in Prince Edward Island Using the Special Quick Method of Accounting after March 31, 2013

	Supplies Made in			
	Non-participating province	Ontario, New Brunswick or Newfoundland and Labrador	Prince Edward Island	Nova Scotia
i) Municipality	2.5%	9.4%	10.2%	11.0%
ii) University or Public College (if Supplies Through Vending Machines Account for at Least 25% of the amount determined by the formula on page 10 of Guide RC4247, <i>The Special Quick Method of Accounting for Public Service Bodies</i>, available on the CRA website.)	0.3%	7.4%	8.2%	9.0%
iii) University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of the amount determined by the formula on page 10 of Guide RC4247, <i>The Special Quick Method of Accounting for Public Service Bodies</i>, available on the CRA website.)	2.2%	9.1%	9.9%	10.7%
iv) School Authority	2.1%	9.1%	9.9%	10.7%
v) Hospital Authority, External Supplier or Facility Operator	1.9%	8.8%	9.6%	10.4%
vi) Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	1.0%	8.0%	8.8%	9.6%

Table 4

Remittance Rates for Public Service Bodies in Other Provinces Using the Special Quick Method of Accounting after March 31, 2013

	Supplies Made in Prince Edward Island
i) Municipality	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.2%
Ontario	11.9%
New Brunswick	11.5%
Nova Scotia	11.3%
Newfoundland and Labrador	10.5%
ii) University or Public College (if Supplies Through Vending Machines Account for at Least 25% of Total Supplies)	
<i>(Permanent Establishment in)</i>	
Non-participating province	11.7%
Ontario	11.0%
New Brunswick or Newfoundland and Labrador	8.6%
Nova Scotia	10.4%
iii) University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of Total Supplies)	
<i>(Permanent Establishment in)</i>	
Non-participating province	11.9%
Ontario	11.5%
New Brunswick or Newfoundland and Labrador	10.1%
Nova Scotia	11.2%
iv) School Authority	
<i>(Permanent Establishment in)</i>	
Non-participating province	11.9%
Ontario	11.8%
New Brunswick or Newfoundland and Labrador	10.1%
Nova Scotia	11.2%
v) Hospital Authority, External Supplier or Facility Operator	
<i>(Permanent Establishment in)</i>	
Non-participating province	12.0%
Ontario	11.8%
New Brunswick or Newfoundland and Labrador	9.9%
Nova Scotia	11.6%
vi) Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	
<i>(Permanent Establishment in)</i>	
Non-participating province	11.2%
Ontario	10.6%
New Brunswick or Newfoundland and Labrador	9.6%
Nova Scotia	9.2%

Table 5

Remittance Rates for Registrants that Provide a Point-of-Sale Rebate on Eligible Supplies When Using the Quick or Special Quick Method of Accounting after March 31, 2013

(Type of supplier)

Business that Mainly Purchases Goods for Resale	1.8%
Business that Mainly Provides Services	3.6%
Municipality	4.7%
University or Public College (if Supplies Through Vending Machines Account for at Least 25% of Total Supplies)	4.1%
University or Public College (if Supplies Through Vending Machines Account for Less Than 25% of Total Supplies)	4.4%
School Authority	4.4%
Hospital Authority, External Supplier or Facility Operator Specified Facility Operator, Qualifying Non-Profit Organization or Designated Charity	4.5%
	3.6%

More Information

Quick Method of Accounting

English

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bpspbch/rtrns/qck-eng.html>

French

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bpspbch/rtrns/qck-fra.html>

Special Quick Method of Accounting for Public Service Bodies

English

http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bpspbch/rtrns/qckmthd_psb-eng.html

French

http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/bpspbch/rtrns/qckmthd_psb-fra.html

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