



# **NEWSLETTER** *January, 2010*

## **Introduction of BC Harmonized Sales Tax (HST)**

### **Pros and Cons**

The Province of British Columbia intends to harmonize BC's provincial sales tax (PST) with the Federal Goods and Service Tax (GST) effective July 1st, 2010. So, it will give combined HST rate of 12%. The introduction of HST will bring benefits for the economy. However, there are continuous debates about it across our province. Below you can see some of pros and cons of HST implementation:

### **BC Harmonized Sales Tax (HST)**

#### **Pros**

HST removes PST therefore the costs of its administration for government and businesses will be removed too.

For the most used goods purchased privately HST will no longer be payable.

BC businesses will no longer have to prepare PST remittances, pay PST, also they will save on costs of related consulting services. PST audits will be eliminated.

#### **Cons**

HST increases the cost to consumers. They will pay 12% HST on some goods/services on which they paid only 5% of GST.

### **BC Harmonized Sales Tax Credit**

The Province of British Columbia is introducing a new refundable credit program: BC Harmonized Sales Tax Credit (BCHSTC). This program helps to offset the impact of HST on low income residents of BC. BCHSTC is an ongoing non-taxable quarterly payment, which will be integrated with GST credit and BC low income climate action tax credit payments starting July, 2010.

**If you have any questions call us:**

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