



Prince Edward Island: Transition to the Harmonized Sales Tax – Payment of the GST/HST by Prince Edward Island Government Entities

The Government of Prince Edward Island has proposed a harmonized sales tax (HST) that would come into effect on April 1, 2013.

The HST rate in Prince Edward Island would be 14% of which 5% would represent the federal part and 9% the provincial part.

Pursuant to the existing *Canada-Prince Edward Island Reciprocal Taxation Agreement*, all P.E.I. government entities, including departments, agencies, boards, commissions and Crown corporations, currently pay the GST or the HST, as applicable, on their purchases of taxable supplies of property and services depending on the place of supply. Further to the *Canada-Prince Edward Island Comprehensive Integrated Tax Coordination Agreement*, P.E.I. agreed that all P.E.I. government entities will continue to pay the GST or the HST on purchases of taxable supplies of property and services, including purchases made in P.E.I.

This info sheet explains when the GST or the HST applies to taxable supplies of property and services made to P.E.I. government entities during the period that includes April 1, 2013.

Taxable supplies of property and services to Prince Edward Island government entities

All P.E.I. government entities currently pay the GST or the HST on their purchases of taxable supplies of property and services, including personal property or services imported or brought into P.E.I., as applicable, depending on the place of supply. This will not change after the implementation of the HST in P.E.I.

Effective April 1, 2013, P.E.I. government entities, including those entities that are currently exempt from paying P.E.I.'s provincial sales tax (PST), would pay

the HST (rather than the GST) on their acquisitions of taxable supplies of property and services made in P.E.I..

Accordingly, suppliers would charge the HST to P.E.I. government entities on any consideration that becomes due on or after April 1, 2013 with respect to taxable supplies of property or services made in P.E.I., subject to any transitional rules that may apply.

Suppliers should not rely on or accept any Crown funds exemption certificates or certification clauses requesting GST/HST relief at the point of sale.

Application of the transitional rules

P.E.I. government entities would be subject to the transitional rules respecting the transition from the GST to the HST in P.E.I.

Information about the transitional rules can be found in the following documents:

Province of P.E.I. documents

Revenue Tax Guide No. 185, *Implementation of the Harmonized Sales Tax in Prince Edward Island* released by the Government of P.E.I. on November 8, 2012.

CRA documents

Info sheets and notices discussing the transitional rules can be found on the CRA Changes to Harmonized Sales Tax Web page which is under the menu headings for "Links for businesses", "GST/HST" and then "What's new for GST/HST".

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.

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 15% in Nova Scotia, and 12% in British Columbia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.

Effective April 1, 2013, the 12% HST in British Columbia will be replaced by the 5% GST and a provincial sales tax. It is also proposed that, effective April 1, 2013, the provincial sales tax and the 5% GST currently in effect in Prince Edward Island will be replaced by a 14% HST.

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 at 1-800-567-4692. You may also visit the Revenu Québec Web site to obtain general information.

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