

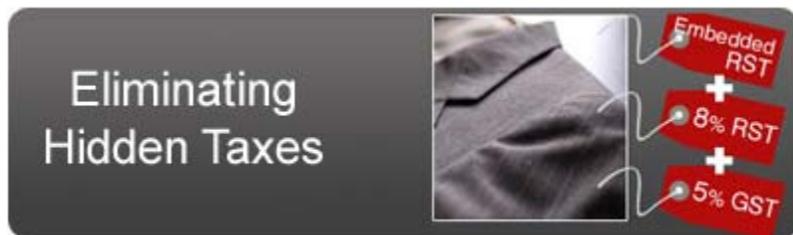


MINISTRY OF REVENUE

What is the HST?

As announced in the [2009 Ontario Budget](#), the Provincial Sales Tax (PST) will be replaced with a more modern, value-added tax that will be combined with the federal Goods and Services Tax (GST) to create a Harmonized Sales Tax (HST) for Ontario, effective July 1, 2010.

The provincial portion of the HST will be eight per cent and the federal portion will be five per cent, for a combined HST rate of 13 per cent.



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How the HST works

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How the HST Works



What's Taxable under the HST and What's Not?



Why the HST

Ontario's comprehensive tax package, including the harmonized sales tax, will create jobs by making Ontario more competitive and provide [personal tax relief](#).

The world has changed. We've witnessed the biggest global economic downturn in 80 years. If we want Ontario to remain strong, we must change too.

We need to be more competitive. We need to attract more investment and jobs. We need to protect those important services like health care and education we've worked so hard to build.

Many [economists and businesses agree](#) that a single value-added tax, like the HST, is the most important thing we can do to strengthen Ontario's economy.

We have a choice: we can refuse to fix what's broken, resign ourselves to the idea that Ontario will be less competitive, and watch our province move backward. Or we can move forward, embrace change and hold firm to the conviction that Ontario can emerge through this stronger than ever before.

How it works

The fact is, our current sales tax structure hurts job creation.

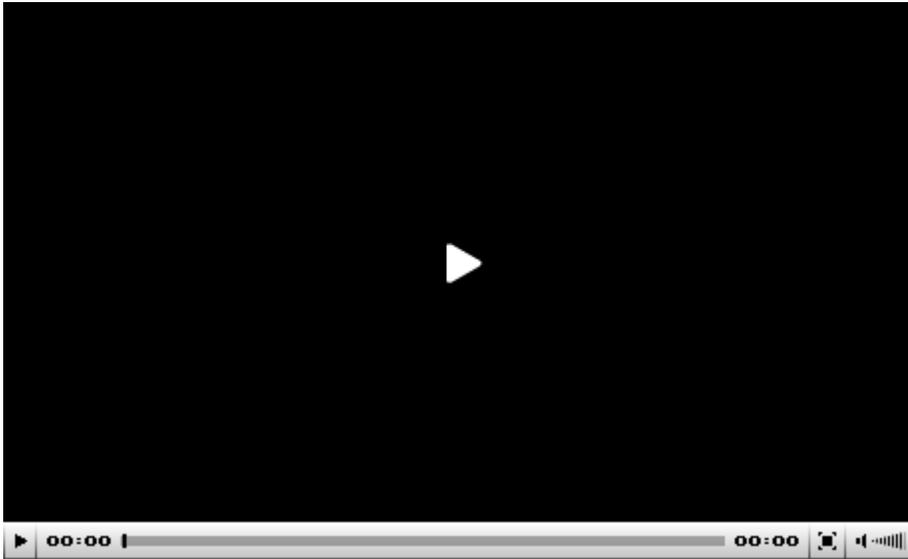
Right now the PST is charged on many purchases made by businesses in manufacturing goods and providing services. It penalizes business by taxing them at [every step](#) in the production, distribution and retail processes – making it a tax on a tax on a tax.

Roughly \$4.5 billion in embedded sales tax is [hidden](#) in the cost of doing business in Ontario. It drives up costs to consumers and places Ontario's businesses at a competitive disadvantage. Most countries we compete with for jobs don't have that disadvantage.

The HST will generally remove this hidden tax by refunding sales taxes paid on most business inputs. These refunds will mean lower prices for many consumer purchases and lower business costs, which [experts agree](#) will improve the competitiveness of Ontario businesses and result in increased business investment, leading to more jobs and higher incomes.

Support for Tax Change

I am looking for answers...



[What's taxable under the HST and what's not?](#)

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