

Did You Know?

(A publication for the clients and contacts of Gary S. Aslett, Chartered Accountant)

GST RATE REDUCED AGAIN!

On July 1, 2006 the GST rate was reduced from 7% to 6%. **The October 30, 2007 federal budget announced a second GST rate cut to 5% which is effective on January 1, 2008.** The HST rate will also be reduced to 13% effective on the same date.

GENERAL RULES

Generally, the new rates apply to taxable goods and services in the following manner:

- If GST becomes payable on or after January 1, 2008, the 5% rate will apply to the transaction.
- If GST is paid or is payable before January 1, 2008, the 6% rate will apply to the transaction.

Specific rules apply to sales of land and buildings.

ACTION REQUIRED

Tax codes used in accounting programs will need to be changed to reflect the above rules. As in the past, it is expected that suppliers of accounting programs will provide detailed procedures on how to change the GST rates in your software program.

If you are using an accounting software package to record your business transactions, it is recommended that you contact your software provider as soon as possible so that you are prepared for the rate change in the new year.

The GST change may also affect employee expense reports, employee taxable benefits and the simplified methods.

Please contact Gary Aslett at 905-629-3318 or gary@aslettca.ca if you require further information on this subject.

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This information is based on existing legislation or legislation which is expected to be passed into law. Such legislation is subject to change without notice. Readers are advised to obtain specific professional advice before acting on the basis of material contained in this article.

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