HST Notice for Suppliers of Taxable Property and Services to the BC Government

Supplies of Taxable Property and Services to BC Government Entities

Under the sales tax harmonization agreement between the Government of British Columbia (BC) and the Government of Canada, the Canada-BC Comprehensive Integrated Tax Coordination Agreement (CITCA), BC has agreed that, effective July 1, 2010, all BC government ministries, agencies, boards, commissions and Crown corporations ("BC government entities") will pay GST/HST on their purchases of taxable property and services. Property could be goods, real property or intangible personal property such as trademarks, rights to use a patent, and digitized products downloaded from the Internet.

BC government entities that are currently paying GST, as well as those that are currently claiming an exemption from GST (i.e., ministries and other provincial entities listed on Schedule A of the current Canada-BC Reciprocal Taxation Agreement (RTA)), will pay GST/HST on their purchases of taxable property and services effective July 1, 2010.

Accordingly, suppliers must generally charge and collect GST/HST on any consideration that becomes due on or after July 1, 2010 in respect of a taxable supply to a BC government entity. In these cases, suppliers should not rely on or accept any Crown funds exemption requests or certifications requesting GST/HST relief at the point-of-sale.

Application of the General Transitional Rules to BC Government Entities

BC government entities that are currently paying GST on their taxable purchases (e.g., commercial Crown corporations) will be subject to the general transitional rules on all of their taxable purchases.

Unlike other BC government entities, consumers and businesses, to which HST may begin to apply on May 1, 2010 in certain circumstances under the transitional rules, BC government
entities that are currently claiming an exemption from GST – i.e., BC government entities listed on Schedule A of the RTA – will continue to claim an exemption from GST/HST until July 1, 2010.

GST/HST will not apply to any consideration that is paid or becomes due before July 1, 2010, in respect of a taxable supply to BC government entities listed on Schedule A of the RTA. In these cases, suppliers should continue to accept Crown funds exemption requests and certifications requesting relief in respect of both GST and HST.

BC government entities listed on Schedule A of the RTA will be subject to the general transitional rules only on consideration that becomes due on or after July 1, 2010 (unless it was paid before that date) or is paid on or after July 1, 2010 without having become due. In these cases, suppliers should not accept Crown funds exemption requests and certifications requesting relief.

Information about the general transitional rules can be found at: www.sbr.gov.bc.ca/business/Consumer_Taxes/Harmonized_Sales_Tax/HST_Transitional_Rules.html and www.cra-arc.gc.ca/tx/pstr/trnstnl/prsnl/menu-eng.html

Further Information

If you have any questions or wish to make a technical enquiry on the GST/HST by telephone, please contact the Canada Revenue Agency at one of the following toll-free numbers:

1-800-959-8287 (English service)
1-800-959-8296 (French service)
May 10, 2010

MANAGEMENT INFORMATION
8888 UNIVERSITY DRIVE
BURNABY, BC, V5A 1S6

ATTENTION: Accounting Department

SUBJECT: Harmonized Sales Tax – ICBC

The Government of British Columbia has announced the introduction of the Harmonized Sales Tax (HST) effective July 1, 2010, which has implications for the Insurance Corporation of British Columbia (ICBC) and its suppliers.

ICBC currently pays the Provincial Sales Tax (PST), but is exempt from the Goods and Services Tax (GST) on some goods and services. Effective July 1st, ICBC will be subject to the 12% HST.

Please note that ICBC is not subject to the general transitional rule of charging HST during May and June for goods and services delivered after July 1st.

As a service provider or vendor to ICBC, it is your responsibility to determine if the services and/or goods that you supply to ICBC are subject to the HST. ICBC is not able to provide advice in this regard. If you require information about the HST please contact your tax professional or the Canada Revenue Agency.

We encourage you to issue separate invoices for goods or services where consideration is due before July 1st and those due on July 1st or later to facilitate payment during the transition period. If your good or service is taxable, the HST must be disclosed as a separate line item on your invoice. In addition, please include your HST business number on the invoice.

For more information please see the Tax Information Notice entitled “HST Notice for Suppliers of Taxable Property and Services to the BC Government” issued by the Ministry of Finance, which is attached. ICBC is one of the government entities listed in Schedule A of the Canada-BC Reciprocal Tax Agreement (RTA).

For questions related to invoicing or the change in our tax status, please contact us via e-mail at ICBCHST@icbc.com.