

Issue Update

HST ALERT – A Harmonized Sales Tax in BC

On July 23, 2009, the BC Government made a very significant and somewhat controversial announcement that BC intends to harmonize its PST with the GST. **PST harmonization with the GST will become a reality on July 1, 2010.**

BC will follow Ontario's lead and combine its 7% Social Service Tax with the 5% GST for a single 12% HST in BC (Ontario's HST will be 13%).

The **Construction Industry** will be the single biggest beneficiary of the newly-refundable provincial portion of HST. Commercial projects will cost significantly less under HST than the current GST/PST. Residential projects where unit prices are \$400,000 or less will be eligible for an HST rebate (similar to the current GST New Housing Rebate) that theoretically will not increase the sales tax cost of the purchase. Even high-end homes will be eligible for some reduction of the 12% tax.

Some consumers may have to pay more when HST is implemented but, ultimately, the markets will likely have a greater effect on prices than the harmonization of the GST and PST.

Very few details have been released at this point. It may be several weeks or months before a comprehensive set of proposed new rules is made public.

This information provided courtesy of:

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