



How to apply HST to Girl Guide activities

On July 23, 2009 the BC government announced its plans to implement a Harmonized Sales Tax for BC (the HST) which will come into effect on **July 1, 2010**. The HST will have a **tax rate of 12%** replacing the existing Goods and Services Tax (GST) and BC Provincial Sales Tax (PST). The HST will follow the same regulations as those of the GST, and will be administered by the Canada Revenue Agency (CRA).

If your unit, district, or area organizes a camp, event or other activity for your girls, the HST will apply to you. The key changes that you will need to know in order to apply HST, as compared to the previous GST are as follows:

- The tax rate is 12% (GST was 5%)
- The rebate available for expenses, other than those related to taxable activities, is 54% in a majority of cases, representing a combination of 50% for the Federal portion (5/12th) of the HST, and 57% for the Provincial portion (7/12th) of the HST. (GST was 50%).

Summary of HST regulations

- Charge 12% HST on the full participant fee charged for all camps, events, and other activities that your group is organizing, except for day activities that are attended primarily (meaning more than 50%) by girls under 14 years of age and adult trainings. Please include the HST number, 11893 8554 RT0035, on the receipts or invoices.
- Expenses that are directly related to taxable activities (as above) are eligible for a 100% refund (Input Tax Credit (ITC)) of the HST paid.
- All expenses not related to a taxable activity are eligible for a rebate of 54% of the HST paid on those expenses for most items (similar to what has been done in the past with the GST). In situations where there is either a Federal or Provincial exemption of the HST, which will be identified on your receipt, you may only be eligible for a portion of that rebate (50% of the Federal portion or 57% of the Provincial portion).
- Do not charge HST on the rental fee charged on our properties (campsite, halls, etc). As a registered charity, GGC is provided with an exemption on facility rentals.
- Activities that are planned internationally will be exempt from charging HST. CRA does not require HST to be charged on services performed outside of Canada, which will include Guiding trips to other countries.

Transitional rules related to HST

- If your group is organizing an activity that will begin in June and end in July, you should charge GST on the proportionate amount of the activity cost that pertains to the time before July 1st, and charge HST for the proportionate amount of the activity relating to on or after July 1st. The one exception is if 90% or more of the activity takes place in June - then only GST would be charged. The tax charged must relate to the time of the service (activity), not when it is paid.
- In the rare circumstance that clothing is sold (i.e. SOAR), a point of sale rebate should be made available for the Provincial portion of the HST on children's sized clothing (Canadian standard size 16 for girls or



garments that are designed for girls that are labeled small, medium or large) sold to BC residents. This rebate will need to be tracked and reported separately with details available for audit.

- Lease payments on properties and equipment that currently have a GST component will fall under the HST regulations; payment will likely be adjusted by the Lessor. If your lease has a payment for a period of time after July 1, 2010, other than a period that began before July 1, 2010 and ended before July 31, 2010, HST will be required to be paid. If the Lessor has not adjusted the payment, you may be required to self-assess and report to the Provincial office for submission to HST. Please contact the Provincial office if you are unsure about self-assessing HST.

Tracking and reporting HST

- If your group is organizing an overnight event (or a day activity for girls primarily over aged 14), you should set up “HST Collected – Activities” and “HST Paid – Activities” accounts in your financial recordkeeping system (i.e. create new columns if you are using spreadsheets). It is recommended that you keep the tracking and reporting of HST separated from that of the previous GST.
- You will need to set up a new HST Paid account to be used for other regular Guiding activities, and these amounts will be rebated at 54% (unless an expense has a exemption for either the Federal or Provincial portion of HST, which will be itemized on the receipt). You will record this HST separately, and file for a 54% rebate as per current procedures.
- You will need to complete and submit the new HST remittance form monthly along with a cheque for the applicable HST, if appropriate. Reports are due monthly on the 15th of the following month (e.g. the November report is due on December 15th) to the provincial office by the Areas. District and Unit reports are due to their Area by the 10th of the month following the end of the camp.
- Girl Activities organized by BC Council (i.e. SOAR) will have a HST charge to the participants, if an Area, District or Unit pays any or all of the registration fee on behalf of their girls they cannot claim the HST charge as a rebate (this is an internal transaction of GGC, similar to a store transaction).

Examples of HST calculations

1. You are taking your group for a two-night camp. The event registration fee is \$25 per girl plus HST. HST is calculated at $\$25 \times 12\% = \3.00 for a total fee of \$28.00 per girl; in this example, \$25 will be available to cover the event costs and the \$3.00 HST will be reported and submitted. HST paid out on the camp costs (i.e. activity supplies, etc.) can be claimed as a 100% ITC.
2. You are taking your group for a two-night camp. The event registration fee is \$28 per girl including HST. HST is calculated at $\$28 \times 12 / 112 = \3.00 per girl, the \$25.00 balance of the fee will be available to cover the event costs. HST paid out on the event costs (i.e. activity supplies, etc.) can be claimed as a 100% ITC.
3. You are arranging a one day event for your Brownies (primarily under 14 years of age). The event registration fee is \$5 per girl, HST will not apply. HST paid out on the event costs (i.e. activity supplies, etc.) can be claimed as a 54% rebate.