

To: Divisional Financial Officers

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HST Bulletin #4 – Harmonized Sales Tax (HST)

This Bulletin provides HST information on:

- Expense reimbursements processed after June 30th, 2010
- IPP's and Tuition for non-credit courses via distance education programs
- Purchasing card automated postings
- HST tax codes
- HST Transition Website

Expense Reimbursements

Beginning July 1st, 2010, expense reimbursements will have multiple rebates applied based on where the expense was incurred. New tax codes were created to reflect this change and have been defaulted on the expense reimbursement form.

- For expenses incurred within Ontario, all reimbursements processed after June 30th are deemed to have incurred HST despite when the actual expense occurred or the actual taxes paid. The new tax code to be used is **ER**.
- For all expenses incurred outside of Ontario but within Canada, all reimbursements processed after June 30th are deemed to have incurred GST only, despite the actual taxes paid. The new tax code to be used is **EE**.
- For all expenses incurred outside of Canada, all reimbursements processed after June 30th are deemed to have incurred no GST or HST. The new tax code to be used is **E0**.
- For per diem claims for travel in Canada, the new tax code to be used is **EA**. For USA and international travel per diem claims, the new tax code to be used is **E0**.

All expense reimbursements processed on or after July 1, 2010 should be processed using the new expense reimbursement form, which is available on the finance website at

<http://www.finance.utoronto.ca/forms/processing.htm>

Please note that the old tax codes, IE and IF, have now been disabled and are unavailable for use.

IPP's and Tuition for non-credit courses via distance education programs

For HST purposes, a supply made by electronic means can be characterized as a supply of service or intangible personal property (IPP). The non-credit courses offered by distance education programs through electronic means (online) would likely be considered as a supply of IPP. Under the new HST place of supply rules, where there is no restriction on where the student can access the online non-credit course, the address of the student will determine the tax rate that applies. For example, if a student enrolls in an online non-credit course, and the student's address is in British Columbia, then the tax rate for that province (HST @ 12%) would apply.

The following is a table of tax rates that apply to tuition for online non-credit courses (including sales of IPP) and external sales of taxable goods that are delivered to other provinces and territories in Canada, as noted in HST bulletin #3.

Province	Tax rate	Tax code
Ontario, New Brunswick, Newfoundland & Labrador	13%	R1
British Columbia	12%	R4
Nova Scotia	15%	R5
PEI, Quebec, Manitoba, Saskatchewan, Alberta, Nunavut, and other Territories	5%	R6

Purchasing Card

The automated purchasing card postings will now reflect the new HST tax codes. Purchases from outside Canada will be posted with E0 tax code. Purchases from inside Canada will be posted with the E1 tax code, regardless of the actual taxes paid.

HST Tax codes

The new HST tax codes are now active in SAP. The old PST and GST tax codes will become inactive effective September 30, 2010. Please ensure that any old o/s invoices that still have PST and GST applied are processed before September 30, 2010.

The new HST tax codes can be found at:

<http://www.finance.utoronto.ca/Assets/Finance+Digital+Assets/memos/alerts/HSTBulletin4.pdf>

HST Transition Website

The Financial Services Department created a special website to assist the University community in transitioning to the HST. The website was recently updated with external links to supporting documents from the CRA and Ontario governments. The frequently asked questions area has also been updated. More new HST tax codes have been created to reflect the change in supply rules and continue to be fluid as more detailed information is provided from the province.

Please visit the website at:

<http://www.finance.utoronto.ca/services/tax/hsttransition.htm>