

# Taxation Info-Guide

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The Taxation Info-Guide is designed to help you navigate through the federal and provincial government programs, services and regulations related to taxation that may apply to individuals starting or operating a business in Ontario.

Electronic version of this document available at <http://www.cbo-eco.ca/en/guides.cfm> or at <http://www.sbcentre.ca/handouts.htm>

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## 1. Sales Tax

### Harmonized Sales Tax

On July 1, 2010 the Harmonized Sales Tax (HST) took effect in Ontario replacing the federal goods and services tax (GST) and the provincial sales tax (PST). The HST has a combined tax rate of 13 per cent, combining the existing five per cent federal Goods and Services Tax (GST) and an eight per cent Ontario component.

For further information:

visit the web site: **Transitioning to the HST**

<http://www.rev.gov.on.ca/en/taxtips/hst/07.html>

see the document **GST / HST Business Seminars**

<http://www.canadabusiness.ca/eng/summary/2283>

### Federal Sales Tax

#### Business Number (BN)

The BN is a reference numbering system that replaces the multiple numbers businesses required to deal with government. The BN can encompass one or more of the following accounts: Goods and Services Tax, Payroll Deductions, Importer/Exporter account number and Corporate Income Tax.

**For further information:**

visit the web site: *The Business Number and Your Canada Revenue Agency Accounts*

<http://www.cra-arc.gc.ca/E/pub/tg/rc2/>

#### Goods and Services Tax (GST) and Harmonized Sales Tax (HST)

Effective January 1, 2008, the rate of GST is 5% and the rate of the HST is 13%.

Certain items, such as sales of basic groceries and prescription drugs, are also taxable, but at a rate of 0%. These are referred to as zero-rated goods and services. A limited number of goods and services are exempt from the GST/HST.

### **Who must obtain a BN for the GST/HST?**

Most individuals or businesses engaged in a commercial activity with annual sales and revenues of GST/HST-taxable goods or services totalling more than **\$30,000** must register and charge the GST/HST.

If your total annual sales are less than or equal to **\$30,000**, you are considered to be a small supplier and are not required to have a BN for the purpose of GST. If you do not obtain a BN, you do not charge GST/HST.

#### **For further information:**

visit the web site: *Goods and Services Tax/Harmonized Sales Tax (GST/HST)*

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html>

You may contact CRA directly to inquire about the regulations mentioned above, by calling **1-800-959-5525**.

In London, visit: **Canada Revenue Agency (CRA)**  
451 Talbot St., PO Box 5548  
London, ON N6A 4R3

## **Charging Sales Tax Outside of Ontario**

The Ministry or agency responsible for administering sales tax in the jurisdiction that the customer is in (ie., the province or state to which the sale is being made) is the only authority that can confirm the requirements for charging its sales tax and must be contacted for details and registrations.

#### **For further information:**

visit the *Canada Business* web site and select the appropriate Taxation guide for the province or territory you wish to sell to. <http://www.canadabusiness.ca/eng/83/>

## **2. Income Tax Information**

### **Reporting Self-employed Income - T1-General Income Tax Return**

Non-incorporated self-employed individuals use the T1-General income tax return and the Guide to self-employed business income to determine their income tax obligations under the laws of Canada and of all provinces and territories, except Quebec. The Business and Professional Income tax guide supplements the T1-General guide.

#### **For further information:**

visit the web sites:

*T1 General Returns* <http://www.cra-arc.gc.ca/menu/LBA-e.html>

*Self-employed* <http://www.cra-arc.gc.ca/tx/ndvdl/sgmnts/slf/menu-eng.html>

### **Corporate Taxation Info-Guide**

The Corporate Taxation Info-Guide is designed to help you navigate through the federal and provincial government programs, services and regulations related to taxation that may apply to a business in Ontario.

#### **For further information:**

see the document (available at <http://www.cbo-eco.ca/en/index.cfm/guides/>) *Corporate Taxation Info-Guide*

### 3. Municipal Taxation Information

For information regarding local taxation requirements, contact your local municipal tax office. Municipal government offices are listed in the government section of your telephone book. A selection of Ontario Municipal Government Web links is available at the following address: *Home Pages of Ontario Municipalities* <http://www.amo.on.ca/YLG/ylg/ontario.html>

In London, visit: **London City Hall, Clerk's Office**  
300 Dufferin Ave., 3rd Floor  
London, ON N6B 1Z2  
Tel: (519) 661-4530  
Web: [www.london.ca](http://www.london.ca)

### 4. Tax Information for New Employers

All employers must contact CRA to register for a Business Number (BN) and open a payroll deduction account. For more information, please see the section on the BN **mentioned above**.

#### Payroll Deductions - Tables on Diskette (TOD)

TOD is an electronic version of the payroll deductions tables. TOD calculates the income tax, CPP and EI contributions that the CRA requires an employer to withhold from an employee's income. TOD reduces paper handling and storage for clients. Each TOD diskette, in either Windows or Macintosh versions, includes information for all pay periods and all provinces and territories.

The Canada Revenue Agency (CRA) offers the Payroll Deductions Online Calculator or Tables on Diskette (TOD) to calculate payroll deductions for all pay periods, provinces (except for Quebec), and territories based on the information you provide.

#### For further information:

visit the web sites:

Payroll <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/menu-eng.html>

Tables on Diskette (TOD) <http://www.cra-arc.gc.ca/tx/bsnss/tod-tsd/menu-eng.html>

Payroll Deductions Online Calculator <http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>

#### New Employer Visits

This is a service provided to new employers to educate business about source deductions and their legal obligations and responsibilities.

There is no charge for this service.

#### For further information:

visit the web site: *Employer Visits Program*

<http://www.cra-arc.gc.ca/tx/bsnss/sm/rsrccs-eng.html>

You may contact CRA directly to inquire about the above-mentioned programs and regulations by calling **1-800-959-5525**.

In London, visit: **Canada Revenue Agency (CRA)**  
451 Talbot St., PO Box 5548  
London, ON N6A 4R3  
Web: [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca)

## The Employer Health Tax (EHT)

The Employer Health Tax (EHT) is paid by employers who have a permanent establishment in Ontario and who:

- have employees who report for work at the Ontario permanent establishment, or have employees who do not report for work at a permanent establishment of the employer but are paid from an Ontario permanent establishment of the employer; and
- have a total Ontario remuneration for the year (paid to employees or former employees) that exceeds the exemption amount allowed, if any.

For the first \$400,000 of the payroll, eligible employers are exempt from paying the Employer Health Tax.

### For further information:

please call **1-800-263-7965**

visit the web site: *Employer Health Tax - Guide for Employers*

<http://www.rev.gov.on.ca/en/guides/eh/9952.html>

## The Ontario Health Premium

Since July 1, 2004 all employees working in Ontario are required to pay an additional tax called *The Ontario Health Premium*. This tax will be deducted from pay and pensions as part of personal income tax requirements. The premiums range from \$60 to \$900 a year for people with a taxable income of \$21,000 a year or more. For detailed information on *The Ontario Health Premium* and employer responsibilities regarding payroll and deductions please contact the Canada Revenue Agency.

### For further information:

please call **1-800-959-5525**

visit the web site: *Ontario Health Premium*

<http://www.rev.gov.on.ca/english/taxes/healthpremium/index.html>

## 5. Other Resources

### Fairness and Taxpayer Rights

This service provides information on the general policy regarding the collection of taxes and amounts owing under the [Income Tax Act](#), the [Canada Pension Plan Act](#), the [Employment Insurance Act](#), the [Excise Tax Act](#), the [Customs Act](#), and the [Petroleum and Gas Revenue Tax Act](#).

### For further information:

visit the web site: *CRA - Fairness and Taxpayer Rights*

<http://www.cra-arc.gc.ca/gncy/frnss/menu-eng.html>

### Objections and Appeals

The [Income Tax Act](#) and the [Excise Tax Act](#) allow a person to dispute an assessment of taxation by filing a formal objection. These disputes can include Income Tax assessment, GST assessment or other taxes imposed under the *Excise Tax Act*.

### For further information:

see the document *Objections and Appeals - Income Tax Act/Excise Tax Act*

<http://www.cra-arc.gc.ca/E/pub/tg/p148>

## **Rulings and Interpretation Program**

The Rulings and Interpretations Program of the CRA provides clients with rulings and technical interpretations of the [Excise Tax Act](#) and related statutes, and offers technical publications which explain these rulings and technical interpretations.

### **For further information:**

Contact CRA directly to inquire about the above-mentioned programs and regulations by calling **1-800-959-5525**.

## **Voluntary Disclosures Program**

Allows taxpayers to come forward and correct inaccurate or incomplete information or disclose material they did not report during previous dealings with the CRA, without penalty or prosecution.

### **For further information:**

visit the web site: *Voluntary Disclosures Program*

<http://www.cra-arc.gc.ca/gncy/nvstgtns/vdp-eng.html>

## **Online Requests for Business**

The Online Requests for Business service allows Business clients to electronically ask for certain financial actions to be processed on an account. It lets business clients inform the Canada Revenue Agency via the Internet of an action or review they want them to do, request items they require or inform them of communication items they no longer wish to receive.

### **For further information:**

visit the website: *Online Requests for Business*

<http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/rqsts/menu-eng.html>

## **Retention/Destruction of Books & Records**

Explains the retention period required for Ontario tax purposes, before books and records can be destroyed.

### **For further information:**

visit the web site: *Retention/Destruction of Books and Records*

<http://www.rev.gov.on.ca/english/bulletins/general/retention.html>

### **Need more information?**

**Click:** *Canada Business Ontario* <http://www.canadabusiness.ca/ontario>

**Call:** 1-888-576-4444

## **DISCLAIMER**

Information contained in this document is of a general nature only and is not intended to constitute advice for any specific fact situation. Users concerned about the reliability of the information should consult directly with the source, or seek legal counsel.