



# Harmonized Sales Tax

**Presentation to Finance  
Committee**

May 3, 2010

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## BASIC FACTS

- **HST rate will be 13%**
  - Federal portion 5%
  - Provincial portion 8%
  
- **Commercial Activities**
  - 100% rebate of both portions
  
- **Non-commercial activities**
  - 100% rebate of Federal portion
  - 78% rebate of Provincial portion

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## BASIC FACTS

- HST will apply to the same goods & services as GST
- The Province will continue to charge a separate sales tax of 8% on most types of insurance, including group benefit plans

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## KEY DATES

- July 1<sup>st</sup>
  - Full implementation
- May 1<sup>st</sup>
  - Suppliers must charge HST on goods & services to be delivered after July 1<sup>st</sup>
  - Our systems have been configured to charge and pay HST

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## IMPACT OF HST ON CGS

### INCREASED TAX ON SOME CUSTOMER SERVICES

- Ice rentals
- Facility rentals
- Sports field fees
- Fitness memberships
- Private lessons
- Recreational, leisure learning programs for adults
- Cemetery services
- Parking permits

**Note: HST does not apply to programs designed for children under the age of 14**

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## IMPACT OF HST ON CGS

### THERE WILL BE SAVINGS

- Before July 1
  - Bought for \$300,000
  - The PST on this purchase was \$24,000
  - The GST on this purchase was \$15,000
  - The rebate on this purchase was \$15,000
  - **The total cost to the City was \$324,000**
- After July 1
  - Bought stationary for \$300,000
  - HST on this purchase is \$39,000
  - The rebate on this purchase is \$18,720
  - **The total cost to the City is \$320,280**
- **Net saving post HST of \$3,720**

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## IMPACT OF HST ON CGS

### THERE WILL BE COSTS – 1.76%

- Before July 1
  - Engaged Engineering services for \$300,000
  - The PST on this purchase was Nil
  - The GST on this purchase was \$15,000
  - The rebate on this purchase was \$15,000
  - **The total cost to the City was \$300,000**
- After July 1
  - Engaged Engineering services for \$300,000
  - HST on this purchase is \$39,000
  - The rebate on this purchase is \$33,712
  - **The total cost to the City is \$305,280**
  - **Net increased cost post HST to the City is \$5,280**

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## IMPACT OF HST ON CGS

### (Based on an analysis of 2009 Actuals)

- Overall projected annual net incremental cost of \$450,000
- Projected net incremental cost for 2010 (1/2 year) \$225,000

Calculated as:

- Projected net savings in the Operating Budget of \$450,000
- Projected incremental costs in Capital Budget before ISF projects \$550,000
- Projected incremental cost in the Capital Budget for ISF projects \$350,000

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## **MANAGING THE HST TO ACHIEVE A NEUTRAL FISCAL POSITION**

- Budget reallocations moving savings in some cost centres to cover increased costs in other cost centres will be implemented with the preparation of the 2011 budget.
- Manage contracts that straddle July 1, 2010 to realize flow through savings from our suppliers
- Accelerate GST-only expenditures to before July 1
- Delay PST-applicable purchases to after July 1

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## **COMMUNICATIONS STRATEGY**

### **Citizens/All Customers**

- Notice in the Spring/Summer Leisure Guide
- Notice for online registration for recreation programs
- Placement page on [www.greatersudbury.ca](http://www.greatersudbury.ca)
- Cemetery Services price list
- Citywide Spring 2010 Newsletter
- Flyers in Citizen Service Centres
- Letter to recreation program providers

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## COMMUNICATIONS STRATEGY

### Suppliers/Contractors

- Cheque insert
- Tag on EFT remittance advice
- Web posting on Supplies and Services page
- Contractors' meeting
- RFP and tender meetings

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## COMMUNICATIONS STRATEGY

### Managers/Employees/Council

- Presentation to 100 employees
- Presentation to managers
- Elinks Finance section
- CGS News
- HST Summary for call centres and Council
- Commonly asked questions and answers

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