

Taxing Times

As of July 1st, 2010 the blended HST in Ontario and British Columbia will come into effect.

How does this affect you?

by Daintry Chitaroni

In Ontario and British Columbia, we, as quilting entrepreneurs, hold a PST license. We have to have this license if we want to sell things, do shows, or if we want to be reimbursed the Provincial Sales Tax that we pay on those materials that we incorporate into our items for resale. Some of us also collect GST from our customers. This means lots of paperwork.

As of July 1, 2010, the Provincial Sale Tax requirements will be following the exemption now available for GST registration. If you **make less than \$30,000 gross per year**, you can now forgo collecting any taxes; but this also means that you must pay tax on your inputs (materials that you use to produce a product) at the source. If you have a year in which your sales exceed the above threshold of \$30,000 gross (lucky you!) you can then apply for registration and begin collecting taxes again.

However, before canceling your current vendor's permit, check first with your suppliers. Some may require that you have a business number in order to purchase wholesale from them. You may want to stay registered.

For those professional members who are already grossing **more than \$30,000 a year** you will now have only one tax to keep track of and one tax to charge when you sell your product or services. Gross income includes teaching fees, product and pattern sales, long arm services, lecture fees, prize moneys, and royalties from books or magazine payments.

Good news for the organizers and participants of Quilt Show Boutiques and other Art Show Vendors, Farmers' Markets and summer or Christmas fairs – a Special Events Permit will no longer be required to operate, as long as sales are not expected to hit the threshold of \$30,000.

These new tax changes take effect in Ontario and British Columbia on July 1, 2010.

For any Canadian tax information, go to the following:
<http://www.cra-arc.gc.ca>