



# Harmonized Sales Tax

Effective 1 July 2010 the provinces of Ontario and British Columbia will join the provinces of Nova Scotia, New Brunswick, and Newfoundland & Labrador in participation in the Harmonized Sales Tax(HST). All sales as of that date are subject to the HST instead of the current GST and PST. Also prices, which are taxes included, disclosed to consumers in the participating provinces must include the HST.

All GST registrants across Canada who make taxable sales to customers in the participating provinces will also be required to collect and remit the proper rate of HST effective 1 July 2010. Therefore, regardless of where you are located, if you engage in a commercial activity in, or ship in to, the participating provinces, you could be affected by the new system.

The HST rates as of 1 July 2010 vary depending on the Province. (See table below)

Province	HST %	Old GST%	Old PST%
British Columbia	12	5	7
Ontario	13	5	8
New Brunswick*	13	N/A	N/A
Newfoundland & Labrador*	13	N/A	N/A
Nova Scotia*	13	N/A	N/A

\* Participating Province since 1 April 1997

- Please note that all sales invoiced on or after 1 July 2010 in or to a participating province will be subject to HST, regardless of when the order was taken or shipped.

- Also note that some services that were PST exempt before 1 July 2010 will most likely be subject to the full HST rate after that date.

- In some cases PST exempt items, ex. Books or feminine hygiene products, will remain at a reduced HST rate of 5%. If your company sells such products through the point of sale please refer to *Appendix IV: HST on Books and Other Reduced Rate Items*

Call your local Canada Revenue Agency office if you are uncertain of how the legislation affects your operation.

The Spring 2010 release of Oneir will provide intelligent conversion programs that will allow you to easily convert your existing division/customer/inventory/vendor tax rates to reflect the change to HST from GST/PST. (See **Appendix III beginning on page 8**) The conversion can be done manually as well, but it does require significant data modification. (See **instructions beginning page 3**)

### **How to Set Up a New Company to Use HST**

If you are creating a new company located in a participating province, it is very simple to set it up for HST instead of GST. Merely enter no rate for PST and the appropriate rate for HST when creating the division for the new company. Each customer or product added to the company will default to PST exempt and the HST with the appropriate rate.

If you are not using the Spring 2010 release or have chosen not upgrade from earlier versions you must use the fields marked GST for the HST status and rates.

## **How to Convert Existing Oneir Data to HST**

The following section only applies if you choose NOT to upgrade to the Spring 2010 release.

Please refer to Appendix III for procedures when using the Spring 2010 release.

Please note that you can change the tax rates for all customers and product codes in the Accounts Receivable Utilities and Inventory Utilities menus respectively. However this may only replace one existing rate with another at a time (i.e. GST/HST rate from 6 to 13 and PST rate from 8 to 0.) Refer to separate FAQ document for Changing Sales Tax rates for details.

In the case of the customers it may only be run for a range of customer codes, so for most databases it will only be useful to run the routine if ALL (or virtually all) customers are in a participating province. If your customers are from across Canada you will have to change each customer in a participating province manually.

### **If you make sales using the Point of Sale:**

1. In 'Add, update or delete customers' in the Accounts Receivable menu, for each customer subject to HST set up the taxes as PST exempt and GST/HST extra or included at the proper rate, i.e. 13 or 12 %. (See Appendix I for an illustration).
2. Change your company and/or divisional defaults. To do so follow the steps below:
  - Log in to the company using a level 9 password.
  - At the Oneir Business Software Master Menu press I for Initialization.
  - Select 'Update Divisions'
  - For any division that is in a participating province, change the PST% to zero and the HST rate for your province (Currently 12% for BC, 13% for all other participating provinces).
3. You may change the tax description on the point of sale print positions so that receipts and/or invoices will print HST instead of GST. The option is on Page 4 of both 'Personalize Receipt' and "Personalize Invoice". Please refer to the 'Set Up Point of Sale Forms Layouts' section of the Point of Sale section of your manual.

NOTE: Refer to Appendix IV if you sell products that will require an HST rate of 5% as well as the normal 12% or 13%.

### **If you make sales using the Sales Order and Invoicing:**

1. In 'Add, update or delete customers' in the Accounts Receivable menu, for each customer subject to HST set up the taxes as PST exempt and GST/HST extra or included at the proper rate, i.e.13 or 12 %. (See Appendix I for an illustration).
2. For all inventory items set up the tax status as PST and GST as extra and 0% (See Appendix II for an illustration). NOTE: Any item that requires the HST rate to be 5% should be set as GST rate 5 instead of zero.
3. Change your company and/or divisional defaults. To do so follow the steps below:
  - Log in to the company using a level 9 password.
  - At the Oneir Business Software Master Menu press I for Initialization.
  - Select 'Update Divisions'
  - For any division that is in a participating province, change the PST% to zero and the HST to 13 or 12%.

**If you make sales using both the Point of Sale and Sales Order Modules:**

1. In 'Add, update or delete customers' in the Accounts Receivable menu, for each customer subject to HST set up the taxes as PST exempt and GST/HST extra or included at the proper rate, i.e.13 or 12 %. (See Appendix I for an illustration).
2. For all inventory items set up the tax status as PST and GST as extra and 0% (See Appendix II for an illustration).
3. Change your company and/or divisional defaults. To do so follow the steps below:
  - Log in to the company using a level 9 password.
  - At the Oneir Business Software Master Menu press I for Initialization.
  - Select 'Update Divisions'
  - For any division that is in a participating province, change the PST% to zero and the HST to 13 or 12%.

NOTE: Refer to Appendix IV if you sell products that will require an HST rate of 5% as well as the normal 12% or 13%.

**If you use the Repetitive Billing to Create Invoices:**

If you choose not to upgrade to the Spring 2010 release each contract for customers in the participating provinces will need to be updated to exempt PST and change the HST rate to the appropriate percentage.

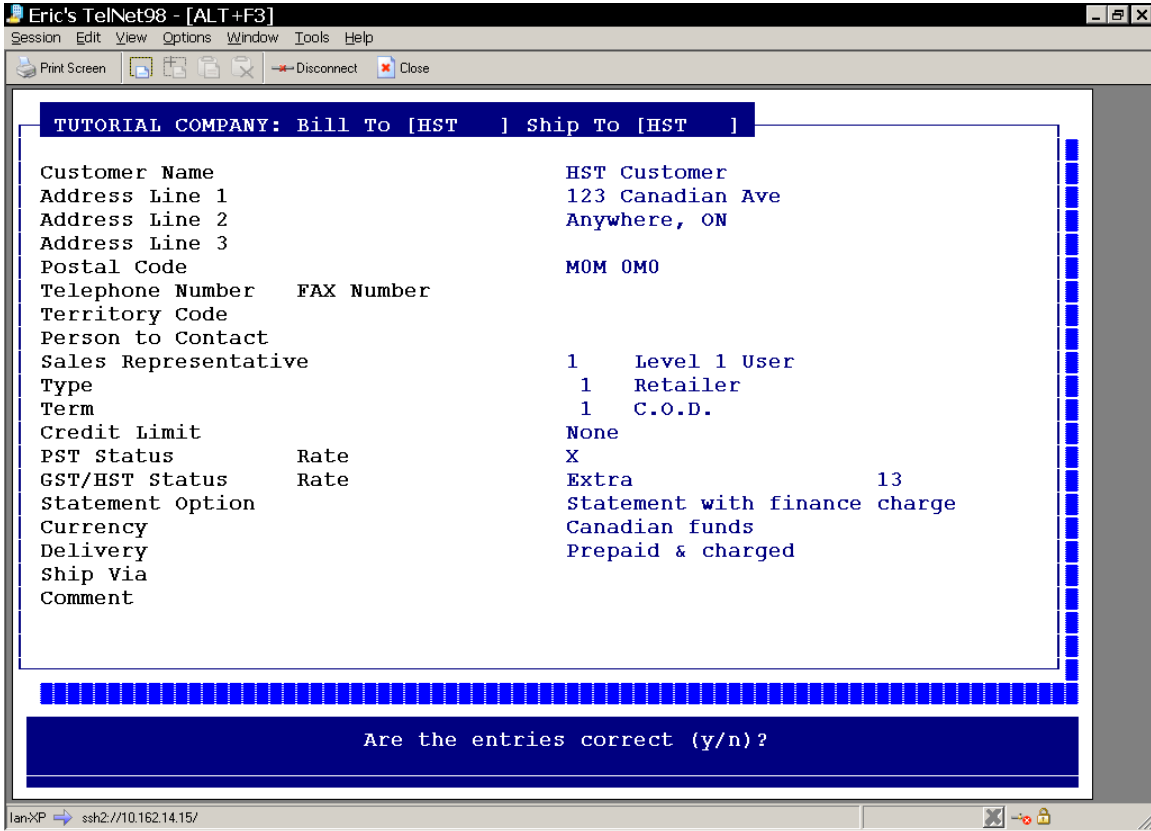
## OR

If ALL contracts need to be changed to the same rates (i.e. all contracts are for customers in the same participating province) you may follow the steps below:

1. Complete a good back up of your data.
2. Take note of which drive and directory your Oneir data is stored (ie, c:\Oneir). This can be found by pressing <F6> from the “Oneir Business Software Master Menu” and then selecting “Display Company Information”.
3. Go to the DOS (Command) Prompt.
4. Type the drive letter ( c: ) and then press <enter>.
5. Type the directory ( cd\Oneir ) and then press <enter>.
6. Type ‘vu’ (without the quotation marks) and then press <enter>.
7. You will be brought to the Oneir File Manager screen. Type ‘RBTOP’ where it asks you to Enter File, your cursor should be flashing there, and then press <enter>.
8. Select “Record Range 2” and then press <enter>.
9. Press <F1>, to select all fields, and then press <enter>.
10. Select “View” and then press <enter>.
11. Arrow down to record 2 and then over to field 30 (FST %).
12. Press <E> for Edit.
13. You will be prompted for a password. Type ‘DESMOND’ (without the quotation marks) and then press <enter>.
14. Enter the new tax rate to replace it with (i.e. Original rate was 7%, new rate is 6%) and then press <enter>.
15. Select “Repeat to...” and then press <enter>.
16. Type in the last record #, which you can find by looking at the top right hand side of the screen where it says “Number of Records”, and then press <enter>.
17. Select “Save as next X records” and then press <enter>.
18. Press <end> to view the last record, just to make sure that all of the changes occurred.
19. Press <home> to return to the top of the file.
20. Use your <left arrow> to move to column 27 (PST Number)
21. Press <E> for Edit.
22. Replace the data in the field with ‘X’ (must be upper case) to set the PST status to exempt and then press <enter>.
23. Select “Repeat to...” And then press <enter>.
24. Type in the last record #, which you can find by looking at the top right hand side of the screen where it says “Number of Records”, and then press <enter>.
25. Select “Save as next X records” and then press <enter>.
26. Press <end> to view the last record, just to make sure that all of the changes occurred.
27. Press <esc> to exit the program.

Please refer to Appendix III for procedures when using the Spring 2010 release

*Appendix I – Customer Set Up*



*Appendix II: Product Set Up*

Oneir(2) - [ALT+F3]  
 Session Edit View Options Window Tools Help

**TUTORIAL COMPANY: Update Inventory HST [EX]**

Description	HST item-----			
Type	Purchased	No matrix		
Product Line	AB	Bike access.		
Unit of Measure	EA			
Bin Location				
Substitute Product Code				
List Price	15.00	Not using multiplier		
Price Multiplier				
Price 1 / Qty Break	0.00 /	0		
Price 2 / Qty Break	0.00 /	0		
Price 3 / Qty Break	0.00 /	0		
Price 4 / Qty Break	0.00 /	0		
Quantity In Stock	0			
Item Status	Active			
Purchase Uom / Per	/	1		
Lead Time (days)	0			
Minimum Stock Level	0			
Reorder Quantity	0			
Landed Cost / Per	Purchase Cost			
	10.00 /	1	0.00	
PST Status	Rate	Extra	0	
GST/HST Status	Rate	Extra	0	

ssh2://10.162.14.12/

### Appendix III: Features of Verion 9.0 HST Conversion Program

The Spring 2010 release includes a number of changes to smooth the change from GST to HST.

Firstly to reflect that now half the provinces in Canada are “Participating Provinces” each reference to “GST” has been replaced with “GST/HST”, or where space did not permit, “G/HST”. This should help your employees understand the field will be used for both taxes regardless of rate.

Secondly Oneir has developed a conversion program to help convert a company’s data when the HST comes into affect on 1 July 2010. Here is what the conversion program provides.

1. When you run the conversion you will be asked what the PST and GST/HST rates are for your province.(If you have multiple divisions you will be asked this question once for each division and profit center.) This step will change the default rates for the company. If you are not in a participating province enter your existing PST and GST rate. If you are in a participating province, enter 0 as the PST rate, and the appropriate HST rate.
  - a. If you have entered a rate for PST you will be asked an additional question, “Is PST compounded with GST? (y/n)” If your province does charge PST on top of GST enter Y for Yes. If it does not or you are in a participating province enter N.
  - b. If you use point of sale you will be asked if you wish to convert the point of sale tax rates. If your company is in either Ontario or British Columbia, i.e. the new participating provinces, answer yes. Otherwise answer no. (See Point of Sale conversion section for further details.)
2. Changing Existing Customers:
  - a. The program will use the Postal Code field to determine what rate should apply to each customer code.
  - b. All Ontario Postal codes start with one of the following letters: K L, M, N, or P. These customers will be change to 13% HST.
  - c. All British Columbia Postal Codes start with the letter V. These customers will be changed to 12% HST.
  - d. Any customers with a Ontario or British Columbia postal code will be changed to PST exempt.
  - e. Customers in Newfoundland and Labrador, Nova Scotia and New Brunswick will NOT be changed. These provinces have been participating since 1997 and should have already been using the current 13% rate since 1 January 2008.

- f. The one exception to the postal code rule will be the customer CASH, this will be change to the default entered for the company in step 1 above.

Please note that this conversion will not work if the customer's postal codes are not in the field named Postal Code. The program will not search and other address field for a possible postal code. You may wish to review your customer list by printing a Customer Master Listing sorted by Postal Code. Any customer sorted out of order from their postal code may have the postal code in the wrong field.

3. Change Existing Inventory Product Codes
  - a. Since HST exemption rules are the same as GST exemption rules, the conversion will ignore any product that is currently GST exempt.
  - b. If the product is currently set up with PST status Exempt, the HST rate will be set at 5%. (see "Important Note" below.)
  - c. All products will be changed to HST rate 0 and PST rate 0. This allows the customer to control the tax rate, so customers in non-participating provinces will still be charged the GST and applicable PST rates.

\*\*\* IMPORTANT NOTE\*\*\*

Please note if your company carries items that will be charged at HST 5% due to the provincial portion being exempt, it is the users responsibility to ensure that the taxes are set up correctly on these products. The conversion program has no way of telling what a product is. It can only determine the rate from the existing product set up, i.e. PST exempt = HST 5%. If a product is currently PST exempt but will be charged at the normal HST rate that MUST be changed manually. Again please refer to your Provincial government to obtain a current list of product that will remain HST 5%. (If you use the Point of Sale module please refer to Appendix IV.)

4. Change existing Repeat Billing Contracts.
  - a. Only contracts with a cancellation date after 1 July 2010 or with no cancellation date will be affected.
  - b. If a contract is not expired, and the next scheduled billing is after 1 July 2010, it will be updated. Examples: If the contract is set up as monthly and the last invoice is dated in June 2010, it will be affected. If the contract is set up as annual and the last invoice date is between July 2009 and June 2010, it will be updated.
  - c. Within the criteria in a. and b. a contract will be updated using the status and rate from the customer file. (Already changed in step 2 above.) This will prevent any discrepancy in the addresses on the contract versus the customer.
5. Change Outstanding Layaways and Rentals
  - a. Any layaway or rentals that is picked up or dropped off, i.e. the date it become a sale, after 1 July 2010 will be subject to the new tax rate. These

layaways and rentals are already saved with the tax rates and status' that were in effect at the time they were set up.

- b. If you answered No to convert the point of sale files this step will be skipped.
- c. If you answered yes to convert the point of sale files, any outstanding layaway or rental will adjust the tax status and rate according to what was entered as the default rate in step 1.
- d. Since the overall percentage is unchanged, the total of the transaction should not change at all. If it does change it will be a very minor rounding difference and at most +/- \$0.01. If there is a difference you may either choose to discount it or refund it depending on what is required when the transaction is finalized.

Please note that the Point of Sale cannot use the customer postal code to determine the tax rate. Two factors determine this limitation on the conversion. 1) Point of Sale layaways and rentals can be recorded under the customer code CASH and that customer will not have a postal code, 2) the point of sale is driven by the division location and tax rates. The rate you entered in Step 1 is the only accurate way to control the rate change.

If you use the point of sale layaway or rental menus to ship out of province and there are any going to a non-participating HST province, they will need to be cancelled and set up again. Since normal point of sale operations are not shipping out of province these should be rare exceptions.

#### 6. Change Outstanding Sales Orders

- a. Any order that is invoiced on or after 1 July 2010 must have the new tax rules applied, regardless of when the order was placed.
- b. If a sales order is not invoiced at the time the conversion is run, it will first determine the postal code of the ship to address entered. If the postal code indicates Ontario, the PST status will be change to exempt and the GST will be change to the HST rate of 13%. If the postal code indicates British Columbia, the PST will be changed to exempt and the GST rate will be changed to the HST rate of 12%. If the ship to postal code does not indicate either province the taxes will remain unchanged.
- c. The Sales Order has the ability to allow for the inventory rate to override the rate of an order, allowing different rates on different products. With that in mind any order that has the taxes changed will have the inventory tax status/rate refreshed from the inventory set up previously changed in step 3.

The Sales Order should always have the proper shipping information inputted, even for CASH sales as it is designed for shipping goods. Without the complete address customers would not receive their orders. Therefore the conversion can use the ship to postal code. If for any reason an order does not have a postal code in the ship to address, the order will have to be updated manually. Much like the point of sale exception, this should be very rare.

7. Changing Existing Job Costing Data
  - a. In Job Costing the taxes are controlled by the Master Phase set up.
  - b. The conversion program will change the rates in the master phases to be the new rates entered in Step 1.
  - c. If you are using Job Costing and have any phases that require a different rate or tax status, you will need to adjust the exceptions manually in the Job Costing Utilities under “Add, update or delete master phases”.
  
8. Changing Outstanding Purchase Orders
  - a. Any Purchase Orders that have an invoice dated on or after 1 July 2010 will be subject to the new tax rules.
  - b. There is no way for the program to know when your supplier will date an invoice for an open Purchase Order. Therefore the conversion program will not touch Purchase Order data.
  - c. When you receive the invoice manually adjust the taxes to agree with your supplier’s invoice.

Appendix IV: HST on Books and Other Reduced Rate Items in the Point of Sale

The Point of Sale module does not have the ability to charge different tax rates on different products on the same sale. If your company sells items that have a HST rate of 5% you will need to continue to use the PST field to charge the reduced tax rate.

1. Set up the division(s) tax rates to be HST 15%, PST 7% with no compounding.
2. Set all customer tax rates to HST Extra 0%, PST Extra 0%.
3. Set the inventory rates for regular items at HST Extra 15%, PST Exempt.
4. Set the inventory items that are to be HST 5% to HST Exempt, PST Extra 5%.
5. Change the special accounts in the General Ledger so that both GST collected and PST collected are the HST collected account.

A quick way to make the adjustments to inventory is the Revise Inventory Information option off the Inventory Management utilities menu.

You may then change the tax descriptions to reflect the two HST rates in the point of sale print positions. (See Point of Sale step 3 in 'How to Convert Existing Oneir Data to HST'.)