

GOODS AND SERVICES TAX (GST)

The federal Goods and Services Tax (GST) applies to the majority of goods and services purchased by the University. Please refer to the guide "Tax on Purchased Goods and Services" for more detailed information.

The University is eligible to claim a 67% rebate of GST paid. The University's financial information system (Banner) calculates the rebate automatically when vendor invoices are paid. The

The procurement card system (FAST) will also calculate a rebate when the GST portion of each receipt is identified in the reconciliation. While this is generally straightforward, the following guidelines should assist in streamlining the decision making.

1. GST identified separately on invoice or till receipt

The taxes on invoices issued by suppliers within Canada should specify clearly the amount of federal and provincial tax being charged and will indicate the GST registration number of the supplier.

Most till receipts also show the tax paid, often presented as tx1 and tx2 (where one represents GST and the other PST). Airline tickets often show the tax under code XG.

Always ask for the till receipt, not just the credit card slip. For the tri-council grants, a credit card slip is insufficient evidence of the purchase and will be disallowed under granting guidelines.

2. GST included in purchase price

Transactions like parking and taxi fares include the GST tax but are not shown separately on the receipt. The amount attributed to GST can be easily broken out by using the following calculation:

Amount (before tip) x 5/105

If the purchased item is subject to both GST and PST and if this is not broken out separately on the receipt, the amount attributed to GST can be easily broken out by using the following calculation:

Amount x 5/112

3. GST paid while travelling/working in other provinces

Goods purchased while in another province (either travel expenses or goods) are eligible to claim the GST rebate. Please refer to "Tax By Province or Territory" to find the current rates.

As in BC, most receipts will specify the taxes being assessed. The main difference will be in provinces with the HST. While the HST will be shown on a receipt as a single tax, only the 5% attributable to the federal government is eligible for a rebate. Again, simple math can allow the calculation of the federal portion. Using Ontario (13% HST) as an example:

HST on accommodation (as per receipt) = \$63.00 → $63.00/13*5 = \$24.23$ GST

Taxi fare (before tip) \$85.00 → $85.00 * 5 / 113 = \$3.76$ GST included

4. GST self-assessed

Goods that are purchased from other provinces or territories will still be subject to the GST and will be billed accordingly by the vendor.

Goods that are purchased from outside of Canada are subject to GST on import if they would have been subject to GST if they had been purchased from a vendor inside of Canada. Many US based companies that ship regularly into Canada will have registered with Revenue Canada and will have a GST number so they can collect and remit the GST and thus expedite the customs process. Invoices from GST registrants will clearly break out the tax and the GST registration number will be displayed on the invoice.

If GST has not been assessed by the vendor, the University is responsible to self-assess the tax and remit it to Revenue Canada. There is a check box beside the GST tax block in FAST PCard, when ticked the system will calculate the tax owed automatically during the batch and post process.

Goods that are less than \$40 and arrive by mail or courier are not subject to self-assessment.

5. GST not applicable

GST is not applicable if it is:

- a) GST exempt – goods or services are considered an exempt supply (eg health care, educational services) or where the trader is a small supplier whose annual sales do not exceed \$30,000.
- b) Zero-rated supply – where a good or service is taxed at the rate of zero (eg prescription drugs, groceries, international travel).

Please refer to the guide “Tax on Purchased Goods and Services” for more detailed information.

PROVINCIAL SALES TAX (PST)

The Provincial Sales Tax (PST) applies to the majority of goods purchased by the University. Please refer to the guide “Tax on Purchased Goods and Services” for more detailed information.

Like the GST, the PST will be displayed on an invoice where it has been charged by the supplier. The PST does not apply to most services and does not apply on travel expenses such as restaurant meals, taxi fares and airfare. Please refer to the guide for more information.

When goods are brought into BC from the other provinces and territories, the PST will apply if those goods would have attracted the provincial tax when bought in BC.

The place of supply rules apply and if the goods are received on campus then the BC PST will apply. Most vendors who regularly ship into BC will be registered to collect and remit BC PST and this will be reflected on the invoice. If the PST is applicable and has not been charged by the vendor, then it must be self-assessed by ticking the check box beside PST tax block in FAST PCard.

Goods purchased and consumed in other provinces and territories are not subject to PST.