

WHERE DOES HST APPLY AND HOW?

In June 2010, Ontario implemented a Harmonized Sales Tax (HST) applicable for all service-based products purchased in Ontario. Understanding how HST applies to merchandise and services is valuable for farmers.

Applying HST

These items have been RST-free and GST-free and will continue to be HST-free. :

- Farm machinery (except tractors under 60 hp)
- Seed in farm size lots
- Fertilizer in farm size lots
- Livestock (except pets)
- Fencing
- All items that were GST free for farms at point of purchase

Items formerly RST exempt at point of purchase but will now be subject to HST. HST can be recovered by input tax credit.

Major items include:

- Tractors under 60 hp
- ATV with hitch or rack over 200 cc
- Boats/motors for fish farms
- Custom farming services
- Land rental – except share cropping
- Truck rental
- Road clearing, maintenance
- Livestock artificial insemination
- Grain storage in an elevator/bin
- Fruit and vegetable storage

- Heating oil, natural gas, propane, electricity
- Generators
- New farm buildings
- Building materials
- Machinery rental (unless the machinery would be HST free if bought)
- Purchases of land – deducting value of used buildings from land purchases for HST payment may become a matter of serious contention

Minor items include:

- Power tools and hand tools
- Ladders, wheel barrows
- Animal weight record forms
- Manger nets
- Fluids for equipment including oil, antifreeze, grease, hydraulic fluid

The above items were RST-free, but farmers will have to pay HST. Provided they file for HST (same process as for GST) they will have the tax rebated.

Vendor HST

When a farmer is a vendor selling a product, certain products may be applicable for HST, including the sale of:

- Beeswax
- Maple syrup candy
- Canary seed, grass seed, flowers, bedding plants, live trees, firewood
- Livestock as pets – horses, mules, rabbits (except where clearly for food)

- Hay in lots less than 1,650 lbs (more than one large round bale or equivalent).
- Electricity from generators connected to the grid

For all of these items if a farmer is selling them, he/she must collect and remit HST. The customer, if they are a business and are re-selling the material, can file for HST and get the tax rebated.

website. Visit OFA's website www.ofa.on.ca for the HST registration link for farmers.

For more information on HST, contact your OFA Member Service Representative or OFA's Guelph office.

Updated March 2011

RST to HST Rebates

The savings for farmers from this category greatly out-weigh any costs from the other categories. Total savings on top of the old RST exemptions will be approximately \$30 million per year. Savings will average about \$600 per farm per year or about \$2,440 in years that the farm purchases a truck for farm use. Items include:

- Farm trucks & vans
- Phones
- Computers
- Two-way radios
- Office supplies (\$500/farm/yr.) - Water treatment chemicals

For these items farmers previously paid RST and did not get it back. Farmers will now pay HST, but will be rebated.

Farmers should promptly become HST registered if they are not presently. Those farmers with GST numbers will automatically be registered. Those who make less than \$30,000 annually should still consider registering in order to recover the HST on numerous smaller inputs.

Details of the HST and how it applies to farmers and their business can be found on the Canada Revenue Agency (CRA)