

Provincial Budget

**What's taxable and what's not?**

On April 1, 2013, the Harmonized Sales Tax (HST) will come into effect in Prince Edward Island.

1. What is the HST?

The federal 5% Goods and Services Tax (GST) will be combined with a reduced 9% Provincial Tax to create a single 14% Harmonized Sales Tax (HST).

2. What do I need to know about HST?

- The Province will NOT tax home heating oil or children's clothing and footwear.
- Most items purchased by Islanders will see a decrease in the taxes applied.
- Low and modest income households will receive rebate cheques.
- HST will help business to grow and create more jobs here on the Island.

3. How will HST affect what I buy?

Examples of common products and services and how they will be affected by the HST

	GST Rate	PST Rate	Total Tax Rate Under GST	Tax Rate After Move to HST
<b>FOOD AND BEVERAGES</b>				
Basic groceries	No GST	No PST	No Tax	No HST No change
Snack foods	5.0%	10.50%	15.5%	14% (Decrease)
Prepared food	5.0%	10.50%	15.5%	14% (Decrease)
Restaurant meals	5.0%	10.50%	15.5%	14% (Decrease)
<b>AROUND THE HOUSE</b>				
Cleaning products	5.0%	10.50%	15.5%	14% (Decrease)
Laundry detergent, fabric softener	5.0%	10.50%	15.5%	14% (Decrease)
Furniture	5.0%	10.50%	15.5%	14% (Decrease)
Refrigerators and freezers	5.0%	10.50%	15.5%	14% (Decrease)
Computer software, excluding custom software	5.0%	10.50%	15.5%	14% (Decrease)
Custom software	5.0%	No PST	5.0%	14% Increase
Books	5.0%	No PST	5.0%	14% Increase
Audio books	5.0%	No PST	5.0%	14% Increase

Newspapers	5.0%	No PST	5.0%	14% Increase
Office supplies	5.0%	10.50%	15.5%	14% (Decrease)
School supplies	5.0%	No PST	5.0%	14% Increase
Landscaping materials	5.0%	10.50%	15.5%	14% (Decrease)
Linens	5.0%	10.50%	15.5%	14% (Decrease)
Tents, sleeping bags, camping supplies	5.0%	10.50%	15.5%	14% (Decrease)
Tools	5.0%	10.50%	15.5%	14% (Decrease)
Patio furniture	5.0%	10.50%	15.5%	14% (Decrease)
Pet food	5.0%	10.50%	15.5%	14% (Decrease)
Barbeques, lawnmowers, snowblowers, sprinklers	5.0%	10.50%	15.5%	14% (Decrease)
Toys (e.g., puzzles, games, action figures, dolls, playsets)	5.0%	10.50%	15.5%	14% (Decrease)
Craft supplies	5.0%	10.50%	15.5%	14% (Decrease)
Outdoor play equipment	5.0%	10.50%	15.5%	14% (Decrease)
Building materials (e.g., lumber, concrete mix)	5.0%	10.50%	15.5%	14% (Decrease)
Magazines purchased at retail	5.0%	10.50%	15.5%	14% (Decrease)
Magazines purchased by subscription	5.0%	No PST	5.0%	14% Increase
HOME SERVICES				
Cable television services	5.0%	10.50%	15.5%	14% (Decrease)
Cell phone services	5.0%	10.50%	15.5%	14% (Decrease)
Municipal water	No GST	No PST	No Tax	No HST No change
Home maintenance equipment (e.g., vacuums)	5.0%	10.50%	15.5%	14% (Decrease)
Telephone service	5.0%	10.50%	15.5%	14% (Decrease)
Repairs to goods	5.0%	10.50%	15.5%	14% (Decrease)
Cleaning services (e.g., housekeeping)	5.0%	No PST	5.0%	14% Increase
Electricity	5.0%	No PST	5.0%	14% Increase
Heating oil	5.0%	No PST	5.0%	5% No change
Other home heating products	5.0%	No PST	5.0%	14% Increase
ACCOMMODATION, TRAVEL AND PASSENGER TRANSPORTATION SERVICES				
Luggage	5.0%	10.50%	15.5%	14% (Decrease)

Parking	5.0%	No PST	5.0%	14% Increase
Municipal public transit	No GST	No PST	No Tax	No HST No change
Air travel originating in PEI to the US (excluding Hawaii) or the islands of St. Pierre and Miquelon	5.0%	No PST	5.0%	5% No change
Air travel originating in PEI to other international destinations	No GST	No PST	No Tax	No HST No change
Hotel rooms	5.0%	10.50%	15.5%	14% (Decrease)
Taxis	5.0%	No PST	5.0%	14% Increase
Camp sites	5.0%	No PST	5.0%	14% Increase
Domestic air and bus travel originating on PEI	5.0%	No PST	5.0%	14% Increase
CLOTHING AND FOOTWEAR				
Adult clothing	5.0%	No PST	5.0%	14% Increase
Adult footwear	5.0%	No PST	5.0%	14% Increase
Children's clothing	5.0%	No PST	5.0%	5% No change
Children's footwear	5.0%	No PST	5.0%	5% No change
Shoe repair	5.0%	No PST	5.0%	14% Increase
Tailoring services	5.0%	No PST	5.0%	14% Increase
Dry Cleaning	5.0%	10.50%	15.5%	14% (Decrease)
MOTORIZED VEHICLES				
Vehicle parts	5.0%	10.50%	15.5%	14% (Decrease)
Short-term auto rentals	5.0%	10.50%	15.5%	14% (Decrease)
Lease of a vehicle	5.0%	10.50%	15.5%	14% (Decrease)
Child car seats and booster seats	5.0%	No PST	5.0%	14% Increase
Auto insurance	No GST	No PST	No Tax	No HST No change
Labour charges to repair vehicle	5.0%	10.50%	15.5%	14% (Decrease)
Oil change	5.0%	10.50%	15.5%	14% (Decrease)
Tires	5.0%	10.50%	15.5%	14% (Decrease)
Window repair	5.0%	10.50%	15.5%	14% (Decrease)
Purchase of vehicle from dealer	5.0%	10.50%	15.5%	14% (Decrease)
Boats	5.0%	10.50%	15.5%	14% (Decrease)
Snowmobiles	5.0%	10.50%	15.5%	14% (Decrease)

Recreational vehicles	5.0%	10.50%	15.5%	14% (Decrease)
HEALTH PRODUCTS AND SERVICES				
Audiologist services	No GST	No PST	No Tax	No HST No change
Chiropractor services	No GST	No PST	No Tax	No HST No change
Physiotherapist services	No GST	No PST	No Tax	No HST No change
Pharmacist dispensing fees	No GST	No PST	No Tax	No HST No change
Over-the-counter medications	5.0%	10.50%	15.5%	14% (Decrease)
Prescription drugs	No GST	No PST	No Tax	No HST No change
Some medical devices (includes walkers, hearing aids)	No GST	No PST	No Tax	No HST No change
Prescription glasses/Contact lenses	No GST	No PST	No Tax	No HST No change
Dental services	No GST	No PST	No Tax	No HST No change
Dental hygiene products (e.g., toothpaste, toothbrushes)	5.0%	10.50%	15.5%	14% (Decrease)
Feminine hygiene products	5.0%	10.50%	15.5%	14% (Decrease)
Adult incontinence products	No GST	No PST	No Tax	No HST No change
Children's Diapers - cloth	5.0%	No PST	5.0%	No HST No change
Children's Diapers - disposable	5.0%	10.50%	15.5%	14% (Decrease)
Cosmetics	5.0%	10.50%	15.5%	14% (Decrease)
Hair care products (e.g., shampoo, conditioner, styling products)	5.0%	10.50%	15.5%	14% (Decrease)
Massage therapy services	5.0%	No PST	5.0%	14% Increase
Vitamins	5.0%	10.50%	15.5%	14% (Decrease)
HOME PURCHASES				
New homes	5.0%	No PST	5.0%	14% Increase
Used housing	No GST	No PST	No Tax	No HST No change
Real estate commissions	5.0%	No PST	5.0%	14% Increase
MEMBERSHIPS, ENTERTAINMENT AND SPORTS EQUIPMENT				
Admissions to professional sporting events	5.0%	10.50%	15.5%	14% (Decrease)
Movie tickets	5.0%	10.50%	15.5%	14% (Decrease)
Music lessons	No GST	No PST	No Tax	No HST No change
Skis and snowboards	5.0%	10.50%	15.5%	14% (Decrease)

Hockey equipment	5.0%	10.50%	15.5%	14% (Decrease)
Golf clubs	5.0%	10.50%	15.5%	14% (Decrease)
Green fees for golf	5.0%	10.50%	15.5%	14% (Decrease)
Gym and athletic membership fees, excluding gold memberships	5.0%	No PST	5.0%	14% Increase
Golf memberships	5.0%	10.50%	15.5%	14% (Decrease)
Ballet, karate, trampoline, hockey, soccer lessons, etc.	5.0%	No PST	5.0%	14% Increase
LEASES AND RENTALS				
Condo fees	No GST	No PST	No Tax	No HST No change
Residential rents	No GST	No PST	No Tax	No HST No change
Hockey rink and hall rental fees	5.0%	No PST	5.0%	14% Increase
ELECTRONICS				
TVs	5.0%	10.50%	15.5%	14% (Decrease)
DVD and Blu-ray players and accessories	5.0%	10.50%	15.5%	14% (Decrease)
MP3 players	5.0%	10.50%	15.5%	14% (Decrease)
Cell phones, smart phones	5.0%	10.50%	15.5%	14% (Decrease)
Cell phone service	5.0%	10.50%	15.5%	14% (Decrease)
CDs, DVDs and Blu-ray discs	5.0%	10.50%	15.5%	14% (Decrease)
Radios and stereos	5.0%	10.50%	15.5%	14% (Decrease)
Computers and printers	5.0%	10.50%	15.5%	14% (Decrease)
PROFESSIONAL AND PERSONAL SERVICES				
Child care services	No GST	No PST	No Tax	No HST No change
Legal fees (Private)	5.0%	10.50%	15.5%	14% (Decrease)
Coffins and urns purchased separately from a package of funeral services	5.0%	No PST	5.0%	14% Increase
Fitness trainer	5.0%	No PST	5.0%	14% Increase
Hair Stylist/Barber	5.0%	No PST	5.0%	14% Increase
Esthetician services (e.g., manicures, pedicures, facials)	5.0%	No PST	5.0%	14% Increase
Funeral services	5.0%	No PST	5.0%	14% Increase
Accounting and bookkeeping fees	5.0%	10.50%	15.5%	14% (Decrease)
Architecture fees	5.0%	10.50%	15.5%	14% (Decrease)

Engineering fees	5.0%	10.50%	15.5%	14% (Decrease)
Most consulting fees	5.0%	10.50%	15.5%	14% (Decrease)
Drafting and survey fees	5.0%	No PST	5.0%	14% Increase
<b>BANKING AND INVESTMENTS</b>				
Mortgage interest costs	No GST	No PST	No Tax	No HST No change
Most financial services	No GST	No PST	No Tax	No HST No change
<b>GOVERNMENT SERVICES</b>				
Driver's licence renewals and vehicle plate renewals (other than personalized licence plates)	No GST	No PST	No Tax	No HST No change
Hunting and fishing licences	5.0%	No PST	5.0%	14% Increase
Vital documents (e.g., health cards, birth certificates)	No GST	No PST	No Tax	No HST No change
<b>CONSUMPTION TAXABLE ITEMS</b>				
Tobacco	5.0%	No PST	5.0%	14% See note 1
Gasoline/Diesel	5.0%	No PST	5.0%	14% See note 1
Alcoholic beverages	5.0%	10.50%	15.5%	14% See note 1
1 Prices will be adjusted through changes to the Provincial consumption taxes on these goods in order to maintain our competitive position with neighbouring provinces.				

Over the coming months, government will consult with Islanders on an implementation plan to ensure a smooth transition to HST for both individuals and businesses.

HST is a tax administered by the federal government through the Canada Revenue Agency.  
 If you have specific questions on how the HST applies to your business or whether a good or service is taxable under the HST, you can contact them at 1-800-959-8287 for assistance.



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URL: <http://www.gov.pe.ca/budget/index.php3?number=1042714&lang=E>

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