

# How to beat HST: Pre-pay before May

## Transition rules for combined sales tax announced by Queen's Park

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Prepay that funeral and buy those long-term newspaper and magazine subscriptions if you want to beat the 13 per cent harmonized sales tax.

Under transition rules announced Thursday, the provincial government announced the tax, which blends the 8 per cent provincial sales tax with the 5 per cent federal GST, will not apply to funeral services paid for before next July 1.

That's the date the HST takes effect.

Subscriptions to newspapers, magazines and other periodical publications would also be exempt from the levy if paid for before the cut-off.

"These rules provide greater clarity for Ontarians as we move to implement a comprehensive tax package that will improve Ontario's competitive edge, helping to create a strong, growing economy and the jobs that come with it," Revenue Minister John Wilkinson said in a statement.

The HST would not apply to travel on round-trips that start before July 1.

However, as of May 1, the tax will be slapped on most other prepayments for goods and services to be provided after the day the tax is up and running.

That's consistent with what Quebec and the Atlantic provinces did when they blended their sales taxes with the federal levy.

Finance Minister Dwight Duncan said in a statement that the controversial reform is "the single most important action the government could take to strengthen the Ontario economy for the long term."

That's because the business-friendly HST is designed to make the province a more attractive place to invest, he said.

"It would provide a lifeline to many businesses and would position the economy for rapid growth as Ontario emerges from the economic downturn."

The provincial government claims the changes will eventually save businesses \$4.5 billion annually in embedded taxes and an additional \$2.5 billion a year in corporate taxes.

Critics have charged that the Liberals are helping businesses on the backs of consumers, who will pay higher taxes on hundreds of goods and services, including gasoline, heating fuel, fast food value meals, and legal and other professional fees.