

Provincial Tax News

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ONTARIO EMPLOYER HEALTH TAX – CHANGES TO EXEMPTION RULES

— Peter Tomlinson, Wolters Kluwer CCH

As announced by Finance Minister Charles Sousa in the Ontario Budget presented on May 3, 2013, the province is making changes to the exemption rules for employer health tax ("EHT").

The EHT is a payroll tax imposed pursuant to the *Employer Health Tax Act* on all employers who have a permanent establishment in Ontario. An exemption from the EHT is available for eligible employers such as:

- private sector employers;
- organizations that receive financial assistance from the government (but are not under government control); and
- Crown corporations subject to tax under Part I of the *Income Tax Act* (Canada).

Currently, the first \$400,000 of an eligible employer's payroll (or an associated group of employers) for a year is exempt from the EHT, regardless of the size of the employer or the group of employers. Any payroll over \$400,000 is subject to the EHT at 1.95%. Bill 105, *An Act to amend the Employer Health Tax Act*, which received first reading on September 24, proposes to modify this exemption.

Starting January 1, 2014, the EHT exemption amount will increase by \$50,000, and the first \$450,000 of an eligible employer's payroll will be exempt from the tax. In 2019, and every 5 years thereafter, the exemption amount will be adjusted for inflation.

Also starting January 1, 2014, the EHT exemption will be eliminated for employers (or an associated group of employers) whose payroll exceeds \$5,000,000 for a year. This means that no amount of their payroll will be exempt from the EHT. However, registered charities will continue to receive the benefit of the exemption, regardless of the total amount of remuneration paid.

It's estimated that these changes will provide up to \$975 in tax relief for small employers annually, and result in larger employers paying additional EHT of up to \$7,800 per year.

The amendments to the *Employer Health Tax Act* are still subject to the final approval of the Legislative Assembly of Ontario. For additional details, please refer to the following:

- Bill 105, *An Act to amend the Employer Health Tax Act*;
- Ontario Employer Health Tax (Payroll Tax) commentary, ¶168-160 Exemptions from Tax; and
- 2013 Ontario Budget dispatch.

RECENT DEVELOPMENTS

The following lists recent tax developments by jurisdiction. Recently issued documents are available on the Provincial Tax News Tracker on CCH Online. For a summary of new or revised content in each Provincial Tax Reporter, see also What's New pages for each Reporter on online or on DVD.

Alberta

Government Documents

Forms and Publications

- **Budget** — 2013-14 First Quarter Fiscal Update and Economic Statement (issued August 2013)
- **Commodity Taxes (Other) — Fuel Tax** — Registered/Approved Entities — Registered Renewable Fuel Resellers (Alberta Fuel Tax Act) (issued September 2013)
- **Miscellaneous Taxes** — AT317, *Tourism Levy Return* (issued July 2013)
- **Tax Administration** — *Prescribed Interest Rates* (revised September 4, 2013)
- **Other** — *Alberta Heritage Savings Trust Fund — First Quarter Update 2013-2014* (issued August 2013)

British Columbia

Commentary

- **Property and Municipal Taxes** — British Columbia Property Transfer Tax commentary has been updated starting at ¶26-000.
- **Commodity Taxes (Other) — Fuel Tax** — A new roadmap has been added on British Columbia Gasoline and Fuel Taxes at ¶40-000.

Government Documents

Bulletins, Circulars, and Notices

- **Sales Tax** — Bulletin PST 119, *Restaurants and Liquor Sellers* (revised September 2013)
- **Sales Tax** — Bulletin PST 301, *Related Services* (revised September 2013)
- **Sales Tax** — Bulletin PST 107, *Telecommunication Services* (revised September 2013)
- **Sales Tax** — Bulletin PST 112, *Logging Industry* (issued August 2013)
- **Sales Tax** — Notice 2013-011, *Notice to Off-Road Vehicle Owners* (issued August 2013)

Forms and Publications

- **Budget** — *Budget Consultation Paper, 2014* (issued September 10, 2013)
- **Sales Tax** — FIN/355/PME/WEB, *Application for Refund of Provincial Sales Tax (PST) — Production Machinery and Equipment* (for PST paid after March 31, 2013) (revised September 2013)
- **Commodity Taxes (Other) — Tobacco Tax** — FIN 125/WEB, *Collector's Return, Tobacco Tax Act* (to be used for reporting purchases and sales of tobacco products as of October 1, 2013) (issued August 2013)
- **Commodity Taxes (Other) — Tobacco Tax** — FIN 227/WEB, *Wholesale Dealer's Inventory Return, Tobacco Tax Act* (as of October 1, 2013) (issued August 2013)
- **Resource Taxes** — Information Letter PAR2013-09, *Natural Gas Posted Minimum Price for the Month of August 2013* (issued September 2013)
- **Other** — *First Quarterly Report (Economic Outlook, 2013/14 Financial Update & Three Month Results April-June 2013)* (issued September 2013)

Manitoba

Government Documents

Forms and Publications

- **Sales Tax** — Form RT6, *Application for Refund — Real Property Contracts Subject to 2013 Transitional Rate Change Rules* (issued July 2013)
- **Sales Tax** — Form RT6, *Application for Refund — Real Property Contracts Subject to 2013 Transitional Rate Change Rules (Residential Properties)* (issued July 2013)
- **Commodity Taxes (Other) — Fuel Tax** — *IFTA Fuel Tax Rate Chart — Third Quarter of 2013* (issued September 2013)
- **Commodity Taxes (Other) — Fuel Tax** — *Manitoba IFTA Newsletter — Third Quarter of 2013* (issued September 2013)

Case Law

- **Property and Municipal Taxes** — *Thunderbird Holdings Limited v. Manitoba*, 2013 MBCA 78 (August 27, 2013) — whether the registrar can grant an extension of time for owners to redeem property following a tax sale

New Brunswick

Government Documents

Forms and Publications

- **Sales Tax — HST** — CSS-FOL-HST-R-02B, *Application for Refund — Harmonized Sales Tax* (revised August 2013)
- **Sales Tax — Provincial Vehicle Tax** — CSS-FOL-PVT-R-01B, *Application for Refund — Provincial Vehicle Tax* (revised August 2013)

Nova Scotia

Government Documents

Forms and Publications

- **Commodity Taxes (Other) — Fuel Tax** — Tax Information Bulletin 5101, *Summary of Current Fuel Enforcement Provisions* (issued August 2013)
- **Commodity Taxes (Other) — Fuel Tax** — Tax Information Bulletin SNSMR-FT-Compliance-V.26.08.13, *Fuel Tax Compliance Measures* (issued August 2013)
- **Commodity Taxes (Other) — Tobacco Tax** — Tax Information Bulletin 5100, *Summary of Current Tobacco Enforcement Provisions* (issued August 2013)
- **Commodity Taxes (Other) — Tobacco Tax** — Tax Information Bulletin 5099, *Summary of Current Requirements for Wholesale Tobacco Vendor Records* (issued August 2013)

Nunavut

Legislation

The third Legislative Assembly of Nunavut was dissolved on September 22, 2013. The fourth territorial general election will be held October 28, 2013.

Ontario

Legislation

Statutes

- **Payroll Tax** — Bill 105, *Supporting Small Businesses Act, 2013* (First Reading September 24, 2013) — proposed amendments to the *Employer Health Tax Act* to increase the general exemption for small businesses from \$400,000 to \$450,000 for 2014, with subsequent increases every five years for inflation, and to eliminate the exemption for larger businesses or groups of associated businesses with total annual Ontario remuneration over \$5 million, as announced in the 2013 Ontario Budget

Regulations

- **Property and Municipal Taxes** — O. Reg. 273/13 made under the *Assessment Act* — amending O. Reg. 282/98, *General*

Government Documents

News Releases and Announcements

- **Tax Administration** — *Interest rates for October 1 to December 31, 2013* (October 1, 2013)
- **Other** — *Changes to the GAINS Benefit Rate Tables — September 2013* (Benefit period: October 1, 2013 to December 31, 2013) (October 1, 2013)

Quebec

Legislation

Regulations

- **Income Tax** — O.C. 936-2013, *Regulation to amend the Regulation under the Act respecting parental insurance*
- **Property and Municipal Taxes** — Draft *Regulation to amend the Regulation respecting compensations in lieu of taxes*

Government Documents

Bulletins, Circulars and Notices

- **Income Tax** — Information Bulletin 2013-10, *Fiscal measures designed to stimulate investment by individuals and businesses* (issued October 2010)
- **Income Tax** — Information Bulletin 2013-9, *Changes to the refundable tax credit for multimedia titles (general) and refundable tax credit for corporations specialized in production of multimedia titles* (issued September 2013)
- **Income Tax** — Interpretation Bulletin IMP. 92.5-1/R1, *Interest Deemed to Accrue on a Prescribed Debt Obligation* (revised September 2013)
- **Income Tax** — Interpretation Bulletin IMP. 37-1/R23, *Value of certain taxable benefits received or enjoyed by hotel or restaurant employees by reason of their office or employment* (revised September 2013)
- **Income Tax** — Interpretation Bulletin IMP. 776-1/R7, *Credit for Political Contributions* (revised September 2013)
- **Sales Tax** — Information Bulletin 2013-8, *Partial rebate of the Quebec sales tax granted to municipalities* (issued September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 177-7/R1, *Sweetened Dried Cranberries* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 16-10/R1, *The Québec Sales Tax and Road Vehicles* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 1-3/R1, *The Meaning of "Road Vehicle"* (revised September 2013)

- **Sales Tax** — Interpretation Bulletin - TVQ. 177-3/R2, *Pastry Products, Bread Products and Similar Products* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 177-4/R3, *Creatine and Similar Products* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 177-1/R2, *Supply of food supplements and similar products — Meaning of the words “food”, “beverages” and “ingredients”* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 16-12/R2, *The Estimated Value Rule and the Option to Purchase a Leased Road Vehicle* (revised September 2013)
- **Sales Tax** — Interpretation Bulletin TVQ. 178-2/R1, *Supply of Farmland by way of Lease, Licence or Similar Arrangement* (revised September 2013)
- **Tax Administration** — Interpretation Bulletin ADM. 4/R4, *Voluntary Disclosures* (revised September 2013)
- **Tax Administration** — Interpretation Bulletin LAF. 28-1/R99, *Interest rates* (revised September 2013)

Forms and Publications

- **Income Tax** — Form CO-1027-T, *Calculation of Instalments for Corporations* (revised September 2013)
- **Income Tax** — Form TP-772-V, *Foreign Tax Credit* (revised October 2013)
- **Income Tax** — Form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax for an Individual or a Self-Employed Person* (revised September 2013)
- **Income Tax** — Form TP-80.1-V, *Calculation of Business or Professional Income, Adjusted to December 31* (revised October 2013)
- **Income Tax** — Form TP-965.39.4-V, *Calculation of the CIP Deduction* (revised October 2013)
- **Income Tax** — Form TPZ-1029.MD.8-V, *Application for Advance Payments for Services Included in Condominium Fees — Tax Credit for Home-Support Services for Seniors* (revised October 2013)
- **Income Tax** — Form TPZ-1029.MD.5-V, *Information Return: Tax Credit for Home-Support Services for Seniors* (revised October 2013)
- **Income Tax** — Form TPZ-1029.MD.5.C-V, *Cost of Eligible Services Included in Condominium Fees — Tax Credit for Home-Support Services for Seniors* (revised October 2013)
- **Income Tax** — Form TP-752.0.0.6-V, *Adjustment for Income Replacement Indemnities Received from a Public Compensation Plan Outside Québec* (revised October 2013)
- **Income Tax** — Form TP-776.1.ND-V, *Tax Credit for Recent Graduates Working in Remote Resource Regions* (revised October 2013)
- **Income Tax** — Form RD-1029.8.16.1-V, *Tax Credit for Private Partnership Pre-Competitive Research* (revised October 2013)
- **Income Tax** — Form TP-1129.RI-V, *Special Tax on an Excess Amount Under a Profit-Sharing Plan* (revised October 2013)
- **Income Tax** — Form TP-25-V, *Income Tax Payable by an Individual Resident in Canada, Outside Québec, Who Carries On a Business in Québec* (revised September 2013)
- **Sales Tax** — Form LM-15-V, *Voluntary Disclosure Application* (revised September 2013)

News Releases and Announcements

- **Income Tax** — *Elimination of the Temporary Increase in the Compensation Tax for Certain Financial Institutions* (September 12, 2013)
- **Sales Tax** — *Mandatory Registration for the GST/HST and QST for Taxi Drivers Carrying On a Taxi Business* (September 18, 2013)
- **Sales Tax** — *Music Programs* (September 26, 2013)
- **Sales Tax** — *Sleeping-accommodation establishments and consumption taxes* (October 2, 2013)



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For CCH Canadian Limited

ROBIN MACKIE, Director of Editorial
Tax, Accounting and Financial Planning
(416) 228-6135
e-mail: Robin.Mackie@wolterskluwer.com

NATASHA MENON, Content Product Manager
Tax, Accounting and Financial Planning
(416) 224-2224, ext. 6360
e-mail: Natasha.Menon@wolterskluwer.com

Notice: Readers are urged to consult their professional advisers prior to acting on the basis of material in this newsletter.

CCH Canadian Limited
300-90 Sheppard Avenue East
Toronto ON M2N 6X1
416 224 2248 · 1 800 268 4522 tel
416 224 2243 · 1 800 461 4131 fax
www.cch.ca

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