

## **The Impact of Harmonized Sales Tax (HST) on the Film Industry in BC**

British Columbia will harmonize its provincial sales tax (PST) with the federal goods and services tax (GST) effective July 1, 2010.

The PST of 7% with the GST of 5% will result in a combined Harmonized Sales Tax (HST) rate of 12%.

The HST will be administered by the Federal Government of Canada, not the Province of British Columbia.

HST is a single harmonized value-added tax. Like the GST, the HST will be recoverable for the film industry.

The harmonization of PST and GST will result in lower costs of production as the film industry in BC will no longer be required to pay unrecoverable PST.

Harmonization will be a welcome relief to the film industry in BC. In addition to actual cost savings, it will also reduce sales tax compliance time and costs.

### **Transitional Rules**

Transition rules will apply to transactions that straddle the July 1, 2010 implementation date. The HST will apply to goods and services purchased on or after July 1, 2010. In addition, the HST will generally apply to prepayments for goods or services that would be provided on or after July 1, 2010.

To the extent the purchase of goods that would be subject to PST can be delayed to after June 30, 2010, PST savings of 7% can be realized.

### **Temporary Restricted Input to Tax Credits**

Film industry businesses with annual sales in excess of \$10 million, will be subject to a temporary restriction on recovering the provincial component of the HST for items such as energy, certain telecommunication services, certain road vehicles and food, beverage and entertainment expenses.

### **CONTACT:**

Canada Revenue Agency: Technical Questions: 1-800-959-5525  
Ministry of Finance: 1-877-388-4440

For more information, please visit  
[www.sbr.gov.bc.ca](http://www.sbr.gov.bc.ca) and follow the links to Harmonized Sales Tax.