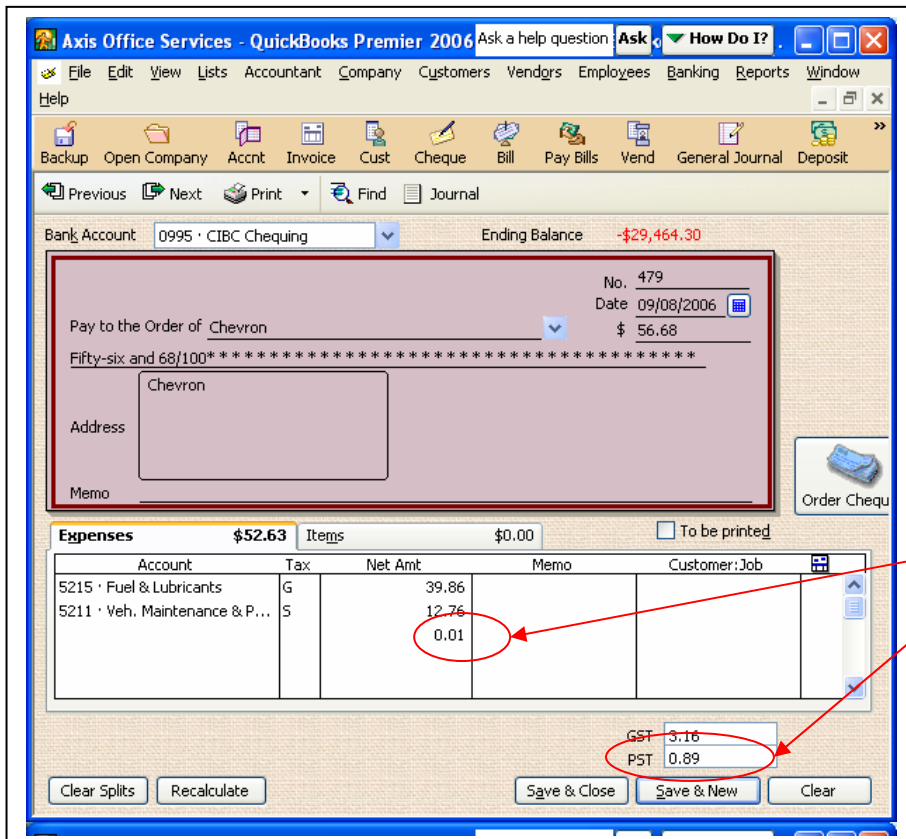


PST IN CANADA

There are a couple of areas where PST/RST commonly causes problems in QuickBooks for users who are inexperienced or do not understand tax preparation. Prevention is the best cure:

Firstly, it is important to ensure that the PST on purchases is not recorded to its own expense account. To record PST on purchases to its own expense account produces inconsistencies in the P & L. In addition, the accountant who prepares the year-end tax return cannot possibly decipher where to record the PST on the tax return because the PST originated in dozens of differing expense, Balance Sheet or COG categories. The PST in Canada should be included in the same account as the item or service being purchased (the exceptions are rare).

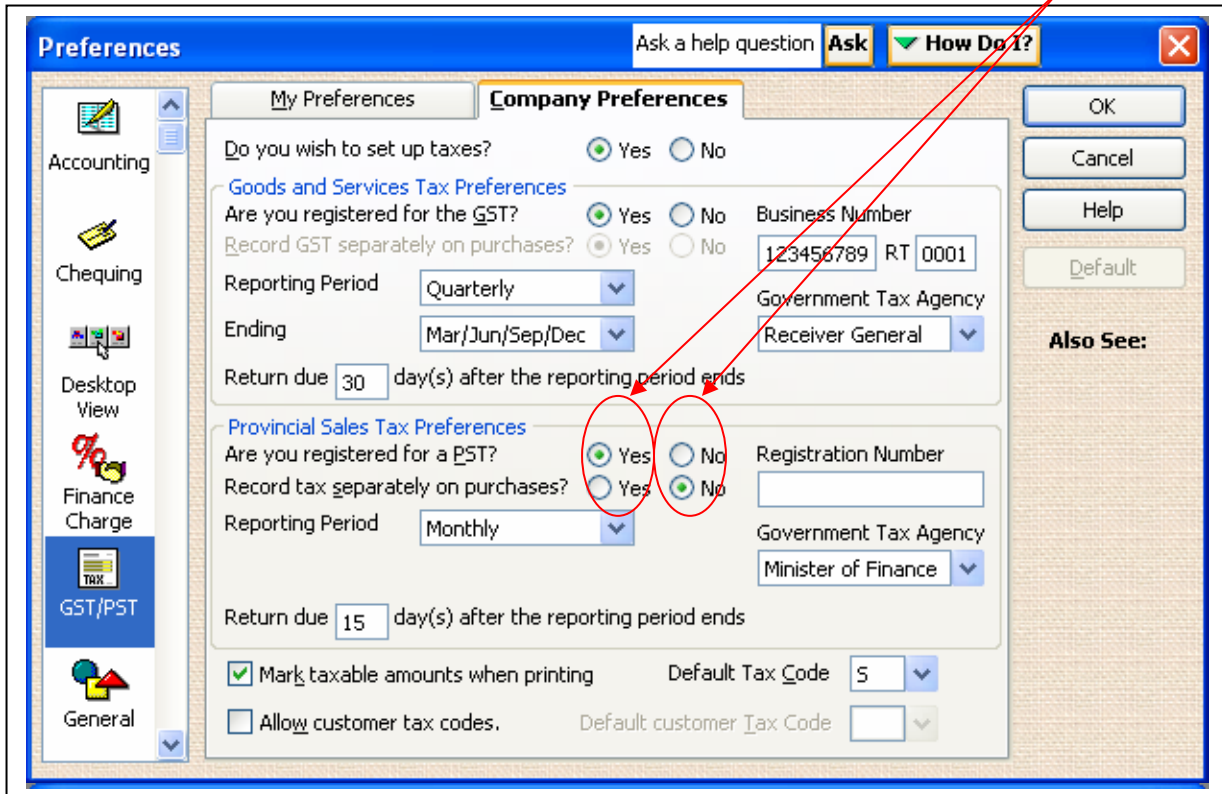
QuickBooks can also cause frustration where one wishes to edit the "PST" box on a purchase transaction. It is not uncommon for Point-Of-Sale terminals to round the PST and GST differently than QuickBooks. In older versions of QuickBooks, the PST value cannot be manually edited in a purchase transaction unless one selects the appropriate setting in "Preferences". The following screenshot shows \$.01 difference in the rounding of the transaction. Hence, the QuickBooks user would need to take the penny and (looking at the original purchase receipt or invoice), allocate it to either PST or GST:



In this screenshot, the value in the PST box is clearly visible and can be edited by hitting the \$.89 with the mouse and overwriting it (the user deletes the penny first).

In older versions of QuickBooks, the PST box is greyed out. The user cannot manually edit the value in the PST box unless the "Preferences" are set up a specific way.

To set up a company file appropriately for PST, click on the "Edit" menu and select "Preferences". Scroll down at the left to "GST/PST" icon. Click on this icon. Click on "Company Preferences". Ensure that the computer is set for "No" where it displays "Record Tax separately on purchases?" Ensure that "Yes" is selected for "Are you registered for PST?" (even if the company is not registered for PST). If the company is not registered for PST, leave the "Registration Number" box blank. Click on "OK".



Regarding what purchases are subject to PST/RST in Canada, there is not complete continuity across Canada. The following table outlines the application of PST (Provincial Sales Tax), RST (Retail Sales Tax), QST (Quebec Sales Tax) and HST (Harmonized Sales Tax) in the provinces of Canada:

Province	PST RST QST	HST	Accommodation or Hotel tax	Piggy-back (PST charged on GST)
British Columbia	yes - PST		yes	
Alberta			yes	
Saskatchewan	yes - PST		yes	
Manitoba	yes - RST		yes	
Ontario	yes - RST		yes	
Quebec	yes - QST		yes	yes
Prince Edward Island	yes - PST		yes	yes
New Brunswick		yes		
Nova Scotia		yes		
Newfoundland and Labrador		yes		
Nunavut				
Northwest Territories				
Yukon				

THE FOLLOWING SUMMARY OUTLINES THE BASIC PRINCIPLES OF PST/RST/QST/HST IN CANADIAN PROVINCES. THIS SUMMARY DOES NOT IN ANY WAY COMPLETELY REFLECT THE PARAMETERS OF SAID TAXES IN ANY PROVINCE. CONSULT YOUR PROVINCIAL TAXATION BRANCH FOR BULLETINS AND GUIDES:

British Columbia

PST applies to consumer goods and services. Exceptions include children's clothing, educational courses and materials, items purchased for farming, insurance services and foodstuffs.

British Columbia also has a Hotel Room Tax.

Alberta

Alberta does not have a Provincial Sales Tax.

Alberta has a Hotel Room Tax.

Saskatchewan

PST applies to the purchase or rental of new and used tangible personal property. The following services are also subject to PST: telecommunication services, cable television, telephone answering services, accommodation, repair or installation labour, legal services, laundry and dry-cleaning services, security and investigation services, credit reporting and account collection services, real estate commissions, commercial building cleaning services, accounting services, engineering and architectural services, veterinary services, computer services, employment placement services and advertising services.

Saskatchewan also charges a tax on short-term accommodations.

Manitoba

PST applies to consumer goods and services. Exceptions include children's clothing less than \$150., medical and dental treatments and supplies, essential foods and items purchased for farming.

Manitoba also charges a tax on short-term accommodations.

Ontario

PST applies to consumer goods, admission fees, insurance, telecommunication services, cable, pay television, accommodation for less than one month, repair or installation labour on tangible personal property, labour on computer programs and commercial parking. Exceptions include children's clothing, medical and dental treatments and supplies, essential foods, natural gas and qualifying production machinery.

Quebec

QST applies to consumer goods and services. Exceptions include child-care services, educational services, residential leases of more than one month, essential foods, prescription drugs, financial services and items purchased for farming.

Quebec also charges a tax on short-term accommodations.

Consumers are also charged PST on GST.

Prince Edward Island

PST applies to consumer goods and services. Exceptions include baby goods, school supplies, consulting services, safety gear, foodstuffs, electricity and medical and dental treatments and supplies.

Prince Edward Island also charges a tax on short-term accommodations.

Consumers are also charged PST on GST.

New Brunswick

HST applies to consumer goods and services. Exceptions are residential rentals, financial and insurance services, childcare services, educational services, medical services. medical and dental treatments and supplies, essential foods and prescription drugs.

Nova Scotia

HST applies to consumer goods and services. Exceptions are residential rentals, financial and insurance services, childcare services, educational services, medical services. medical and dental treatments and supplies, essential foods and prescription drugs.

Newfoundland and Labrador

HST applies to consumer goods and services. Exceptions are residential rentals, financial and insurance services, childcare services, educational services, medical services. medical and dental treatments and supplies, essential foods and prescription drugs.

Nunavut

Nunavut does not have a Provincial Sales Tax.

Northwest Territories

Northwest Territories does not have a Provincial Sales Tax.

Yukon

Yukon does not have a Provincial Sales Tax.

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