

General Transitional Rules for British Columbia HST

Services

This section describes the general transitional rules for supplies of services, as well as specific transitional rules for funeral and cemetery services, passenger transportation services and freight transportation services.

General Rules

The HST would generally apply to a supply of a service to the extent that the service is performed on or after July 1, 2010. The HST would generally not apply, however, to a supply of a service if all or substantially all (90 per cent or more) of the service is performed before July 2010.

Consideration due or paid on or after July 1, 2010

The HST would generally apply to consideration that becomes due, or is paid without having become due, on or after July 1, 2010 for a supply of a service, to the extent that the consideration is for the part of the service that is performed on or after July 1, 2010.

Example 5: A person hires a consulting firm to perform a service during the summer of 2010 but is not invoiced, and does not pay, for the service until August 2010. One-third of the service is performed in each of the months of June, July and August 2010. The HST would apply to the consideration that is for the part of the service performed in July and August (i.e., two-thirds of the consideration). 6/22

Consideration due or paid on or after May 1, 2010 and before July 2010

The HST would generally apply to consideration that becomes due, or is paid without having become due, on or after May 1, 2010 and before July 2010 for a supply of a service to the extent that the consideration is for the part of the service that is performed on or after July 1, 2010. In such circumstances, the supplier would be required to account for the B.C. component of the HST in the GST/HST reporting period of the supplier that includes July 1, 2010. The recipient of the supply would be able to claim any available input tax credits in respect of the B.C. component of the HST in the GST/HST reporting period of the recipient that includes July 1, 2010.

Example 6: In May 2010, a person pays for seasonal yard maintenance service, 50 per cent of which will be performed after June 2010. The HST would apply to 50 per cent of the consideration for that service and the supplier would account for the B.C. component of the HST in the GST/HST reporting period of the supplier that includes July 1, 2010.

Consideration due or paid after October 14, 2009 and before May 2010

Persons who are not consumers – e.g., businesses and public services bodies – may be required to self-assess the B.C. component of the HST on consideration that becomes due, or is paid without having become due, after October 14, 2009 and before May 2010 for a supply of a service, to the extent that the consideration is for the part of the service that is performed on or after July 1, 2010.

The requirement to self-assess in these circumstances would generally apply only to:

- non-consumers acquiring the service for consumption, use or supply otherwise than exclusively in the course of their commercial activities (*e.g.*, a business, such as a financial institution, that is acquiring the service to make GST/HST-exempt supplies);
- non-consumers acquiring the service for consumption, use or supply exclusively in the course of their commercial activities but in circumstances where the service would be subject to an input tax credit restriction or recapture (*e.g.*, certain entertainment expenses subject to the 50 per cent input tax credit recapture rules in the ETA);
- non-consumers that use simplified procedures available under the ETA for calculating their net tax (*e.g.*, certain charities, public service bodies, and small businesses); and
- selected listed financial institutions, which use a special attribution method in determining their net tax.

A person who is required to self-assess in these circumstances would be required to account for the tax either: (i) in the GST/HST return of the person for the reporting period that includes July 1, 2010, if the due date for that return is before November 2010, or (ii) in any other case, in prescribed form and before November 2010.

Example 7: In December 2009, a company making both taxable and exempt supplies is invoiced for a supply of a janitorial service, part of which will be performed after June 2010. The company must self-assess the B.C. component of the HST on the consideration that is for the part of the service to be performed after June 2010. The company could claim any available input tax credits in respect of that tax in the reporting period of the company that includes July 1, 2010.