



Canada Revenue
Agency

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du Canada

Quick Method of Accounting for GST/HST

Includes Form GST74

Is this guide for you?

This guide explains how to use the Quick Method of accounting. It does not apply to qualifying non-profit organizations, municipalities, universities, public colleges, school authorities, or hospital authorities. If your organization is one of these, see Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

GST/HST and Quebec

In Quebec, Revenu Québec administers the GST/HST. If the physical location of your business is in Quebec, you have to file your returns with Revenu Québec using its forms. For more information, see the Revenu Québec publication IN-203-V, *General Information Concerning the QST and the GST/HST*, available at www.revenu.gouv.qc.ca, or call 1-800-567-4692.

If you have a visual impairment, you can get our publications in braille, large print, etext (CD or diskette), or MP3. For more information, go to www.cra.gc.ca/alternate or call 1-800-959-2221.

What's new?

We list the major changes below, including changes that have been announced but were not law at the time of printing this guide. If they become law as proposed, they will be effective as of the dates indicated. For more information on these and other changes, see the areas outlined in colour in this guide.

Harmonized sales tax for Ontario

As of July 1, 2010, Ontario harmonized its retail sales tax with the GST to implement the harmonized sales tax in Ontario at the rate of 13% (5% federal part and 8% provincial part).

Harmonized sales tax for British Columbia

As of July 1, 2010, British Columbia (BC) harmonized its provincial sales tax with the GST to implement the harmonized sales tax in BC at the rate of 12% (5% federal part and 7% provincial part).

Harmonized sales tax rate change for Nova Scotia

As of July 1, 2010, Nova Scotia increased its harmonized sales tax rate to 15% (5% federal part and 10% provincial part).

Mandatory electronic filing

Under proposed changes, for reporting periods that end after June 2010, you may have to file your GST/HST returns electronically. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, or go to www.cra.gc.ca/gsthst.

Place of supply rules

The place of supply rules have changed. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

My Business Account

You can now use the Instalment payment calculator service to calculate your instalment payments and view their related due dates.

To learn more about the growing list of services available in My Business Account, go to www.cra.gc.ca/mybusinessaccount.

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Definitions

Associated – for GST/HST purposes, is generally used to describe a relationship between persons where one controls the other. An association may exist between:

- two or more corporations;
- an individual and a corporation;
- an individual and a partnership or trust; or
- two persons, if they are associated with the same third person.

Capital property – generally means:

- any depreciable property that is eligible or would be eligible for a capital cost allowance deduction for income tax purposes; and
- any property, other than depreciable property, which, if you disposed of it, would result in a capital gain or capital loss for income tax purposes.

Eligible capital property – generally means property that does not physically exist but that gives you a lasting economic benefit such as goodwill, franchises, concessions, and licences for an unlimited period.

Participating province – means the province of British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario.

Permanent establishment – of a person generally means:

- the person's fixed place of business through which the person supplies property or services; or
- a fixed place of business of someone else (other than a broker or an agent) who is acting in Canada for the person and through whom the person supplies property or services in the ordinary course of business.

Place of business – means any premises, facility, or installation used to carry on business, whether or not it is used exclusively for that purpose. Premises, facilities, or installations may be considered to be a place of business whether they are owned or rented, or, in some cases, where they are simply available to the business.

Supply – means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, or other disposition.

The Quick Method of accounting

The Quick Method is a simplified accounting option available to help small businesses calculate their net tax for GST/HST purposes. This method reduces paperwork and makes it easier to calculate GST/HST remittances and file GST/HST returns because it eliminates the need to report the actual GST/HST paid or payable on most purchases.

When you use the Quick Method, you still charge the GST at the rate of 5% GST or the HST at the applicable rate (see the chart on page 7) on your taxable supplies of goods and services. However, to calculate the amount of GST/HST to remit, you multiply the amount of your GST/HST-included supplies for the reporting period by the Quick Method remittance rate, or rates, that apply in your situation.

The remittance rates of the Quick Method are less than the 5%, 12%, 13%, or 15% rates of tax that you charge. This means that you remit only a part of the tax that you collect, or that is collectible. Since you cannot claim input tax credits (ITCs) on most of your purchases when you use this method, the part of the tax that you keep accounts for the approximate value of the ITCs you would otherwise have claimed. For information on the different remittance rates, see "What are my Quick Method remittance rates?" on page 8.

Note

Whether the Quick Method will be more beneficial for you to use than the regular method depends on your specific situation.

Who can make this election?

You can use the Quick Method if you meet all of the following conditions:

- you have been in business continuously throughout the year (365 days) ending immediately before your current reporting period (if you are a new registrant, see the next page);
- you did **not** revoke an election for the Quick Method or the simplified method to calculate ITCs during that 365-day period;
- you are **not** a person listed under "Exceptions" below; and
- your annual worldwide taxable supplies **and those of your associates** (including the GST/HST and zero-rated supplies) for at least **one** of the four consecutive quarter periods, either the first four or the last four, out of the last five fiscal quarters are not more than \$200,000. When you calculate your annual worldwide taxable supplies, exclude supplies of financial services and sales of real property, capital property, and eligible capital property (including goodwill).

Exceptions

The following persons **cannot** use the Quick Method:

- accountants or bookkeepers;
- financial consultants;
- lawyers (or law offices);
- actuaries;
- notaries public;
- listed financial institutions;

- audit services;
- tax return preparers or tax consultants;
- municipalities or local authorities designated as municipalities;
- public colleges, school authorities, or universities, established and operated not for profit;
- hospital authorities;
- charities; and
- non-profit organizations with at least 40% government funding in the year (qualifying non-profit organizations).

Note

A special Quick Method is available to qualifying non-profit organizations, selected public service bodies (municipalities, universities, public colleges, school authorities, and hospital authorities), and some charities. For more information, see Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

Example

ABC Shoe Store is a GST/HST registrant located in Calgary, Alberta, where it has operated for the last 5 years and makes all of its supplies. It files quarterly GST/HST returns and has always used the regular method of calculating its net tax. ABC Shoe Store is not a type of business listed under “Exceptions” above. They would like to use the Quick Method beginning April 1, 2010.

ABC Shoe Store’s worldwide taxable sales (including the GST/HST) for the last five fiscal quarters are as follows:

ABC Shoe Store Calgary, Alberta		
Taxable sales (including the GST) for the fiscal quarters ending:		
March 31, 2009	\$ 39,000	
June 30, 2009	\$ 59,000	\$ 59,000
September 30, 2009	\$ 64,000	\$ 64,000
December 31, 2009	\$ 35,000	\$ 35,000
March 31, 2010		\$ 43,000
Total for four consecutive quarters	\$ 197,000	\$ 201,000

The total sales (including the GST) for the first four fiscal quarters (ending December 31, 2009) are \$197,000. The total sales (including the GST) for the last four fiscal quarters (ending March 31, 2010) are \$201,000.

Since at least **one** of the four-quarter periods out of the five most recent fiscal quarters has GST-included sales that are not more than \$200,000, ABC Shoe Store can elect to start using the Quick Method on April 1, 2010.

New registrants

If you have not been in business continuously for the past year but you are an eligible type of business, you may be eligible to use the Quick Method. You can elect to use the Quick Method if you can reasonably expect your worldwide taxable supplies to be \$200,000 or less in your first full year of business.

When can you make the election?

If you file annual GST/HST returns, you have to make the election by the first day of your second fiscal quarter.

If you file monthly or quarterly GST/HST returns, you have to make your election by the due date of the return in which you begin using the Quick Method.

You can start using the Quick Method on the effective date you indicate to us. However, this date has to be the first day of a GST/HST reporting period.

If you previously elected to use the Quick Method and had revoked that election, you have to wait at least one year from the date the revocation became effective before you can elect to use the Quick Method again.

How do you elect to use the Quick Method?

To elect to use the Quick Method, complete and send Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, to your tax services office.

How long does the election stay in effect?

Generally, the election stays in effect as long as the total annual revenue from your worldwide taxable supplies (including the GST/HST), and those of your associates, does not exceed \$200,000, **or** until you become a person that cannot use the Quick Method because of the type of business you carry on (see “Exceptions” on the previous page).

Your annual worldwide taxable supplies include the GST/HST and your zero-rated supplies. Also include the annual worldwide taxable supplies of your associates. Do **not** include supplies of financial services and sales of real property, capital property, and eligible capital property (including goodwill).

If your election ceases to be in effect, you have to start accounting for the GST/HST using the regular method:

- at the beginning of your next fiscal year if:
 - you file annual returns; and
 - in your current fiscal year, you exceed the \$200,000 threshold or become a person that cannot use the Quick Method because of the type of business you carry on.
- at the beginning of your second fiscal quarter of a fiscal year if:
 - you file monthly or quarterly returns;
 - your election to use the Quick Method **was** in effect at the beginning of that year; and

- you exceeded the \$200,000 threshold in your previous fiscal year.
- at the beginning of your next fiscal quarter if:
 - you file monthly or quarterly returns;
 - your election to use the Quick Method **was not** in effect at the beginning of the fiscal year; and
 - you exceeded the \$200,000 threshold in both the first four and the last four consecutive quarters of the previous five fiscal quarters.
- at the beginning of a fiscal quarter in which you become a person that cannot use the Quick Method if you file monthly or quarterly returns.

Note

At the end of each fiscal year, make sure that your business is still eligible to use the Quick Method for the following year. Also make sure that the same category of rates applies to your business. Base your calculations on supplies made in the fiscal year that just ended.

Example

XYZ Clothing Store Winnipeg, Manitoba	
Taxable sales (including the GST/HST) for the quarters ending:	
March 31, 2009	\$ 42,000
June 30, 2009	\$ 48,000
September 30, 2009	\$ 53,000
December 31, 2009	\$ 73,000
Total sales for fiscal year ended December 31, 2009	\$ 216,000

XYZ Clothing Store is a quarterly filer and used the Quick Method throughout 2009. To see how long its election would stay in effect, the store had to review its taxable sales (including the GST/HST) for the previous fiscal year. Since its worldwide taxable sales for 2009 were more than \$200,000, it had to stop using the Quick Method at the **end** of the first fiscal quarter of 2010. This means it had to start calculating its GST/HST remittance using the regular method on April 1, 2010.

When and how can you revoke the election?

You can revoke the election only **after** your Quick Method election has been in effect for at least one year.

Exception

For reporting periods that include July 1, 2010, or for any reporting period that begins after July 1, 2010, but before July 1, 2011, you can revoke your Quick Method election, even if it has not been in effect for at least one year.

To revoke the election, complete and send Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, to your tax services office.

You have to revoke the election by the due date of the GST/HST return for the last reporting period in which you wish to use the Quick Method.

If you revoke the election, **you have to wait at least one year** before you can elect to use the Quick Method again.

In addition, if you stop using the Quick Method, you cannot claim ITCs for any tax paid or payable on purchases you made while using it, other than the ITCs you would have been entitled to claim, but did not claim, while you were using the Quick Method.

Books and records

When you complete your GST/HST return using the Quick Method, you do not have to indicate the actual GST/HST that you charged on most of your taxable supplies or the GST/HST paid or payable on most of your business purchases. However, you still have to keep detailed records of this information. Keep all books and records related to your business purchases and your supplies for six years after the year they relate to. These have to be made available to our auditors on request.

How does the Quick Method work?

When you use the Quick Method, you still charge the GST at 5% or the HST at the applicable rate on your supplies of taxable goods and services, but you remit only a portion of that tax to us. As a result of recent changes, the HST rate varies depending on the province. The chart below shows the applicable rates beginning January 1, 2008.

GST/HST Rates		
	Before July 1, 2010	On or after July 1, 2010
Ontario	GST at 5%	HST at 13%
British Columbia	GST at 5%	HST at 12%
Nova Scotia	HST at 13%	HST at 15%
New Brunswick	HST at 13%	HST at 13%
Newfoundland and Labrador	HST at 13%	HST at 13%
Territories and other provinces in Canada	GST at 5%	GST at 5%

The tax you have to remit is calculated using the applicable Quick Method remittance rates. Usually only one of these rates will apply to your business. For more information, see "What are my Quick Method remittance rates?" on the next page.

You cannot claim ITCs for most of your purchases when you use the Quick Method. This is because the part of the tax that you keep accounts for the approximate value of the ITCs you would otherwise have claimed. For more information, see “Claiming input tax credits” below.

Supplies not eligible for the Quick Method calculation

The Quick Method calculation applies to most of your supplies of goods and services. However, certain supplies you make are not eligible for this calculation. If you make a supply that is not eligible, you do not use a remittance rate to calculate how much tax you have to remit. Instead, you have to account for such a supply the same way you would if the election were not in effect. For example, if you make a supply of a good or a service that is not eligible and you charge 5% GST, you have to report the full amount of tax charged instead of using a Quick Method remittance rate.

The following supplies are not eligible for the Quick Method calculation:

- sales of real property;
- sales of capital property or eligible capital property;
- zero-rated supplies;
- supplies made outside Canada;
- supplies for which the recipient is not required to pay tax;
- supplies you made as an agent or auctioneer for which you are required to account for the tax;
- property (other than capital property) or services that are used for the personal benefit of certain individuals (for example, a sole proprietor or shareholder of a corporation or a relative, a member of a partnership or a relative of the partner);
- amounts that are reimbursed to you under the terms of a warranty for which you are entitled to claim an ITC or a rebate; and
- supplies of property or services to an employee or shareholder where the supplies are required to be included in the individual’s income as a taxable benefit for income tax purposes.

Claiming input tax credits

You do not claim input tax credits (ITCs) on most of your purchases and expenses since, under the Quick Method, you keep a part of the tax you charge. However, you can claim any ITCs to which you are entitled for the following **only**:

- purchases of real property and improvements to real property;
- purchases of capital property (other than real property), such as computers and vehicles, and improvements to capital property;
- purchases of eligible capital property and improvements to eligible capital property;

- purchases on which GST/HST became payable **before** your Quick Method election took effect, if the time limit to claim the amounts has not expired;
- goods sold by an auctioneer or an agent on your behalf where the auctioneer or agent has to account for the tax; and
- goods you are **deemed** (considered) to have bought to use only in your commercial activities because:
 - a non-resident, who is not registered for the GST/HST, transferred them to you, after paying tax on them; and
 - you provided a commercial service on the goods and then sold them, acting as an agent for the non-resident and collecting the GST/HST.

What are my Quick Method remittance rates?

Most businesses use only one remittance rate. The rate that applies depends on whether you make taxable supplies of goods or services in a participating or non-participating province, and whether you make the supplies through a permanent establishment that is located in a participating or non-participating province. The type of business you are involved in is also a factor. For example, a business that provides mostly services generally has to use a different remittance rate than a business that is involved mostly in purchasing goods for resale.

In some cases, a business may have to use more than one remittance rate. For example, if a business makes supplies in both participating **and** non-participating provinces, more than one rate may apply. For more information, see “Do you make supplies in both participating and non-participating provinces?” on page 11.

Note

The information in this section **does not** apply to the supplies listed in “Supplies not eligible for the Quick Method calculation” on this page.

Remittance rates for businesses that purchase goods for resale

Generally, retailers and wholesalers who purchase goods for resale use the first group of remittance rates. To be eligible to use these rates, the cost (including the GST/HST) of goods you purchased in your previous fiscal year for resale, or to use in goods you produce or manufacture for resale, must be at least 40% of your total annual taxable supplies (including the GST/HST) for that fiscal year.

Do not include the annual taxable supplies of your associates in this calculation.

Note

If you began to use the Quick Method in your current fiscal year, your calculations should be based on your purchases and taxable supplies from either the first four **or** the last four consecutive quarters of the previous five quarters, instead of from your previous fiscal year.

Exclude **purchases** of basic groceries and purchases for which you are not required to pay tax from your calculation of the cost of goods you purchased.

Exclude **supplies** of basic groceries, financial services, and sales of real property, capital property, eligible capital property (including goodwill), and goods that you sold on behalf of someone else by auction from your calculation of your total annual taxable supplies, but **include** sales made by an auctioneer on your behalf.

The following are examples of businesses that may use this group of Quick Method remittance rates:

- antique dealers;
- grocery and convenience stores;
- art and craft shops;
- boutiques and novelty stores; and
- service stations (gas).

Remittance rates on or after July 1, 2010, for businesses that purchase goods for resale				
Permanent establishment in:				
	Non-participating province	British Columbia	Nova Scotia	Other participating province
Supplies made in a non-participating province	1.8%	0% (and 2.3% credit)	0% (and 4.0% credit)	0% (and 2.8% credit)
Supplies made in the participating province of British Columbia	8.0%	4.1%	2.5%	3.6%
Supplies made in the participating province of Nova Scotia	10.4%	6.6%	5.0%	6.1%
Supplies made in any other participating province	8.8%	5.0%	3.3%	4.4%

Note

For reporting periods that begin before July 1, 2010, the old rates apply to the purchase price that became due, or is paid without being due, before July 1, 2010. The new rates apply to the remaining amount.

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province on or after July 1, 2010, are entitled to a credit on those sales (see credit amounts in the chart above) as they generally pay HST on their inputs, but collect 5% GST on those sales.

Remittance rates on or after January 1, 2008 but before July 1, 2010, for businesses that purchase goods for resale		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	1.8%	0% (and 2.8% credit)
Supplies made in a participating province	8.8%	4.4%

Note

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province on or after January 1, 2008, but before July 1, 2010, are entitled to a 2.8% credit on those sales as they generally pay 13% HST on their inputs, but collect 5% GST on those sales.

**Remittance rates after June 30, 2006 but before January 1, 2008,
for businesses that purchase goods for resale**

Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	2.2%	0% (and 2.5% credit)
Supplies made in a participating province	9.0%	4.7%

Note

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province after June 30, 2006, but before January 1, 2008, are entitled to a 2.5% credit on those sales as they generally paid 14% HST on their inputs, but collected 6% GST on those sales.

For more information, see "Examples of the Quick Method calculation" on page 14.

Remittance rates for businesses that provide services

The next group of remittance rates is for businesses that do not qualify to use the first group of remittance rates, mentioned in the previous section. Generally, these rates are for use by small businesses that provide services.

The following are examples of businesses that may use this group of remittance rates:

- delivery services;
- dry cleaners;
- auto repair shops;
- quick-service food outlets;
- house-cleaning services;
- campgrounds;
- caterers;
- delicatessens;
- painting contractors;
- photographers; and
- taxi drivers.

Remittance rates on or after July 1, 2010, for businesses that provide services

Permanent establishment in:				
	Non-participating province	British Columbia	Nova Scotia	Other participating province
Supplies made in a non-participating province	3.6%	2.1%	1.4%	1.8%
Supplies made in the participating province of British Columbia	9.7%	8.2%	7.6%	8.0%
Supplies made in the participating province of Nova Scotia	12.0%	10.6%	10.0%	10.4%
Supplies made in any other participating province	10.5%	9.0%	8.4%	8.8%

Note

For reporting periods that begin before July 1, 2010, the old rates apply to the purchase price that became due, or is paid without being due, before July 1, 2010. The new rates apply to the remaining amount.

Remittance rates on or after January 1, 2008, but before July 1, 2010, for businesses that provide services		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	3.6%	1.8%
Supplies made in a participating province	10.5%	8.8%

Remittance rates on or after July 1, 2006, but before January 1, 2008, for businesses that provide services		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	4.3%	2.6%
Supplies made in a participating province	11.0%	9.4%

For more information, see "Examples of the Quick Method calculation" on page 14.

Do you make supplies in both participating and non-participating provinces?

If you make supplies in both participating **and** non-participating provinces, you normally have to use more than one remittance rate. However, special rules apply when **90% or more** of the eligible supplies you made in a reporting period were in either a participating province **or** a non-participating province. These rules are as follows:

- If 90% or more of the eligible supplies you made through a permanent establishment in a reporting period were made in participating provinces, only use the rate that you would have to use if all eligible supplies were made in a participating province.
- If 90% or more of the eligible supplies you made through a permanent establishment in a reporting period were made in non-participating provinces, only use the rate that you would have to use if all eligible supplies were made in a non-participating province.

If neither of these situations applies to you, you have to use more than one remittance rate.

For an example of the Quick Method calculation when multiple remittance rates apply, see "When more than one remittance rate applies" on page 15.

Remittance rates for businesses that give the point-of-sale rebate for the provincial part of the HST for publications

If your business gives a point-of-sale rebate for sales of qualifying publications in the participating provinces, you can use one of the following remittance rates for those sales:

- **1.8%** if your cost of goods for resale is at least 40% of your total annual taxable sales (including the GST/HST but **not including** sales made by your associates). Before January 1, 2008, this rate was 2.2%. For more information, see "Remittance rates for businesses that purchase goods for resale" on page 8; or
- **3.6%** if you generally provide services. Before January 1, 2008, this rate was 4.3%.

These remittance rates take into account the rebate you pay or credit to your customers for the provincial part of the HST, and they apply whether or not you actually have a permanent establishment that is located in a participating province.

Qualifying publications include the following:

- a printed book or an update of such a book;
- an audio recording, all or substantially all (90% or more) of which is a spoken reading of a printed book; and
- a bound or unbound printed version of scripture of any religion.

Credit of 1% on the first \$30,000 of eligible supplies

In calculating your net tax using the Quick Method, you are entitled to a 1% credit on the first \$30,000 of your eligible supplies (including the GST/HST) on which you must collect the GST at 5% or the HST at the applicable rate (see the chart on page 7) in each fiscal year.

To qualify for the 1% credit, your Quick Method election must be in effect at the beginning of a fiscal year or, if you are a new registrant, on the day you became a registrant.

If you file monthly or quarterly GST/HST returns, the 1% credit applies to the first and the following reporting periods of a fiscal year until you reach the \$30,000 threshold, or the fiscal year ends. If you file annual GST/HST returns, use the 1% credit on your first \$30,000 of eligible supplies in that fiscal year.

If the 0% remittance rate applies to your eligible sales, you are entitled to the 1% credit in addition to the credit given to businesses that purchase goods for resale (for more information, see the applicable chart on page 9).

Note

If you do not make \$30,000 in eligible supplies in a fiscal year, you cannot carry forward any unused portion of the credit to a later fiscal year.

Special situations

Self-assessment of the provincial part of the HST

In some cases, you may have to self-assess the provincial part of the HST, but you cannot use the Quick Method calculation to do so. Self-assessment may be required in the following situations:

- you bring goods into a participating province from a non-participating province;
- you have goods delivered or made available to you in a participating province by a non-resident who is not registered for GST/HST purposes;
- you are a resident of a participating province and you acquire, in a non-participating province, intangible personal property or a service for consumption, use or supply primarily in participating provinces; or
- you import commercial goods, services, or intangible personal property that is not acquired for consumption, use, or supply exclusively in the course of your commercial activities in the participating provinces.

If you have to self-assess the provincial part of the HST, report the amount on **line 405** of your GST/HST return. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, and Technical Information Bulletins B-079, *Self-Assessment of the HST on Supplies Brought into a Participating Province*, and B-081, *Application of the HST to Imports*.

Bad debts

When you use the Quick Method to calculate your net tax, you cannot make adjustments to your net tax for bad debts, except for supplies that are not eligible for the Quick Method calculation.

Credit adjustments

If you give a customer a credit, refund, or rebate because you reduced the price of a good or a service that is eligible for the Quick Method calculation (see page 8 for a list of supplies that are **not eligible**), deduct the amount of the credit, refund, or rebate from the amount of your total eligible supplies **before** calculating your net tax using the remittance rate. This adjustment should be made for the reporting period during which you credited or paid the amount to your customers.

Trade-ins

If you use the Quick Method, you have to include in your sales calculations any amount credited to a purchaser for a trade-in. For example, you sell a pair of skates for \$100 and accept a used pair of skates. You give a credit of \$35 for the new skates. You have to include \$100 in the total eligible sales for your net tax calculation.

Changes in the nature of your business

If your business adds a new service, purchases the operations of another firm, or significantly changes its product lines or sales patterns, you have to determine your eligibility to continue using the Quick Method and the remittance rates that apply to your eligible supplies.

If the nature of your business changes, see “Who can make this election?” on page 5 to determine if you are still a person who can use the Quick Method. If you are no longer eligible, see “How long does the election stay in effect?” on page 6 to determine when you have to start calculating your GST/HST remittance using the regular method.

Completing your GST/HST return using the Quick Method

If you only have to use one remittance rate, follow these steps. Only complete the lines of the return that apply to you.

If you have to use more than one remittance rate, follow these instructions for **each** rate.

Line 101 – Sales and other revenue

For each reporting period, add your revenues from taxable supplies (include the GST/HST at the rate that applied at that time) and enter the total on line 101, rounded off to the nearest dollar.

Do not include the following on line 101:

- revenue from supplies that are not eligible for the Quick Method calculation (see page 8);
- supplies on which no GST/HST was charged (such as zero-rated supplies, exempt supplies, supplies made outside Canada, or goods and services sold to Indians or provincial or territorial governments that are relieved of paying the GST/HST); and
- provincial sales tax, if you had to charge the GST.

Line 103 – GST/HST collected or collectible

Step 1: Multiply the total you entered on line 101 by the remittance rate that applies for that reporting period. To determine the applicable rate, see “What are my Quick Method remittance rates?” on page 8.

Step 2: Calculate the GST/HST you had to charge on taxable supplies that are **not** eligible. For a list of these supplies, see page 8.

Step 3: Add the amounts from Step 1 and Step 2 and enter the result on line 103.

Line 104 – Adjustments

Enter the total of any adjustments to be added to the net tax for the reporting period (for example, the GST/HST you obtained on the recovery of a bad debt from supplies that are **not** eligible for the Quick Method calculation).

Line 105 – Total GST/HST and adjustments for period

Add the amounts on lines 103 and 104, and enter the result on line 105.

Line 106 – Input tax credits (ITCs)

Add any amounts that you are eligible to claim as an ITC and enter the total on line 106. See page 8 for a list of the purchases and expenses for which you are still eligible to claim ITCs. The Quick Method remittance rates already take into account the ITCs for operating expenses and inventory purchases. Do **not** include any GST/HST paid or payable on these types of costs.

If the 0% remittance rate applies to your eligible supplies, add 2.8% of those supplies (including the GST) and enter the total on line 106.

Line 107 – Adjustments

If you are entitled to the 1% credit on the first \$30,000 of your eligible supplies, enter the amount of the credit on line 107. For more information, see the previous page.

Also enter the total of any adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt from supplies that are **not** eligible for the Quick Method calculation).

Line 108 – Total ITCs and adjustments

Add the amounts on lines 106 and 107, and enter the result on line 108.

Line 109 – Net tax

Subtract the amount on line 108 from the amount on line 105 and enter the result on line 109. If the result is negative, enter a minus sign in the box next to the line number.

Line 110 – Instalment and other annual filer payments

Enter any instalment and other annual filer payments you made for the reporting period on line 110.

Line 111 – Rebates

Enter the total amount of GST/HST rebates, **only** if the rebate form indicates that you can claim the amount on line 111. If you have entered an amount on line 111, attach the rebate application to the GST/HST return.

Line 112 – Total other credits

Add the amounts on lines 110 and 111, and enter the result on line 112.

Line 113 A – Balance

Subtract the amount on line 112 from the amount on line 109 and enter the result on line 113 A. If the result is negative, enter a minus sign in the box next to the line number.

Line 205 – GST/HST due on acquisition of taxable real property

If you **acquired** taxable real property and have to remit the GST/HST on your acquisition, enter the amount of that GST/HST on line 205.

Line 405 – Other GST/HST to be self-assessed

Enter the applicable rate of the provincial part of the HST you have to self-assess when you bring property or a service into a participating province, or when you import commercial goods, services, or intangible property into Canada. For more information, see page 12.

Line 113 B – Total other debits

Add the amounts on lines 205 and 405, and enter the result on line 113 B.

Line 113 C – Balance

Add the amounts on lines 113 A and 113 B and enter the result on line 113 C. If the result is negative, enter a minus sign in the box next to the line number.

Line 114 – Refund claimed

If the amount entered on line 113 C is negative, enter this amount on line 114 to claim your refund.

Note

We do not charge or refund a balance of \$2 or less.

Line 115 – Payment enclosed

If the amount entered on line 113 C is positive, enter this amount on line 115. Enclose a cheque for this amount. For more payment options, go to www.cra.gc.ca/payments.

Note

If you are using GST/HST NETFILE or TELEFILE to file your GST/HST return and you have an amount owing, use the enclosed Form RC158, *GST/HST Netfile/Telefile Remittance Voucher*, to make your payment.

Examples of the Quick Method calculation

The following examples illustrate how the Quick Method works. In each case, assume that the business files quarterly GST/HST returns. To determine the remittance rates that apply to supplies of property and services, see "What are my Quick Method remittance rates?" on page 8.

When one remittance rate applies

Example 1: Sales of goods in a non-participating province through a permanent establishment in a non-participating province.

QZ Greeting Cards Ltd.'s permanent establishment is in Alberta and all of its sales are made there. QZ elected to use the Quick Method throughout 2009. Now it has to determine if it can use the Quick Method in 2010. The nature of the business has not changed.

QZ Greeting Cards Ltd. Edmonton, Alberta	
Calculation of total annual taxable sales for the fiscal year ending December 31, 2009	
Total purchases of goods for resale, including the GST	\$ 75,000
Total annual taxable sales, including the GST	\$ 160,000
Percentage of purchases to sales	47%

QZ's annual worldwide taxable sales (including the GST) are less than \$200,000. This means that QZ can continue to use the Quick Method in 2010. Since QZ's purchases (including the GST) of goods for resale are more than 40% of its total annual taxable sales (including the GST), it uses a remittance rate of 1.8% for 2010.

Quick Method calculation for QZ Greeting Cards Ltd.	
Calculation of GST remittance for the first quarter of 2010 (1.8% remittance rate)	
Total eligible sales for the first quarter, including the GST (QZ would enter this amount on line 101 of its GST/HST return)	\$ 44,000
Multiply the total eligible sales (\$44,000) by the 1.8% remittance rate (QZ would enter this amount on line 103 of its GST/HST return)	\$ 792
Deduct 1% for the first \$30,000 of eligible sales (QZ would enter this amount on line 107 of its GST/HST return)	\$ (300)
First quarter remittance (QZ would enter this amount on line 115 of its GST/HST return)	\$ 492

Example 2: Services provided in a non-participating province through a permanent establishment in a non-participating province.

Qwik Dry Cleaners' services are all performed in Calgary, Alberta, where its permanent establishment is located. It used the Quick Method throughout 2009. Qwik Dry's annual worldwide taxable sales (including the GST) were not more than \$200,000 in 2009. This means that Qwik Dry can continue to use the Quick Method in 2010. Since its purchases (including the GST) of goods for resale are less than 40% of its total annual taxable sales (including the GST), it uses a remittance rate of 3.6% for 2010.

Quick Method calculation for Qwik Dry Cleaners Calgary, Alberta	
Calculation of GST remittance in first quarter of 2010 (3.6% remittance rate)	
Total eligible sales for the first quarter, including the GST (Qwik Dry would enter this amount on line 101 of its GST/HST return)	\$ 22,000
Multiply the total eligible sales (\$22,000) by the 3.6% remittance rate (Qwik Dry would enter this amount on line 103 of its GST/HST return)	\$ 792
Deduct 1% for the first \$30,000 of eligible sales (Qwik Dry would enter this amount on line 107 of its GST/HST return)	\$ (220)
First quarter remittance (Qwik Dry would enter this amount on line 115 of its GST/HST return)	\$ 572

Example 3: Sales of goods in a participating province through a permanent establishment in a participating province with some sales in a non-participating province.

TTT Plumbing Supplies Halifax, Nova Scotia	
Calculation of total annual taxable sales for the fiscal year ending December 31, 2009	
Total purchases of goods for resale, including the GST/HST	\$ 45,000
Total annual taxable sales, including the GST/HST	\$ 100,000
Percentage of purchases to sales	45%

Of this company's eligible sales, 90% are made in Halifax, Nova Scotia, through its permanent establishment in Halifax. The remaining 10% are made in Charlottetown, Prince Edward Island. The company used the Quick Method throughout 2009.

In 2009, the company's annual worldwide taxable sales (including the GST/HST) were not more than \$200,000. Therefore, the company can continue to use the Quick Method in 2010.

Since the company's 2009 purchases (including the GST/HST) of goods to resell were more than 40% of the total annual taxable sales (including the GST/HST) and 90% of the company's eligible sales are made in a participating province through a permanent establishment in a participating province, it will use the 4.4% remittance rate to calculate its net tax for all of its eligible sales in the first two quarters of 2010.

Quick Method calculation for TTT Plumbing Supplies	
Calculation of GST/HST remittance in first quarter of 2010 (4.4% remittance rate)	
Total eligible sales for the first quarter, including the GST/HST (TTT Plumbing would enter this amount on line 101 of its GST/HST return)	\$ 19,000
Multiply the total eligible sales (\$19,000) by the 4.4% remittance rate (TTT Plumbing would enter this amount on line 103 of its GST/HST return)	\$ 836
Deduct 1% for the first \$30,000 of eligible sales (TTT Plumbing would enter this amount on line 107 of its GST/HST return)	\$ (190)
First quarter remittance (TTT Plumbing would enter this amount on line 115 of its GST/HST return)	\$ 646

When more than one remittance rate applies

Example: Sales of goods in both a participating and a non-participating province through a permanent establishment in a participating province.

Al and Bob's Lumber Yard Goose Bay, Newfoundland and Labrador	
First quarter sales	
Total eligible sales, including the GST, made in Charlottetown, Prince Edward Island, through the permanent establishment in Goose Bay (20% of lumber sales)	\$ 9,000
Total eligible sales, including the HST, made in Goose Bay through the permanent establishment in Goose Bay (80% of lumber sales)	\$ 36,000
Total eligible sales (Al and Bob's Lumber Yard would enter this amount on line 101 of its GST/HST return)	\$ 45,000

This company's permanent establishment is in Newfoundland and Labrador. It used the Quick Method throughout 2009.

In 2009, the company's annual worldwide taxable sales (including the GST/HST) were not more than \$200,000. This means that the company can continue to use the Quick Method in 2010.

The company's 2009 purchases (including the GST/HST) of goods for resale were more than 40% of the total annual taxable sales (including the GST/HST).

For the first quarter of 2010, the company has to use two different remittance rates because it has sales in Newfoundland and Labrador (a participating province), **and** in Prince Edward Island (PEI) (a non-participating province) and it does not make at least 90% of its total taxable sales in **one** of these provinces.

The remittance rate for the eligible sales made in PEI is 0%. The remittance rate for the eligible sales made in Newfoundland and Labrador is 4.4%. This company can deduct a credit of 2.8% for the eligible sales made in PEI.

Quick Method calculation for Al and Bob's Lumber Yard	
Calculation of GST/HST remittance in first quarter of 2010	
Total eligible sales for the quarter, including the GST/HST	
Multiply the eligible sales made in PEI (\$9,000), including the GST, by the 0% remittance rate	\$ 0
Multiply the eligible sales made in Newfoundland and Labrador (\$36,000), including the HST, by the 4.4% remittance rate	\$ 1,584
(Al and Bob's Lumber Yard would enter the total of these two amounts on line 103 of its GST/HST return)	
Deduct 2.8% for the \$9,000 eligible sales made in PEI (Al and Bob's Lumber Yard would enter this amount on line 106 of its GST/HST return)	\$ (252)
Deduct 1% for the first \$30,000 of eligible sales (Al and Bob's Lumber Yard would enter this amount on line 107 of its GST/HST return)	\$ (300)
First quarter remittance (Al and Bob's Lumber Yard would enter this amount on line 115 of its GST/HST return)	\$ 1,032

For more information

Contact us if, after reading this guide, you would like to get forms or publications, or you need more help.

To get forms or publications, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221.

For more information, go to www.cra.gc.ca/gsthst or call 1-800-959-5525.

Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

Direct deposit



Direct deposit is a safe, convenient, dependable, and time-saving method of receiving your GST/HST refunds and rebates. If you are expecting refunds or rebates when you file your GST/HST returns or rebate applications, you can send us a completed Form GST469, *Direct Deposit Request*. To get Form GST469, go to www.cra.gc.ca/dd-bus or call 1-800-959-2221.

GST/HST rulings and interpretations

You may request a ruling or interpretation on how the GST/HST applies to a specific transaction for your operations. This service is provided free of charge. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, available at www.cra.gc.ca/gsthstrulings or call 1-800-959-8287.

My Business Account

Access your business accounts online through My Business Account. With the wide range of services offered, you can:

- view your account balances and transactions;
- transfer payments;
- get additional remittance vouchers;
- calculate a future balance;
- calculate your instalment payments;
- make online requests for financial transactions;
- authorize your employees and representatives to have immediate online access;

- file a GST/HST return electronically;
- view the status of a return;
- view certain correspondence (for example, notices and letters); and
- view your banking information.

To use My Business Account, you need a user ID and password. To register for these secure online services or to check for new services, go to www.cra.gc.ca/mybusinessaccount.

My Payment

My Payment is a payment option that allows individuals and businesses to make payments online, using the Canada Revenue Agency's Web site, from an account at a participating Canadian financial institution. For more information on this self-service option, go to www.cra.gc.ca/mypayment.

Our service complaint process

If you are not satisfied with the **service** you have received, contact the Canada Revenue Agency (CRA) employee you have been dealing with (or call the phone number you have been given). If you still disagree with the way your concerns are being addressed, ask to discuss your matter with the employee's supervisor.

If the matter is still not resolved, you have the right to file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied with the way the CRA has handled your complaint, you can contact the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA-Service Complaints*.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5