

GST/HST TAX BREAK

INFORMATION FOR BUSINESSES

Canada's Department of Finance has announced a temporary Goods and Services Tax/Harmonized Sales Tax (GST/HST) break for Canadians. The measure aims to help consumers save money on purchases during the holiday season by removing the GST/HST on qualifying goods and services for the period from **December 14, 2024 to February 15, 2025**.

What are Qualifying Goods?

The categories of qualifying goods and services are:

- Children's clothing and footwear
- Children's diapers
- Children's car seats
- Physical books
- Printed newspapers
- Christmas trees or similar decorative trees
- Children's toys
- Jigsaw puzzles
- Video-game consoles, controllers, and physical game media
- Food and beverages
- Restaurants, catering, and other food or drink establishments



Qualifying goods that are imported during the eligible period are also relieved of GST/HST.

A detailed explanation of each category of qualifying goods is available and should be reviewed on the Canada Revenue Agency website.

What Conditions Must Apply?

The GST/HST Break is available when goods or services are delivered or rendered to the customer between December 14, 2024 and February 15, 2025 and **all of the amount** payable for the good or service is paid between December 14, 2024 and February 15, 2025.

Who Does the Tax Break Apply To?

These measures apply based on the nature of the qualifying good or service. This means that it applies to retail sales from a retailer to a consumer, sales from a wholesaler to a retailer and sales from a manufacturer to a wholesaler.

Key Considerations for Businesses

- Businesses should review the qualifying goods to determine if any apply to their business operations.
- Point-of-sale systems should be adjusted to remove the application of GST/HST on qualifying goods during the December 14, 2024 to February 15, 2025 period.
- Normal GST/HST practices should resume on February 16, 2025.
- Keep all records.
- The GST/HST Break applies to the provincial portion of HST in New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.
- CRA has stated that it will be taking a practical approach to auditing. Efforts will be focused on willful and egregious non-compliance. The focus will not be on businesses who make reasonable efforts to comply.

M|R|S|B