

May
2005**2005 Ontario Budget Highlights****About this
Notice**

On May 11, 2005, a number of measures relating to the *Retail Sales Tax (RST) Act* and its regulations were announced in the 2005 Ontario Budget. The legislation must be passed by the Legislature and receive Royal Assent to become law.

**Destination
Marketing Fee**

The Ontario government plans to introduce legislation to extend the current RST exemption available for Destination Marketing Fees (DMF) charged on transient accommodation. This measure continues the current temporary exemption.

DMFs billed after May 18, 2005 and on or before June 30, 2006 would be exempt from RST provided certain conditions are met. These conditions remain the same as for the current temporary exemption, and are outlined in ***RST Info Notice - Destination Marketing Fee dated May 2005.***

**Publications
Purchased by
Charitable
Organizations
& Educational
Institutions**

The government proposes to update the RST exemption for publications produced or purchased by religious, charitable or benevolent organizations to include CD-ROMs and DVDs used to promote the objectives of the organization.

It is also proposed that the RST exemption for publications purchased by schools, school boards, community colleges, universities and public libraries be updated to include educational DVDs, provided they will not be used for commercial exhibition for profit.

The exemption may be claimed by providing the supplier with a valid Purchase Exemption Certificate (PEC). For information about PECs, refer to ***RST Guide 204 - Purchase Exemption Certificates.***

These changes are effective for purchases made after May 11, 2005.

Booster Seats

In December 2004, Bill 73, *An Act to Enhance the Safety of Children and Youth on Ontario's Roads*, was passed into law. Regulations under the new law would make booster seats mandatory for children who are too big for child care seats, yet too small to be properly protected by seatbelts.

An amendment to the *Retail Sales Tax (RST) Act* is proposed to expand the current RST exemption for child car seats to include booster seats.

The changes to the *RST Act* would come into effect on a date to be named by the Lieutenant Governor of Ontario.

Simplified Tax Calculation for Computer - Related Services

RST applies to non-custom computer software and certain software services. When providing software services to customers, businesses must charge RST on the taxable components. Contracts may often include a blend of both taxable and non-taxable services, making it difficult for businesses to determine the tax liability of the components of the service contract.

To simplify the tax determination and collection for small software businesses, the Ministry of Finance will be proposing a pilot project consisting of an optional method of tax calculation for contracts involving both taxable and non-taxable services. Participating businesses and purchasers could opt to use a blended tax rate applied to the total contract price. It is proposed that this would benefit small software businesses by simplifying the tax determination and collection process.

Use of Appraisals for Multi-jurisdictional Vehicle Tax

The government proposes to introduce changes under the *Retail Sales Tax Act* to permit multijurisdictional vehicle owners to use appraisals to establish vehicle values when transferring vehicles from multijurisdictional use to Ontario use. This would only apply to vehicles purchased after September 30, 2001, owned by the same person for more than 60 months, and where the multijurisdictional vehicle tax (MJVT) was paid in lieu of the point-of-sale retail sales tax.

For More Information

For more information, please contact the nearest Ontario Ministry of Finance Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory, call our TAX FAX Service at 1-877-4-TAX-FAX (1-877-482-9329), or visit our website at www.trd.fin.gov.on.ca.

*Cette publication est disponible en français sous le nom « Faits saillants du Budget de l'Ontario 2005 »
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