

Q&A: HST and dental hygiene services

Q: How will the implementation of the HST affect my dental hygiene business?

A: The HST is a new combined tax comprised of the former RST (retail sales tax) of 8 per cent, with the GST (goods and services tax) of 5 per cent, to form the HST at 13 per cent. This new tax will come into effect on July 1, 2010.

If you are operating a dental hygiene business, whether in a clinic setting or a mobile service, there will be new tax rules to consider. One of the most frequently asked questions is whether or not dental hygiene services will now be subject to the collection of HST. The answer is NO. Dental hygiene services are an exempt supply; these services were not taxable under the old rules and will continue to be exempt under the new rules.

First, let's talk about the phasing out of the RST. The production and sale of custom mouthguards and take home whitening products provided by you to your clients, are subject to the collection of the 8 per cent RST. If you have RST taxable sales for the period ending June 30, 2010, you will need to file your final RST return by July 23, 2010. After June 30, 2010, you will no longer charge and collect RST.

The second point for discussion is the former GST, soon to become the combined HST. If you have taxable sales, (custom mouthguard sales and tooth whitening products sales) of under \$30,000, you qualify as a small supplier and do not have to collect HST. This small supplier provision is in effect now under the GST rules and will remain in effect under the HST rules.

What this means is that if you previously collected 8 per cent RST on your taxable sales, you will no longer need to charge and collect that tax if you are a small supplier under the HST rules. Therefore, if your sales of custom mouthguards and take home whitening products are under \$30,000, you will no longer charge tax on those sales.

In summary, as an independent business owner, with taxable sales of under \$30,000, you may not need to collect and remit HST.

This is a very brief summary of how the implementation of the HST affects you as a dental hygiene business owner. You might also want to visit the Canada Revenue Agency website at www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html.