

# **Small Business Pointers**

*Explaining Retail Sales Tax to Small Businesses*




September 2003

Retail Sales Tax Branch

## **The Basics of Retail Sales Tax**

**SBP 901**

*Cette publication est disponible en français en appelant le 1-800-668-5821.*

A close-up photograph of a hand holding a pen, poised to write on a document. The image is overlaid with a semi-transparent teal filter. The text is positioned on the left side of the image.

*A guide to  
understanding  
Retail Sales Tax  
for your business  
in Ontario.*

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Note: Revisions to previous content (May 2001) have been identified by a bar ( | ).

## About this *Pointer*

### Who should read this *Pointer*?

If you are starting a small business in Ontario or are already operating one, you should read this *Pointer*. It explains the basics of Retail Sales Tax (RST). RST is also called Provincial Sales Tax or Ontario Retail Sales Tax.

This *Pointer* will help you understand your rights and responsibilities as a vendor in Ontario. Knowing your rights and responsibilities will help you avoid penalties, interest, or other sanctions.

This *Pointer* is only a summary of the information produced by the RST Branch. For a complete description of how RST applies to various goods and services, you should ask for the detailed RST guides that apply to your business.

Please contact us directly if you have questions that are not answered in this *Pointer*. On the back of this *Pointer*, there is a listing of the Ontario Ministry of Finance Tax Offices. You can also use one of our on-line services found in the “More Information” section on page 14.

### What is RST?

RST is a consumption tax. This means that the person who consumes or uses the taxable goods or taxable services pays the RST.

RST is imposed on the consumer or user of:

- taxable goods
- taxable services
- admission prices
- insurance premiums.

### What is the RST Branch?

The RST Branch is part of the Ontario Ministry of Finance. We are responsible for administering RST.

## RST Registration

### Vendor Permit

A Vendor Permit is required to charge, collect, and remit RST on your taxable sales. (We discuss what is taxable in the next section.)

### Do I need a Vendor Permit?

You **must** obtain an RST Vendor Permit if:

- you regularly sell taxable goods
- you regularly provide taxable services
- you regularly sell insurance
- you charge more than \$4 admission to a place of amusement
- you are a manufacturing contractor, that is, the manufactured cost of goods you use in real property contracts is more than \$50,000 in any fiscal year
- you are a non-resident contractor doing business in Ontario
- you sell taxable goods or services at flea markets, fairs or exhibitions
- you regularly import taxable goods or taxable services into Ontario for your own use.

You **must** register for a Vendor Permit even if your sales are small – there is no minimum.

You **must** keep a copy of your Vendor Permit at each business location and let anyone see it on request.

### Who does not need a Vendor Permit?

You do **not** need a Vendor Permit if:

- you sell only tax-exempt goods, such as fresh fruit and vegetables at a roadside stand
- you provide only non-taxable services, such as dry cleaning
- you are a wholesaler or manufacturer, and do not make retail sales.

## How do I get a Vendor Permit?

There is **no fee** to apply for a Vendor Permit.

You can register for a Vendor Permit:

- by telephone
- by mail/fax
- in person at an Ontario Ministry of Finance Tax Office
- at an Ontario Business Connects workstation
- online by visiting [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca) and selecting “Online Services”.

There is a listing of telephone numbers and locations of Ontario Ministry of Finance Tax Offices where you can register on page 15 of this *Pointer*.

## Ontario Business Connects

Ontario Business Connects provides self-help computer workstations that let you register a new business. Most municipalities have these workstations.

To contact Ontario Business Connects:

- call their helpline at 1-800-565-1921, or
- visit their Web site at:  
[www.cbs.gov.on.ca/obc](http://www.cbs.gov.on.ca/obc)

## Updating and renewing your Vendor Permit

Vendor Permits do not have to be renewed. However, a Vendor Permit becomes invalid if there is a change in legal name or business ownership.

You must report to us any changes to your:

- business name
- telephone number
- location
- mailing address.

To make changes to your business or trade name or your mailing or business address, you may:

- visit [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca) and select “Online Services”
- call your local Ontario Ministry of Finance Tax Office (refer to the back page of this *Pointer*)
- complete the Notification of Change form on the back of your RST return and mail it to your Ontario Ministry of Finance Tax Office. The address is noted on the front of your return.

You must also report any legal changes to your business name that happen because you:

- incorporate your business
- amalgamate your business with another business
- change your business from a sole proprietorship (one owner) to a partnership
- change business partners.

### Note:

If you sell or close your business, you must return your Vendor Permit to an Ontario Ministry of Finance Tax Office within 15 days. You must also file your last RST return and pay any RST owing, such as on unsold inventory.

## What if I purchase an existing business?

When you purchase a business from someone else, you must get your own Vendor Permit. A Vendor Permit **cannot** be transferred.

You should obtain a “Clearance Certificate” from the person or entity selling the business. A Clearance Certificate lets you know that the business you are buying does not have any outstanding RST liabilities with us.

When you contact us, we will ask if any taxable business equipment (chattels) will be included with the business purchase. If this equipment is not for resale, you must pay RST on it. This is commonly known as RST “chattel tax.”

Examples of taxable business equipment (chattels) include:

- office equipment and furniture, such as desks, filing cabinets, computers
- office supplies
- cash registers
- tables and chairs
- cutlery and dishes.

## What is taxable?

### Taxable goods

RST applies to all purchases/sales of tangible personal property, unless there is a specific exemption.

**Tangible personal property** is anything that can be seen, weighed, measured, felt, or touched; that is, anything that we can perceive with our senses. It also includes computer programs, natural gas and manufactured gas.

### Tax-exempt goods

Examples of the most common goods that are **not** taxable to anyone include:

- food products (except for candies, confections, snack foods and soft drinks)
- prepared foods sold by an eating establishment for \$4 or less
- children's clothing (including diapers)
- footwear costing \$30 or less
- feminine hygiene products
- books, newspapers, bulletins
- drugs and medicine sold under a doctor's prescription
- goods designed solely for people with physical disabilities.

### Some common exemptions

Some goods may be purchased without paying RST depending upon who the purchaser is or what the intended end-use of the goods will be.

Examples include:

- goods purchased for resale
- production machinery and equipment purchased for the use of a qualifying manufacturer
- hospital equipment purchased by a qualifying hospital
- goods incorporated into goods for resale.

### Taxable services

Only certain services are taxable in Ontario. They are:

- telecommunication services (telephone, cable, pay television)
- accommodation for less than one month (hotels, motels, bed and breakfasts)

#### Note:

Accommodation provided after April 30, 2003 and before October 1, 2003 is exempt from RST.

- labour provided to install, assemble, dismantle, adjust, repair or maintain tangible personal property and labour provided to install, configure, modify or upgrade a computer program
- contracts for the service, maintenance or warranty of tangible personal property, including a computer program
- commercial parking.

### Non-taxable services

Examples of non-taxable services include:

- dry cleaning
- carpet and upholstery cleaning
- personal services, such as hair styling, barbering, and beauty treatments
- medical and health services
- veterinary care
- car washing and engine shampooing
- labour to install or repair real property or fixtures.

If you provide a non-taxable service, you do not charge your customer RST. However, you must pay RST on the taxable goods and services you use to provide the non-taxable service.

### Other taxable sales

In addition to tangible personal property, certain premiums of insurance are taxable, such as property insurance. Admission charges of more than \$4 to places of amusement, such as cover charges to night clubs or bars and restaurants with dance floors, are also taxable.

#### Note:

Admissions to places of amusement provided after April 30, 2003 and before October 1, 2003 are exempt from RST.

### Real property

Real property is land and any items permanently attached to land. Real property is **not** taxable.

Examples of real property include:

- buildings
- driveways
- roads
- fences
- in-ground swimming pools
- patios.

## Fixtures

Fixtures are items of tangible personal property that have been attached to real property in a permanent way, so that they are considered part of the real property. “Permanently attached” means attached by screws, nails, bolts, or embedded in concrete.

Fixtures are also **not** taxable to the customer if installed by the seller at the time of sale.

Examples of fixtures include:

- above-ground swimming pools
- built-in appliances
- blinds (venetians and verticals)
- lighting fixtures
- water heaters
- gasoline pumps
- counters and cabinets
- signs attached to buildings or land.

## Real property contractors

A real property contractor is someone who builds, repairs, or improves real property for others.

Real property contractors pay RST on the items and materials they purchase to complete the contract, including their tools and equipment used to perform the job. The real property contractor is considered the end-user of these items.

Since real property contractors are considered the end-user, they must pay the RST and should not collect RST from their customers.

The real property contractor should include the RST in the cost of the materials used to complete the contract. The real property contractor must not bill or quote RST as a separate charge to the customer.

For details about real property contracts, please ask for:

- ***RST Guide 206 - Real Property and Fixtures.***

## Charging and collecting RST

### What is the general RST rate?

The general **RST** rate in Ontario is **8%**.

### Other RST rates

The following chart gives other RST rates for certain goods and services:

Goods or Services	Rate
Accommodation for less than one month	<b>5%*</b>
Admission of more than \$4 to a place of amusement	<b>10%*</b>
Alcoholic beverages sold through licensed establishments	<b>10%</b>
Alcoholic beverages sold through retail stores	<b>12%</b>
Alcoholic beverages taken from your inventory for own use or provided free of charge	<b>12%</b>

All transient accommodation and admission to places of amusement throughout Ontario provided after April 30, 2003 and before October 1, 2003 are exempt from RST.

The 2000 Ontario Budget announced that RST paid on automobile insurance premiums and RST paid on parts and labour for warranty repairs, including extended warranty contracts, service or maintenance contracts, or guarantees will be completely phased out by April 1, 2004.

The current RST rate applies:

### Automobile insurance

For premiums due after	and before	Rate
March 31, 2003	April 1, 2004	<b>1%</b>

### Parts and labour for warranty repairs

For warranty repairs during the period	Rate
April 1, 2003 to March 31, 2004	1%

There are also two flat taxes:

- 13 cents per litre of beer or wine produced at a brew-your-own store
- a tax for fuel conservation on new passenger vehicles and sport utility vehicles. (The tax rate varies based on highway fuel consumption ratings.)

### When do I charge RST?

RST is due **at the time of sale** of all taxable goods, services, and admissions, except for insurance. RST on insurance is due when the insurance premium is paid.

A “sale” includes:

- a transfer of title or ownership
- an exchange or barter
- a lease or rental
- a sale on credit
- a sale when the purchase price is paid in instalments
- a transfer of possession under a conditional sales contract
- a promotional distribution.

You must calculate RST to the nearest cent. For example, if the calculation results in an amount that is half of a cent or more, the RST must be **rounded up** to the next cent.

You must calculate RST separately on every transaction.

When you provide both taxable and non-taxable goods and/or services together, you must separate the charges and charge RST on the taxable goods and/or services.

When you make a taxable sale, you **must** charge and collect the RST due and remit it with your next RST return, whether or not your customer has paid you in full.

### Do I charge RST on the federal Goods and Services Tax (GST)?

No. When you charge both RST and GST, you must calculate the RST on the total selling price **before** the GST. The total selling price includes delivery, mailing, transportation, or handling charges, but does not include the GST.

For example:

Selling Price	\$100.00
Delivery Charge	<u>10.00</u>
Total Selling Price	\$110.00
(110.00 x 7% GST)	7.70
(110.00 x 8% RST)	<u>8.80</u>
<b>Total Charge</b>	<b>\$126.50</b>

### Out-of-province sales

If you make a sale to a customer, and deliver or arrange for delivery of the goods to a place outside Ontario, you do not charge your customer RST. You must keep all your shipping documents and bills of lading to support the exempt sale.

If the customer takes delivery of the goods in Ontario, then you must charge RST.

### Sales to Status Indians

Status Indians, Indian bands and band councils may purchase most goods or services without paying RST, as long as the goods are for use on reserves. To claim this exemption, an individual Status Indian must show you their federal “Certificate of Indian Status” identification card.

For sales to Status Indians, you must note in your records:

- the card number
- the customer's name
- the band name or number
- a brief description of the goods sold.

Indian bands and band councils must provide you with a properly completed Purchase Exemption Certificate (PEC) to claim an exemption.

Sales to corporations owned by Status Indians are taxable.

**Note:**

Meals over \$4 and alcoholic beverages at any price bought by Status Indians off the reserve are taxable.

For more details about sales to Status Indians, please ask for:

- ***RST Guide 808 - Status Indians, Indian Bands and Band Councils.***

## Sales to foreign states, representatives and officials

A foreign representative or official, and a spouse or same-sex partner of a foreign representative or official, may purchase taxable goods and/or services without paying RST if they have been issued an identity card by the Department of Foreign Affairs and International Trade (Canada) and the back of the card indicates the card holder is entitled to an exemption from RST in Ontario.

You must check the expiry date on the front of the card to make sure it is still valid, and make a note in your records of:

- the card number
- the customer's name and official title
- a brief description of the goods and/or services sold.

Foreign states can also purchase taxable goods and/or services exempt from RST by providing the vendor with a properly completed PEC.

## “G” permits

“G” permits are special Vendor Permits issued to some large businesses and to the federal government that allow them to purchase goods and services without paying RST. If you sell goods or services to a “G” permit holder, you must record the “G” permit number on the purchase order.

**Note:**

Some customers may quote their “G” permit to contractors and claim they are not required to pay RST included in real property contracts. If you are a contractor, you must still pay RST on the materials you use to fulfill the contract regardless of your customer's “G” permit.

## Paying RST

### On what goods and services do I pay RST?

You must pay RST on any equipment or supplies that you purchase for use in your business. In this case, you are the end consumer of these goods and are responsible for paying the RST.

Examples include your:

- office equipment, such as desks, chairs, and cash registers
- office supplies, such as receipt books, stationery and cash register tapes
- other business equipment and supplies, such as shop equipment and cleaning supplies.

You must also pay RST when you purchase taxable services for business use, such as telecommunication services (e.g., telephone).

If you purchase taxable goods or services for use in your business from a supplier outside Ontario, you must self-assess RST when you bring the goods and services into Ontario for your own use.

When you bring these goods and services into Ontario for your own use, the value on which you pay RST is:

- the purchase price (in Canadian Dollars)
- **plus** delivery or shipping charges billed by the seller
- **plus** customs, duties and federal excise taxes. (Do not include the GST.)

You should report the RST on Line 3 of your next RST return and remit it with the return.

## Claiming RST exemptions

### When can I claim an exemption from paying RST?

You can claim an exemption from RST for any taxable goods or taxable services, except parking, transient accommodation and prices of admission, that you purchase and **intend to resell**, such as your inventory.

To claim an exemption, you must give your supplier a properly completed Purchase Exemption Certificate.

### Purchase Exemption Certificates (PECs)

A PEC is used to claim an exemption from RST.

A PEC is valid in any format, such as a rubber stamp on a purchase order, as long as it contains **all** of the following information:

- name
- address
- type of business
- reason for claiming the exemption
- list of all items or services being purchased
- date the PEC is issued
- signature of the purchaser or an approved official of the business
- Vendor Permit number, if applicable. (Some manufacturers, wholesalers and contractors do not require a Vendor Permit number.)

### When do I use a PEC?

You must give a properly completed PEC to the supplier of taxable goods or taxable services **at the time of sale**, unless a blanket PEC is on file with the supplier.

A blanket PEC is used for repeat orders of the same taxable goods or taxable services from the same supplier. It is valid for four years or until it is cancelled.

As a purchaser, you are responsible for completing the PEC in order to claim an exemption from RST.

As a supplier, you are responsible for keeping the PEC on file to support any exempt sales. If you fail to keep PECs on file, you can be assessed penalties.

It is not enough for a purchaser to just give the supplier a Vendor Permit number. **The purchaser must give the supplier a properly completed PEC to claim an exemption.**

You cannot use a PEC to claim an exemption from RST on real property contracts or on items purchased for own use.

#### Note:

A PEC is not needed for an exempt sale to a Status Indian, a foreign representative or official, or a “G” permit holder.

For a sample PEC and more details about PECs, please ask for:

- ***RST Guide 204 - Purchase Exemption Certificates.***

## Refunds

### Can I claim a refund of RST?

If you paid RST in error, you can file a refund claim with the RST Branch. The claim must be received within four years of paying the RST.

You will need a “**General Application for Refund of Retail Sales Tax**” form.

To obtain the refund form:

- visit our Web site at: [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca)
- call our TAX FAX Service at 1-877-4-TAX FAX (1-877-482-9329) and order document #180
- call us at 1-800-263-7965, or
- contact any Ontario Ministry of Finance Tax Office, listed on the back page of this *Pointer*.

### Can I refund RST to my customers?

You can refund RST to your customers **only** if:

- after charging your customer RST, they later give you a properly completed PEC showing that the goods or services were for resale
- you made a mistake calculating the RST
- you give a full or partial refund or credit on goods returned by your customer
- you later reduce the original purchase price and give a refund or credit to your customer. (For example, you offer prompt payment discounts, volume discounts or lowest price guarantees.)

If you refund RST for one of these reasons, you **must**:

- make the **refund within four years** from the day the RST was paid; **and**
- make an internal adjustment to your RST liability account to reduce the amount you report on Line 2 of your RST return. You must make the **adjustment within four years** from the day you gave the refund to your customer.

### Sales on credit

When your customers charge an item on account, a sale has occurred. You must include the total RST due on the sale with your next RST return, whether or not your customer has paid the account in full.

If you are unable to collect the account and later write it off your books as a bad debt, you can recover the RST that you remitted but did not collect. There are specific rules for writing off bad debts.

For details, please ask for:

- ***RST Guide 700 - Refunds and Adjustments***.

## Reporting and remitting RST

### How do I complete my RST return?

Each RST return you receive includes **line-by-line** instructions for completing the return.

You must complete and file all returns, even if you have no sales (either taxable or exempt) or RST to report during the return period. Simply write “0” on Line 1 of the return.

You must report and remit all the RST you have charged your customers, even if you have not collected it yet.

If you used items in your business that you purchased without paying RST, you must report the RST you owe. Enter the amount owing on Line 3 of the return and remit it with the return.

This includes:

- items you took from your inventory for your own use
- items you manufactured for your own use
- items you brought into Ontario for your own use
- items you purchased tax-exempt in error.

#### Note:

You can now view a video on “How to Complete the Retail Sales Tax (RST) Return” on our Web site at: [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca).

### Adjustment information

Line 6 of your return is used for adjustments. Use this line to:

- identify and pay tax assessments
- identify and deduct Ministry-approved credits.

There is also a place on the form where you can tell us about any information changes. Please advise us if your business changes its name or address, is sold, incorporated, or if there is a change in partnership. You must also advise us if you open an additional location under the same legal entity.

## When is my RST return due?

RST returns are due **23 days** after the return period ends. However, if the due date falls on a weekend or holiday, the return is due the next working day.

RST returns are filed on a monthly, bi-monthly, quarterly, semi-annual or seasonal basis. How often you should file is based on the amount of RST you charge your customers monthly.

Tax Collected Invoiced/Month	Filing Frequency
Up to \$333.00	Semi-annually
\$333.01 to \$666.00	Quarterly
\$666.01 to \$1,000.00	Bi-monthly
Over \$1,000.00	Monthly

You will be advised of your filing frequency at the time of registration. If your filing frequency is updated due to an increase or decrease in monthly tax amounts, you will be notified by letter of your new filing frequency.

If you file monthly, we will send you a package of three returns at a time. Be sure to use them in the correct order. Use the return at the bottom of the page first. Always note the due date and period end covered by each return.

If you do not file monthly, we will mail your returns to you about three weeks before each return due date.

## Where do I file my RST return?

Here are the ways that you can file your RST return:

### At your financial institution

You can file your RST return and payment at any Ontario financial institution where you have an account. For your payment to be accepted at a financial institution, you must use the original RST return sent to you.

#### Note:

- Your payment must be teller stamped on or before the due date.
- Financial institutions will not accept returns without a payment. If you have a nil return, then you must send it directly to us.

### By mail

You can mail your return and payment to us.

#### Note:

- We must receive your return on or before the due date.

### At an Ontario Ministry of Finance Tax Office

All Ontario Ministry of Finance Tax Offices accept returns and payments, including hand-delivered payments.

Make your payment:

- by cheque or money order
- payable to the **Minister of Finance**
- in Canadian funds.

You must file your RST return on time, even if you did not make any sales or charge/collect any RST during the return period.

### Online

Your financial institution may offer an online government tax payment and filing service. For more information, visit our Web site at [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca) and select "Online Services" or contact your financial institution.

#### Note:

- Your return must be filed on time.
- You can use this service to file nil returns (i.e., when there is no RST payable).

## What if I file my return late?

If you late-file or short-pay your RST return, you will be required to pay penalties as follows: **10%** of the Tax Collectable on Sales (Line 2 of the return) and **5%** of the Tax Payable for Own Use (Line 3 of the return), with **no maximum**.

## Am I entitled to compensation?

Compensation is an amount given to vendors for collecting RST on behalf of the province.

You can claim compensation for collecting RST if:

- you are a registered vendor, and
- you file your return.

The amount of compensation you can claim is based on the amount of RST charged on your sales for the period. This is the amount you reported on Line 2 of your return.

This chart shows how much you can deduct:

IF you charged ...	THEN you may deduct ...
\$20.00 or less	the whole amount.
more than \$20.00 and less than \$400.00	\$20.00.
\$400.00 or more	5% of the amount shown on Line 2.

The most that you can claim in compensation is **\$1,500.00** for each legal entity for a 12-month period from April 1 to March 31.

- detailed cash register tapes and summaries, including Z tapes
- guest checks or chits
- bank statements
- cancelled cheques
- Purchase Exemption Certificates provided by your customers
- out-of-province shipping or mailing receipts.

Your records must be available for audit in Ontario.

### How long do I have to keep my records?

You must keep all books and records relating to your business for at least **seven** years.

You cannot destroy any of your records earlier than seven years without **written permission** from the Minister.

You must also meet certain conditions before you can destroy any books or records. For details about these conditions, please ask for:

- **Tax Information Bulletin - Retention/ Destruction of Books and Records**

### What if I don't have records?

If you do not keep accurate, complete records, an auditor can estimate any RST owing. Also, you can be assessed penalties and interest.

### What are the penalties?

If you do not comply with the *Retail Sales Tax Act*, you may have to pay penalties and fines. For example, if you fail to keep records, you can be fined \$50 for each day those records are not kept.

Also, if you fail to show us your records or cannot give us the information we ask for, you can be fined \$50 for each day you fail to produce the required information.

For details on all penalties, please ask for:

- **RST Guide 205 - Penalties.**

## Books and records

### What records should I keep?

You must keep books and records with enough information to support the amount of RST charged, collected, remitted and payable.

You can keep your records manually or electronically. Electronic records must be in a format that will give us an exact copy of the original record.

Examples of the records you should keep include:

- financial statements
- general ledger
- sales and purchase journals
- annual inventory records
- contracts
- sales and purchase invoices

## RST audit

### What is an RST audit?

An RST audit is when an auditor reviews your books and records to see if you have properly charged, collected, remitted and paid all RST.

We may decide to audit anyone who is:

- a taxpayer in Ontario
- an out-of-province business registered with the RST Branch.

You can be chosen for an audit on a random basis or on a belief that a tax problem may exist. Audits can also be the result of a referral or a cross-reference from another audit.

### What happens during an RST audit?

When you are chosen for an RST audit, the auditor will call you to arrange a time to begin. The auditor will tell you what records you must have available at the audit location.

During the audit, the auditor will ask you about:

- your business operation
- the type of accounting system you use
- how you account for RST on your sales and purchases.

The auditor may also ask to tour your business premises.

The auditor will examine the books and records of your business, such as your:

- ledgers
- journals
- bank accounts
- sales invoices
- purchase invoices.

The auditor may ask you or the people who keep your books for help and information during this process.

The auditor will perform various tests on your accounting records to ensure that you have:

- correctly charged and collected RST on all taxable sales of goods, services, insurance and admissions of more than \$4
- paid RST to your suppliers on taxable goods or services purchased for your own use
- properly accounted (on Line 3 of your RST return) for RST you owe (examples include taxable goods you have taken from your inventory for your own use or brought into Ontario for your own use.)
- reported and paid all RST in full by the due dates of your returns.

The auditor may also ask you to provide documents that support sales where you have not charged RST, such as:

- customer PECs
- out-of-province shipping receipts.

The auditor will keep you informed of the findings during the audit and answer your questions.

At the end of the audit, the auditor will give you an “Audit Summary.” The Audit Summary will say whether or not a balance is owing.

### How far back does an audit go?

An RST audit period is usually **four** years.

However, this period can be extended if:

- taxes were collected but not remitted, **or**
- the auditor finds that you did not comply because of neglect, carelessness, wilful default or fraud.

### What if I owe money?

The law requires that you pay your assessment in full at the end of the audit. We will charge you interest on any unpaid amounts from the day the RST was first due.

For more details about audits, please ask for:

- ***RST Guide 211 - Understanding Your Retail Sales Tax Audit.***

## Objections and appeals

### What are my rights?

If you disagree with an audit assessment or a disallowance of a refund claim, first talk to the auditor. If you cannot resolve your concerns with the auditor, you may discuss it with the audit manager.

If you disagree with an assessment not related to an audit, you may contact your nearest Ontario Ministry of Finance Tax Office to discuss your concerns.

If you still disagree after having discussed your concerns with the audit manager or your nearest Ontario Ministry of Finance Tax Office, you have the right to file a Notice of Objection.

### Filing a Notice of Objection

You must file a Notice of Objection within **180 days** from the mailing date of the Notice of Assessment or Statement of Disallowance.

To obtain a Notice of Objection form:

- visit our Web site at: [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca)
- call our TAX FAX Service at 1-877-4-TAX FAX (1-877-482-9329) and order document #121
- call the Tax Appeals Branch at 1-800-461-2637, or
- contact any Ontario Ministry of Finance Tax Office, listed on the back page of this *Pointer*.

There is **no fee** to file a Notice of Objection.

An appeals officer from the Tax Appeals Branch of the Ontario Ministry of Finance will give your objection a fair review.

After the review, the appeals officer will tell you if your assessment or disallowance will be changed.

If you are still not satisfied with the Ministry's decision, you can file a Notice of Appeal with the Superior Court of Justice.

For details about filing an objection or an appeal, please ask for the publication called:

- ***Your Right to Appeal Ontario Taxes & Grants.***

## More information

### How to get more information

For more information, you can:

- visit our Web site at: [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca)
- call our TAX FAX Service at 1-877-4-TAX-FAX (1-877-482-9329), or
- contact any Ontario Ministry of Finance Tax Office, listed on the back page of this *Pointer*.

#### Note:

Find out about specific tax situations and how the legislation applies to them by reviewing RST Interpretation Letters on our Web site.

Just follow the links through Forms and Publications, All, Retail Sales Tax (RST), then click on Retail Sales Tax Interpretation Letters to access the rulings.

*This Pointer explains the most common situations faced by small businesses. The explanations are provided for guidance only. Whether or not tax applies in your situation will depend on the specific facts involved. Please contact us if you have questions.*

## Ontario Ministry of Finance Tax Offices

**Durham**

590 Rossland Road East  
 Whitby ON L1N 9G5 (905) 432-3332  
 Toll Free: **1-800-668-5810**  
 Toll Free: **1-800-615-2757**  
 Facsimile: (905) 436-4315

**Hamilton**

119 King Street West, 15th Floor  
 Hamilton ON L8P 4Y7 (905) 521-7504  
 Toll Free: **1-800-263-9229**  
 Facsimile: (905) 521-7868

**Kitchener**

305 King Street West, 1st Floor  
 Kitchener ON N2G 1B9 (519) 576-8400  
 Toll Free: **1-800-265-2303**  
 Facsimile: (519) 571-6100

**London**

Dufferin Corporate Centre  
 130 Dufferin Avenue, Suite 400  
 London ON N6A 6G8 (519) 433-3901  
 Toll Free: **1-800-265-1540**  
 Facsimile: (519) 661-6618

**Mississauga**

77 City Centre Drive, Suite 200  
 Mississauga ON L5B 1M5 (905) 273-9490  
 Toll Free: **1-800-265-9969**  
 Facsimile: (905) 949-3389

**North Bay**

447 McKeown Avenue, Suite 102  
 North Bay ON P1B 9S9 (705) 474-4900  
 Toll Free: **1-800-461-1564**  
 Facsimile: (705) 495-3805

**Oshawa**

33 King Street West  
 Oshawa ON L1H 8H5 (905) 433-6170  
 Toll Free: **1-800-263-7965**

**Ottawa**

1400 Blair Place, Suite 300  
 Gloucester ON K1J 9B8 (613) 746-9200  
 Toll Free: **1-800-461-4909**  
 Facsimile: (613) 842-3593

**Thunder Bay**

130 Syndicate Avenue South, 3rd Floor  
 Thunder Bay ON P7E 1C7 (807) 625-5840  
 Toll Free: **1-800-465-6699**  
 Facsimile: (807) 625-5848

**Toronto**

5 Park Home Avenue, Suite 200  
 North York ON M2N 6W8 (416) 222-3226  
 Toll Free: **1-888-565-6433**  
 Facsimile: (416) 218-3738

**Windsor**

215 Eugenie Street West, Unit 103  
 Windsor ON N8X 2X7 (519) 250-0066  
 Toll Free: **1-800-465-4021**  
 Facsimile: (519) 972-2950

**Ontario Ministry of Finance Tax Office hours:****Monday to Friday****8:30 a.m. to 5:00 p.m.**

**NOTE:** To better serve you, please call during our off-peak hours, which are between:

- 8:30 a.m. to 10:00 a.m. and
- 3:00 p.m. to 5:00 p.m.