

# GST registrants must complete separate form

This is one in a series of articles dealing with tax matters. The articles are written by H and R Block Canada, Inc., Canada's largest tax service.

If you are required to collect the GST, you must file a GST return in addition to your usual return for income tax purposes. The "Goods and Services Tax Return for Registrants" is a periodic statement in which the amount of tax that you have paid, i.e., your input tax credits, the difference is remitted to the government. If the input tax credits exceed the tax collected, you claim a refund.

## GST COLLECTED

How you determine the total GST you have collected will depend entirely on the method of bookkeeping you use. At the end of any reporting period, you could simply add up the total sales that are subject to the 7% GST. If the GST was not included in your total sales figure, then multiplying by 7/107 will determine the GST that is included in your total sales figure.

In addition to the above method, Revenue Canada provides two simplified methods - the "quick method" and "streamlined accounting" - which can be used for certain types of business operations, but only if the appropriate election is filed.

Alternatively, if you have been tracking the GST charged on each sale via a revenue column in your books or via computer software, you would only need to add up the totals or extract this in-

formation from the program.

## INPUT TAX CREDITS

As a GST registrant, you receive credit for the GST paid on all business purchases to the extent they relate to the taxable goods or services you provide to your customers. If your business provides both taxable and tax-exempt goods or services, you may claim input tax credits only on the portion of purchases used to provide taxable goods or services. In order to maximize your input tax credits, you should determine if the same level of business purchase would have been made even if no exempt goods or services were offered.

## FREQUENCY OF FILING

The frequency for filing your GST returns is determined by Revenue Canada according to the value of your annual sales volume of taxable goods and services that you indicated on your GST registration form. Depending on your circumstances, you may be able to change this pre-determined filing frequency, but only by making a formal election.

If your annual sales volume is greater than \$6 million, no filing option is available. The GST return must be filed on a monthly basis.

If your annual sales volume is greater than \$500,000 and not more than \$6 million, you must file your GST return quarterly. However, there is a monthly filing option available.

If your annual sales volume is \$500,000 or less, your GST returns must be filed quarterly.

However, if you elect, the returns may be filed monthly or annually. If the annual option is selected, you are still obliged to make quarterly instalment payments.

Farmers and fishermen are encouraged to file on a monthly basis because they will always be in a refund position due to the fact that most of the goods or services they provide are taxable at a rate of 0% (i.e., zero-rated).

## FILING DEADLINES

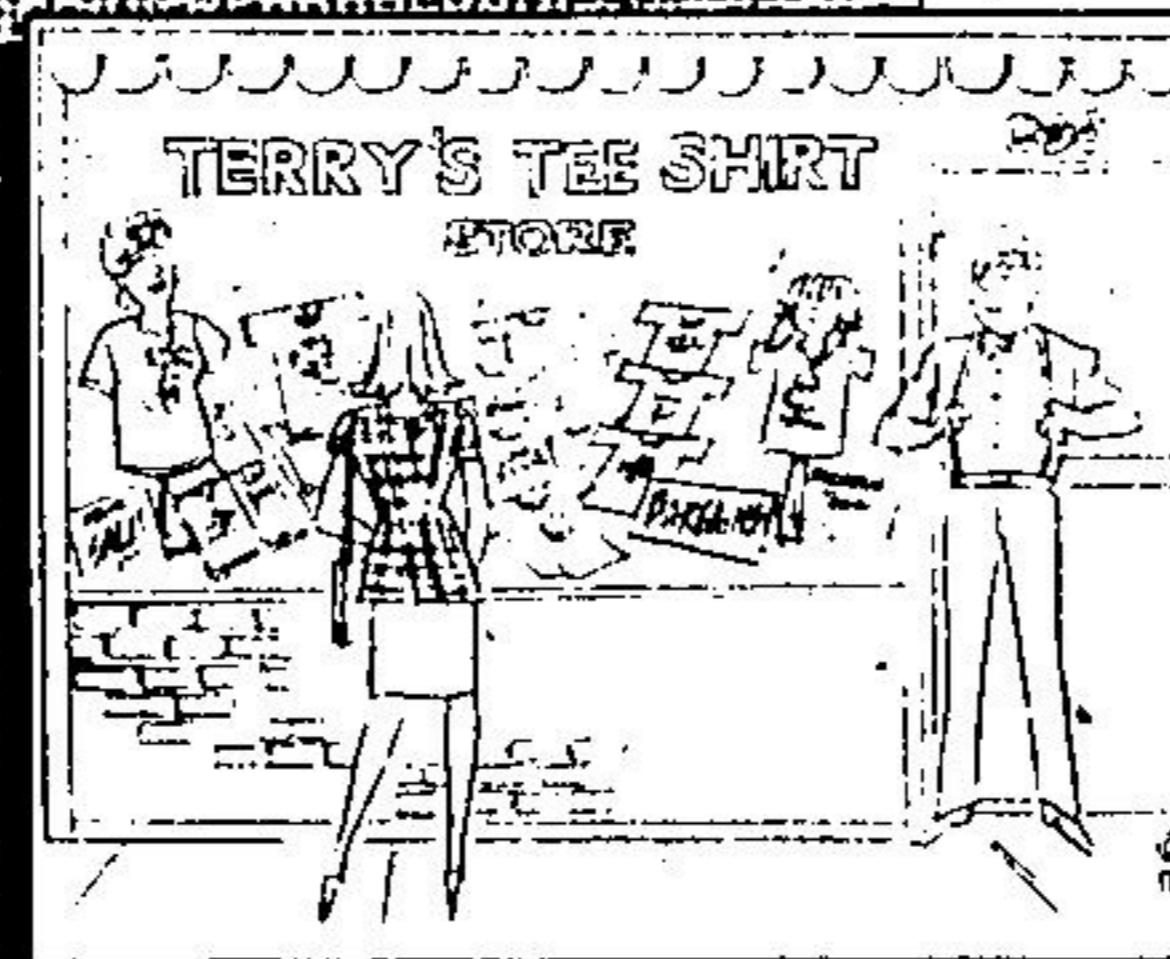
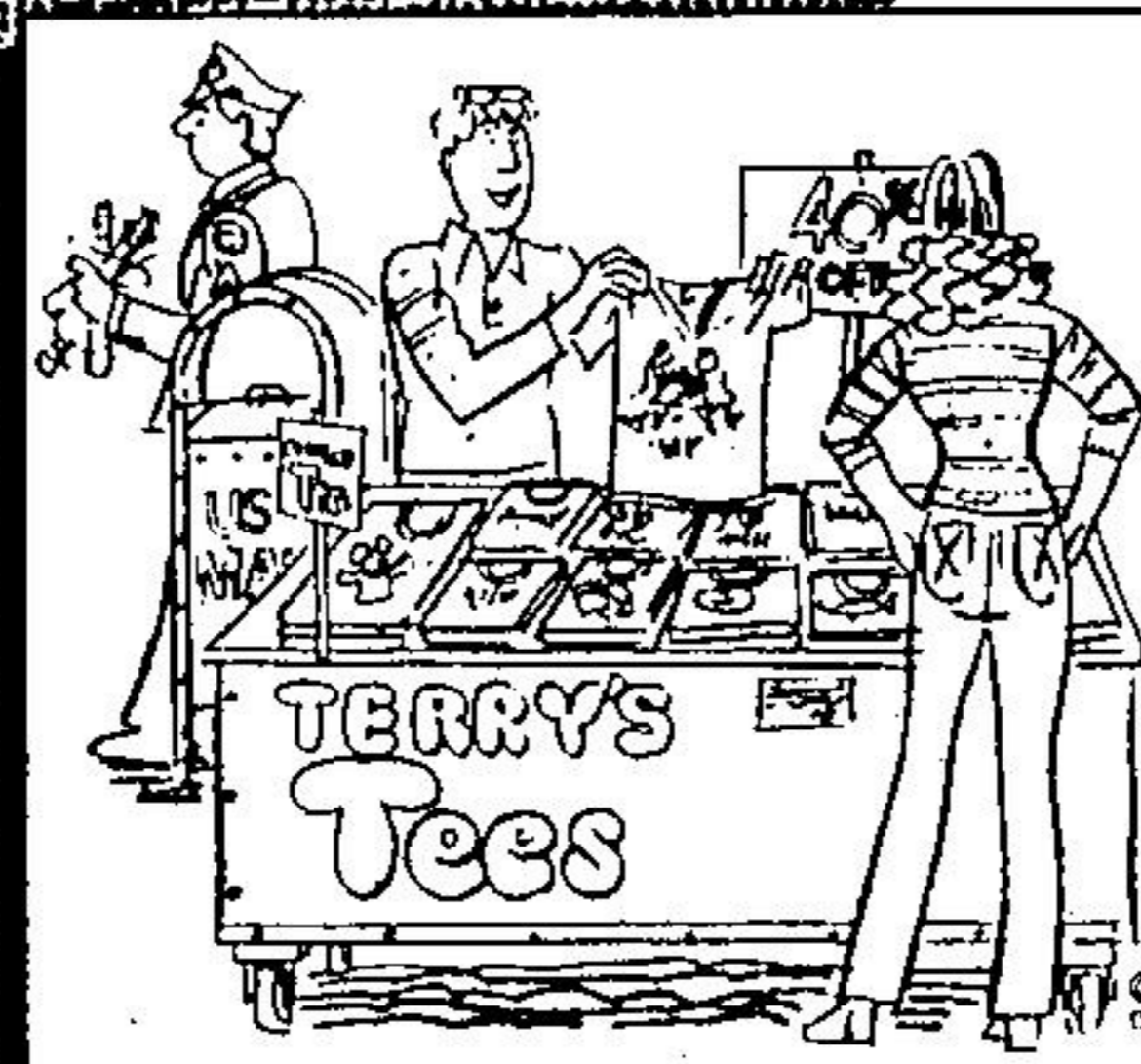
If you file monthly or quarterly, the return (and remittance, if any) must be submitted by the end of the month following the reporting period. The first GST returns, therefore, must be filed by February 28, 1991 if you are a registrant required or electing to file on a monthly basis, in respect of the January reporting period.

If you have elected to file on an annual basis, the return will be due three months after the end of

your fiscal year and the quarterly instalments will be due on the last day of each fiscal quarter. As with the return for income tax purposes, the GST annual return will reconcile the instalments with the amount of tax actually owed.

If you are not sure you are claiming input tax credits to your best advantage, or you need help with your first GST return, you should consider seeking assistance from a tax specialist.

Say: "I saw it in The Herald"



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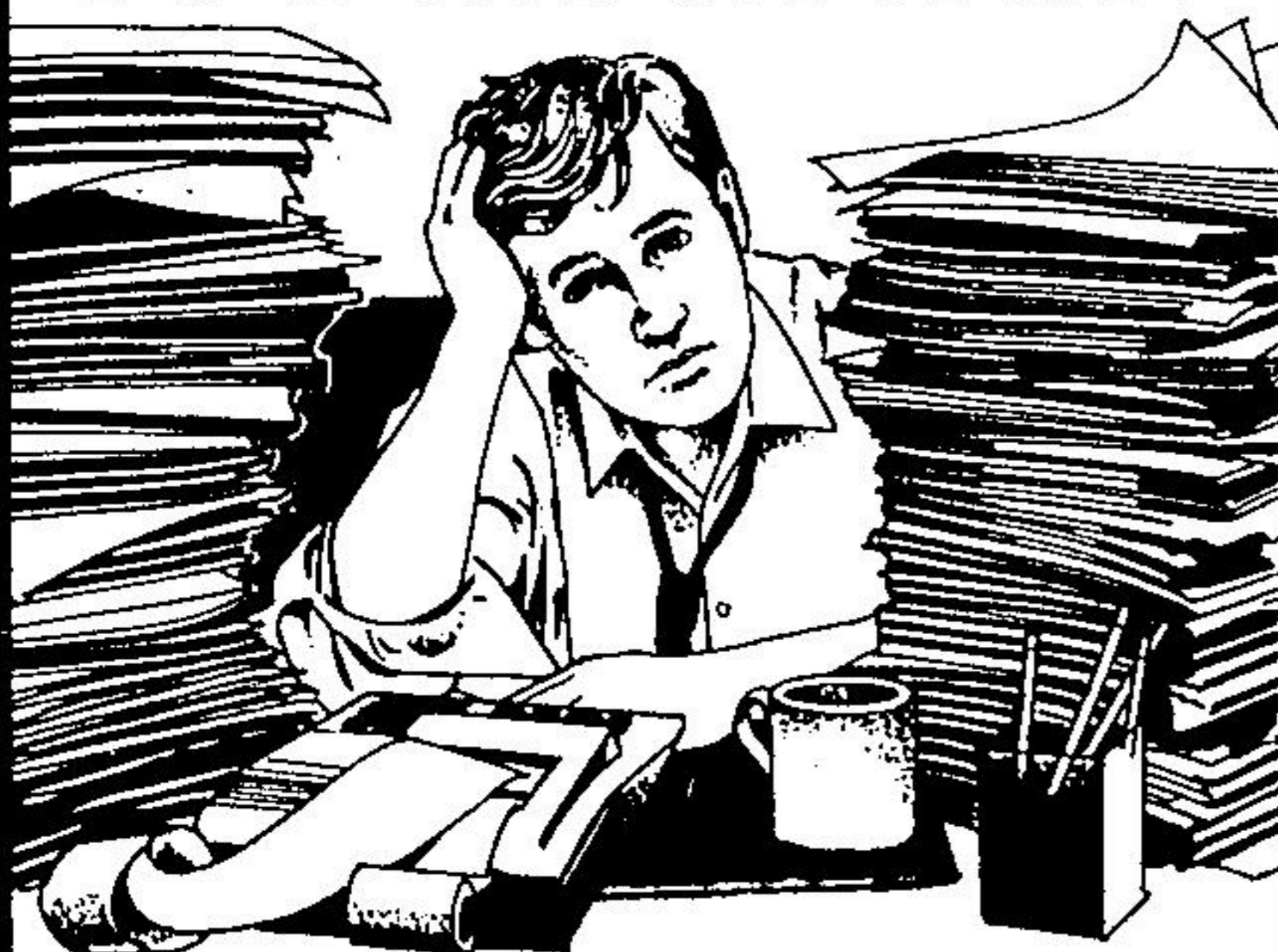
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