



The BUSINESS Toolkit

GST

If you own and operate a business in Canada, these are some important facts about GST that you should know.

Who Must Register

A business must register for and collect GST, if the annual taxable sales of goods and services exceed \$30,000. If taxable annual sales are lower than \$30,000 registration is optional.

Sole proprietors operating more than one business must combine all businesses when determining if they need to register for the GST.

Who Should Register

It is advisable to register even when annual taxable sales are lower than \$30,000 because:

- GST paid (input tax credits or ITCs) on purchases and start-up costs can be recovered
- Registration gives the business the appearance of credibility

When You Must File

Canada Revenue Agency will establish your reporting period when you register.

Reporting Period	Filing Due Date	Payment Due Date
Quarterly	30 days after the end of the reporting period	30 days after the end of the reporting period
Annual*	3 months after the end of the reporting period	3 months after the end of the reporting period
Annual filers who are individuals*	June 15	April 30

* Annual filers may be required to make instalments

How the GST Works

You must charge GST on the taxable goods and services you supply to your customers. You can claim ITCs to recover the GST you paid. You then remit the GST difference between the GST collected and the ITCs.

Optional Reporting Methods

The Quick Method. This method is available to qualifying registrants who have sales less than \$400,000 and have filed an election. It is an easy way to calculate the GST remittance because you don't have to separately track the ITCs. The remittance is calculated by applying a rate (between 1.8% and 3.6%) to gross sales (GST included). In addition, you may claim ITCs on capital purchases.

The Simplified Method. This method is available to qualifying registrants who have sales less than \$500,000. You do not need to track the ITCs separately in your records. The taxable purchases are tracked and then multiplied by 5/105 (to isolate the ITCs). This amount is deducted from the GST collected and the difference is the remittance or refund.

Taxable, Exempt and Zero-Rated Goods and Services

Goods & Services	Rates
Taxable Goods. Most consumable goods and services including fast foods, clothing, footwear, gasoline, and auto sales, leases, and repairs	Taxable at 5%
Zero-Rated Goods. Basic groceries, exports, most medical devices, prescription drugs and dispensing fees	Taxable at 0%
Exempt Goods. Most medical and dental services, most financial institution services and insurance premiums, many educational services, long-term residential accommodations	GST Exempt

Zero-Rated & Exempt Goods and Services

Although there appears to be no difference between zero-rated and exempt goods they affect the registrant's ability to claim ITCs.

Zero-Rated Goods & Services	Exempt Goods & Services
You charge GST at 0%	You do not charge GST
You can claim ITCs	You cannot claim ITCs

Transitional Rules

Once you exceed the \$30,000 threshold, you must collect GST. The "date you are considered a registrant" is determined according to the following:

You Exceed the \$30,000 Threshold	Date you are considered a registrant and must collect GST
In one calendar quarter	On the supply which made you exceed the threshold amount
Over four consecutive quarters	One month after the end of the fourth consecutive quarter

You must apply for registration within 29 days of the "date you are considered a registrant" to be eligible to claim ITCs. Failure to apply will result in the loss of your ITC claims.

This information is current to March 2025. It is of a general nature and is not intended to address the specific circumstances of a particular individual. You should not act on this information without appropriate professional advice after thorough examination of a particular situation. E&OE