

Indirect Tax Considerations

Understanding the nuances of GST and PST regulations is crucial when serving a wide range of clients, and you play a pivotal role in identifying potential indirect tax issues. Consider the following key points to understand when you should consult with an indirect tax specialist.

GST and PST

Documentary requirements

Proper documentation is essential to support the GST and PST collected and claimed by your clients. This is especially important when your clients are part of a large corporate structure. Some example areas to be mindful of include the name on the invoice, the GST number, and clear identification of the amount of tax being charged.

Input tax credit (ITC) claims

When claiming input tax credits (ITC), verify that the supplier's GST number is on the invoice. To be eligible for the credit, ensure the expenses for which ITC is claimed are directly linked to the commercial operations of your client's entity.

Revenue stream reviews

Regularly review your clients' various revenue streams, particularly when they do business in multiple jurisdictions. Keep track of any new products or services introduced by your clients. Be aware of potential GST and PST implications that may be associated with the new revenue stream.

GST reasonability reviews

Conduct routine reviews to ensure that the amount of tax collected aligns accurately with the products or services sold by your clients. These reviews help you identify any discrepancies.

Importing goods into Canada

Ensure your clients understand the registration requirements through the CBSA Assessment and Revenue Management (CARM) portal for all importers into the country to ensure smooth customs clearance and compliance with import regulations. This area often has other indirect tax issues that are important to be aware of.

Intercompany transactions

Stress the importance of documenting GST on both sides of the transaction to ensure accurate reporting and compliance with tax regulations. Additionally, assess the potential eligibility for a closely related election for GST to optimize compliance and regulatory advantages.

GST on land purchases

The indirect tax issues related to land purchases are complicated and ideally involve thorough planning before the transaction occurs. Proper documentation is vital for establishing ownership, ensuring transparency, and preventing confusion or disputes.

Reorganizations and restructuring

In the context of company restructuring or reorganization, there are numerous indirect tax considerations to take into account. Early engagement with professionals in this process is crucial to ensure the proper handling of all tax-related matters, preventing any unexpected tax consequences.

Additional PST considerations

PST registration requirements

Ensure your clients understand the complexities of crossing provincial borders, particularly when transporting goods. They may have registration requirements or be subject to temporary use tax.

Self-assessment considerations

Establish a regular process for reviewing and documenting purchases subject to self-assessment. Stress the importance of maintaining proper documentation for proof of tax payment and compliance, as it plays a critical role in ensuring smooth audit processes and avoiding any potential issues.

Temporary use rules and methods in PST

Explain to your clients the potential PST implications of taking equipment into another province, even just for a day. Each province has a different set of rules that need to be considered to ensure all obligations and necessary tax payments are fulfilled.



Contact your local indirect tax services advisor if you have any questions or want to discuss these areas further.