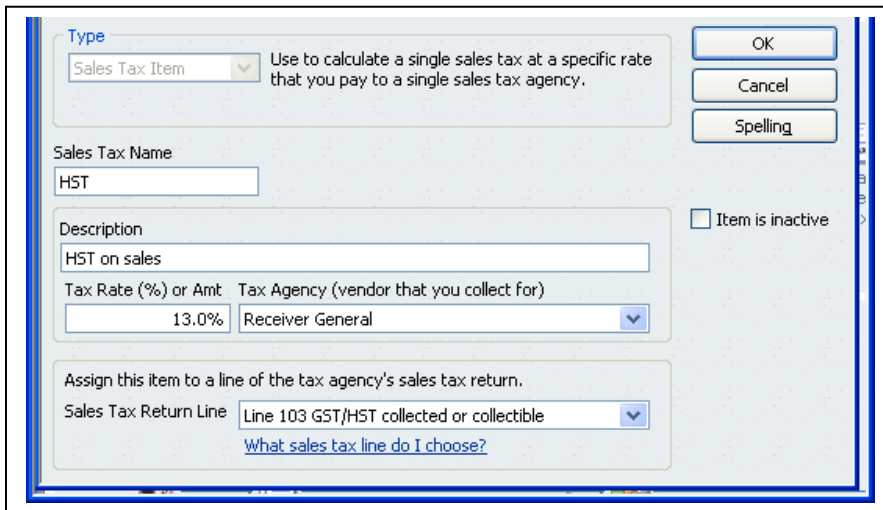


HST IN QUICKBOOKS -HOW TO IMPLEMENT

Implementing the HST into a QuickBooks company file has 6 steps:

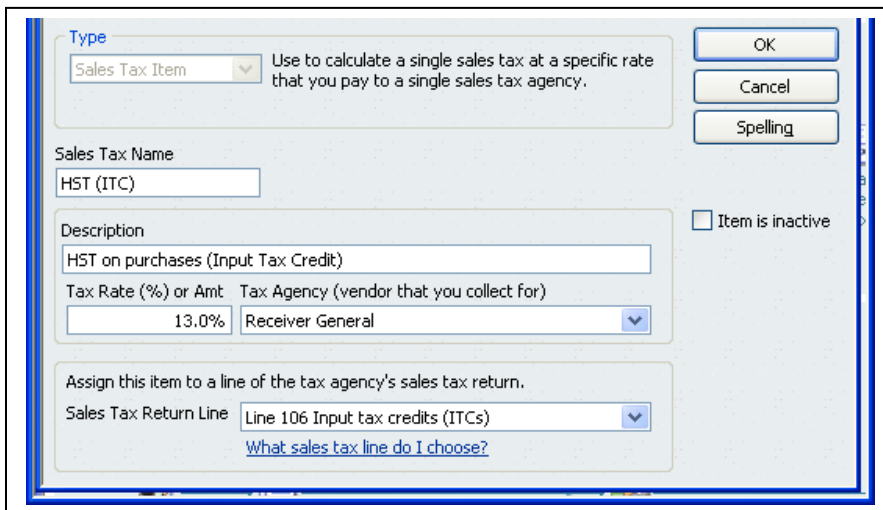
- add 6 new "Sales Tax Items" into your Item List
- add 1 new Sales Tax Code into your Sales Tax Code List
- edit your "Preferences" so that HST is the default tax code
- edit all sales items in the Item List to HST instead of GST or PST
- edit any vendors and customers to the new tax code where a tax code has been imposed
- edit accounts on the Chart of Accounts for the new tax code

FIRST, add the following "Sales Tax Items" into the Item List (for the first two, the rate is 12% for British Columbia, be sure to impose the "%" sign where noted):



The screenshot shows the 'Sales Tax Item' setup window in QuickBooks. The 'Type' dropdown is set to 'Sales Tax Item'. The 'Sales Tax Name' is 'HST'. The 'Description' is 'HST on sales'. The 'Tax Rate (%) or Amt' is '13.0%' and the 'Tax Agency (vendor that you collect for)' is 'Receiver General'. The 'Sales Tax Return Line' is 'Line 103 GST/HST collected or collectible'. There are buttons for 'OK', 'Cancel', and 'Spelling' on the right. A checkbox for 'Item is inactive' is present.

(12% for British Columbia)



The screenshot shows the 'Sales Tax Item' setup window in QuickBooks. The 'Type' dropdown is set to 'Sales Tax Item'. The 'Sales Tax Name' is 'HST (ITC)'. The 'Description' is 'HST on purchases (Input Tax Credit)'. The 'Tax Rate (%) or Amt' is '13.0%' and the 'Tax Agency (vendor that you collect for)' is 'Receiver General'. The 'Sales Tax Return Line' is 'Line 106 Input tax credits (ITCs)'. There are buttons for 'OK', 'Cancel', and 'Spelling' on the right. A checkbox for 'Item is inactive' is present.

(12% for British Columbia)

Type
 Sales Tax Item Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.

OK
 Cancel
 Spelling

Sales Tax Name
 HST (ITC) Adjustments

Description
 HST Adjustments on purchases (Input Tax Credit)

Tax Rate (%) or Amt Tax Agency (vendor that you collect for)
 0.00 Receiver General

Item is inactive

Assign this item to a line of the tax agency's sales tax return.
 Sales Tax Return Line Line 107 Adjustments
[What sales tax line do I choose?](#)

0.00

Type
 Sales Tax Item Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.

OK
 Cancel
 Spelling

Sales Tax Name
 HST (ITC) Zero Rated

Description
 HST on Zero Rated purchases (Input Tax Credit)

Tax Rate (%) or Amt Tax Agency (vendor that you collect for)
 0.0% Receiver General

Item is inactive

Assign this item to a line of the tax agency's sales tax return.
 Sales Tax Return Line Line 106 Input tax credits (ITCs)
[What sales tax line do I choose?](#)

0%

Type
 Sales Tax Item Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.

OK
 Cancel
 Spelling

Sales Tax Name
 HST Adjustments

Description
 HST Adjustments on sales

Tax Rate (%) or Amt Tax Agency (vendor that you collect for)
 0.00 Receiver General

Item is inactive

Assign this item to a line of the tax agency's sales tax return.
 Sales Tax Return Line Line 104 Adjustments
[What sales tax line do I choose?](#)

0.00

Type
 Sales Tax Item Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.

OK
 Cancel
 Spelling

Sales Tax Name
 HST Instalments

Description
 HST Instalments and net tax paid

Tax Rate (%) or Amt Tax Agency (vendor that you collect for)
 0.00 Receiver General

Item is inactive

Assign this item to a line of the tax agency's sales tax return.
 Sales Tax Return Line Line 110 Instalment and other annual filer paym...
[What sales tax line do I choose?](#)

0.00

Type
 Sales Tax Item Use to calculate a single sales tax at a specific rate that you pay to a single sales tax agency.

OK
 Cancel
 Spelling

Sales Tax Name
 HST Zero Rated

Description
 HST on Zero Rated sales

Tax Rate (%) or Amt Tax Agency (vendor that you collect for)
 0.0% Receiver General

Item is inactive

Assign this item to a line of the tax agency's sales tax return.
 Sales Tax Return Line Line 103 GST/HST collected or collectible
[What sales tax line do I choose?](#)

0%

SECOND, add the following Sales Tax Code to the Sales Tax Code List:

Sales Tax Code
 H (maximum 3 characters)

Description
 HST

Taxable
 Non-Taxable/Exempt

Sales Tax Code is inactive

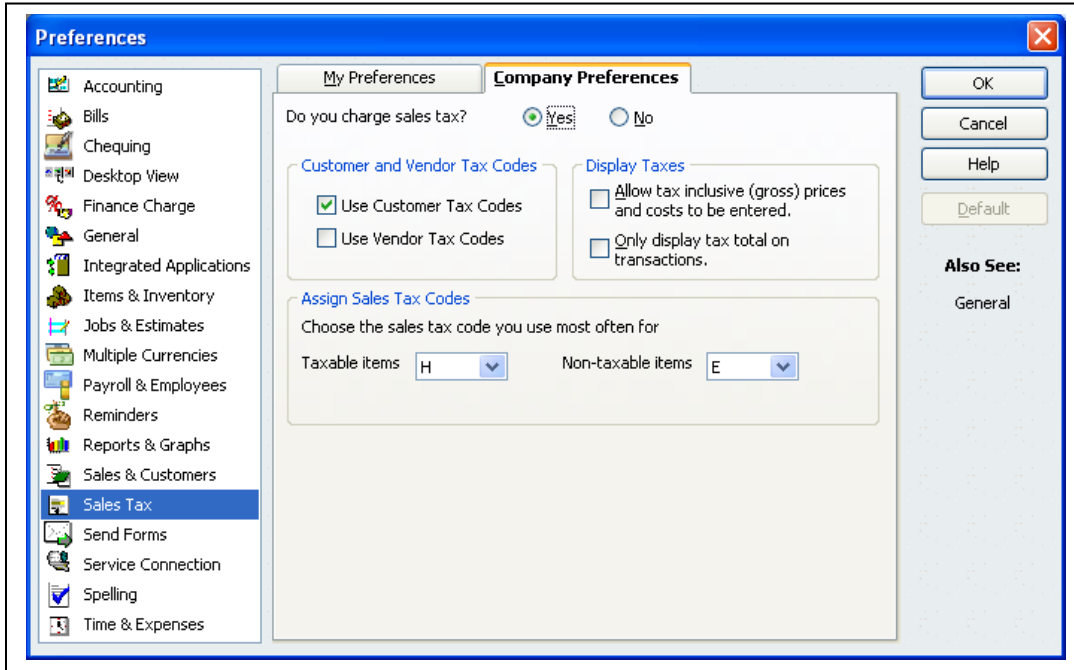
Taxable Information

Tax Item for Purchases HST (ITC)

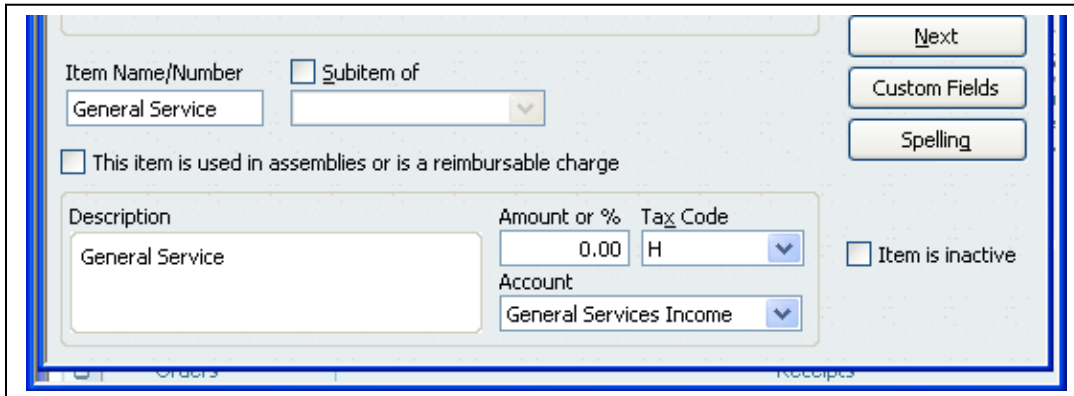
Tax Item for Sales HST

OK
 Cancel

THIRD, edit "Sales Tax" in "Preferences" to display the following:



FOURTH: Ensure all taxable sale items in the Item List display "H" as the tax code:



FIFTH: Ensure that your customers in the Customer Centre display one of the following two settings for "Tax Code":

This screenshot shows the 'Additional Info' tab of a customer profile form. The 'Categorizing and Defaults' section includes dropdowns for Type, Terms (Net 30), Rep, and Preferred Send Method (None). The 'Sales Tax Information' section shows Tax Code as blank, Country as Canada, and Business Number as blank. The 'Price Level' dropdown is also blank. A 'Custom Fields' section with a 'Define Fields' button is present. On the right, there are 'Next' and 'Help' buttons, and a checkbox for 'Customer is inactive' which is unchecked.

This screenshot shows the 'Additional Info' tab of a customer profile form, similar to the one above. The 'Sales Tax Information' section now shows Tax Code as 'H' and Country as Canada. All other fields, including Terms (Net 30), Preferred Send Method (None), Price Level, and the 'Customer is inactive' checkbox, remain the same as in the first screenshot.

SIXTH, ensure all Cost of Goods, Income and Expense accounts on the Chart of Accounts display one of the following two settings for "Tax Code":

This screenshot shows the 'Optional' settings window for an account. The window contains the following fields and controls:

- Description:** A text input field.
- Note:** A text input field.
- Tax-Line Mapping:** A dropdown menu currently set to '<Unassigned>'. A blue link next to it reads 'How do I choose the right tax line?'.
- Sales Tax Code:** A dropdown menu currently set to an empty value.
- Account is inactive:** A checkbox that is currently unchecked.
- Buttons:** 'Save & Close' and 'Cancel' buttons are located at the bottom right.

This screenshot shows the 'Optional' settings window for an account, identical to the one above but with the 'Sales Tax Code' dropdown menu set to 'H'.

- Description:** A text input field.
- Note:** A text input field.
- Tax-Line Mapping:** A dropdown menu currently set to '<Unassigned>'. A blue link next to it reads 'How do I choose the right tax line?'.
- Sales Tax Code:** A dropdown menu currently set to 'H'.
- Account is inactive:** A checkbox that is currently unchecked.
- Buttons:** 'Save & Close' and 'Cancel' buttons are located at the bottom right.