
ARTBOOKS

A DIVISION OF LOOSE CHANGE INC

GET THE GST OUT OF YOUR POCKET AND OUT OF YOUR HAIR!



GST is a regressive and ridiculously expensive tax.

Paying GST on everything from a cab fare to false teeth is bad enough. Worse is that steady debt we build every time we earn a dime. There are ways of making the GST process fairly painless - both in the paying and in the reporting. Your tax preparer will be happy to suggest ways to minimize the administration, the debt and the frustration.

At Artbooks we prefer not to charge for assistance with GST preparation - just to tuck it in as part of the income tax service. Because of this we don't keep copies of your GST returns but simply hand you the completed form to pop into the mail yourself.

When you call to book your appointment, please tell us:

- If you are registered for GST
- If you think you will be registering for GST in this year
- If you need to talk about GST in your appointment
- Your GST number
- If you are on the Quick or Long Method
- If you file annually or quarterly (and how many quarters filed this year so far)
- If you are on the Long Method, whether you have factored GST out of your expense totals

For GST non-registrants

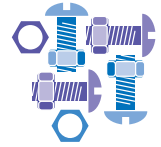
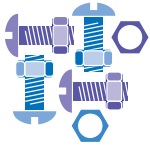
CCRA or The Agency is now scanning tax returns to see who bills more than \$30,000 and then cross referencing them with GST registrants to make sure that everyone who should be registered is in fact out there doing their bit to collect GST taxes from the population at large.

So be careful! If you are close to the thirty mark, consider the concept of registering now. Often when our income shoots up for the first time we are too busy to initiate anything so anxiety provoking as a new GST status.

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GST - THE NUTS & BOLTS

For all GST registrants, both quick & long methods

- List all GST taxable revenues
- List all Non-GST taxable revenues
- List all GST that you charged
- Bring copies of all the GST returns that you filed (Quarterly filers only!)
- Bring a list of payments to and refunds from GST (not including the personal rebate cheques)

For Quick Method Registrants

- List your new assets with the GST noted and factored out

For Long Method Registrants (Do this and save yourself \$50!!)

- Also total your expenses for each category excluding GST (factor it out!)
 - And total your GST for each category of expenses
 - And bring to your appointment all three lists of totals
 - Grand Total for each category
 - GST Total for each category
 - Net Total (expenses without GST) for each category
- Note:** It is this Net Total that we need for the preparation of your tax return

There are some useful formulas you can use to help you pull the GST out of a bill when the actual amount of GST is not stated. The formula depends on how much provincial tax is levied.

For example:

Cab	NO PST	$\$ 10.00 \times 5 \div 105$	GST = .48
Copying	PST & GST	$\$ 21.00 \times 5 \div 113$	GST = .93
Bar Tab	PST (10%) & GST	$\$ 17.00 \times 5 \div 115$	GST = .88

What a pain in the ass it all is! The only saving grace is that most of us probably save more per hour of doing our GST than we earn anywhere else!

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GST Methods

Long or Regular Method

1) You collect GST	→ Send it to Ottawa	
2) You spend GST	← Get it back from Ottawa	
For Example		
Total Income	\$30,000	
Total GST Collected	= 30,000 x .05 =	\$1,500
Total GST Spent	GST paid on expenses	(\$850)
YOU PAY THE NET		\$650

Quick Method

1) You collect 5% GST		
2) You send it to Ottawa minus 2 things		
For Example		
Total Income	\$30,000	\$30,000
Total GST Collected	= 30,000 x .05 =	\$1,500
Entire Amount (GST and Income)		<u>\$31,500</u>
Take 3.6% of Entire amount	= 31,500 x .036 =	\$1,134
Take 1% of Income 30K and under		(\$300)
Less GST Paid on New Assets (eg. Computer)		(\$150)
YOU PAY THE NET		\$684

HISTORICAL PERCENTAGES

Please note these historical percentages when preparing your GST return:

	GST Rate	Quick Method Calculation
1991 - June 30, 2006	7%	5%
June 30, 2006 - Dec 31, 2007	6%	4.3%
Jan 2008 - Present	5%	3.6%

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