

Communications Information Bulletin – April 2010

Consistent messaging and best practices from the EDA's Communicators Council.

Harmonized Sales Tax (HST)

New Tax on Electricity Bills comes into effect July 1, 2010

On July 1, 2010, the retail sales tax will be replaced with a value-added tax that will be combined with the federal GST to create a harmonized sales tax for Ontario. The tax will be federally administered and will use the same tax base and structure as the federal GST, with few exceptions. The single sales tax will be applied at the combined tax rate of 13%. The provincial portion will be 8%, the same as the general RST rate, and the federal portion will be 5%.

Previously exempt from provincial sales tax, electricity consumers will now pay the full HST amount, or an additional 8% on their electricity bills.

Communications Challenge

The HST comes at a time of other potential bill increases (change to the RPP and TOU rates, an increasing global adjustment, renewables coming on line, the looming possibility of a hot, dry summer).

General Information on HST

- The HST combines both the provincial and federal sales tax on products and services. The combined tax of five per cent GST and eight per cent Ontario sales tax won't change the price on most items. But many items that used to be exempt from sales tax will no longer be so, including electricity.
- HST will apply to total charges on electricity bills
- HST will use the same rules and tax base as the federally administered GST
- Goods and Services Tax (GST) is currently levied on total charges on electricity bills, including the Debt Retirement Charge (DRC) – DRC forms part of the total electricity charge to Ontario's consumers and therefore will be subject to the HST
- Businesses, large and small, will be able to claim Input Tax Credits (ITC's) for the provincial portion of the HST on energy bills.
- Ontario Energy and Property Tax Credit - replaces the combined property and sales tax credits along with the new *Ontario Sales Tax Credit*. Intended to help offset the HST and will provide more than \$1.2 billion annually in energy and property tax relief to low- to middle-income individuals/families
- Northern Industrial Electricity Rate Program - three-year program would average \$150 million annually and will provide electricity price rebates of two cents per kilowatt-hour. Reduce, on average, industrial electricity prices by about 25 per cent for large facilities, based on 2009 levels. Available to qualifying large northern industrial facilities that commit to an electricity efficiency and sustainability plan.

- Northern Ontario Energy Credit - Permanent annual credit of up to \$200 dollars per family to help with rising energy costs in Northern Ontario. The credit will be income tested with an income ceiling of \$65,000 a year and will benefit, on average, half of Northern Ontarians.

Potential Messaging and Formats

- LDCs might want to consider pre-emptive messaging on the transition to HST in advance of July 1, 2010 implementation date.
- Expectation is that LDC customer service personnel would **not** try to explain government taxation policy, but would instead direct customers to government websites and call centres where they can get more information:
 - Website: www.ontario.ca/taxchange
 - Call the hotline at 1-800-337-7222

- Some LDCs might want to add HST information to **customer bill inserts** in advance of July 1, 2010. Some suggested messaging could be:

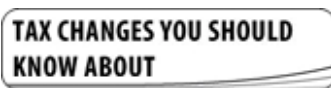
The Harmonized Sales Tax (HST) of 13% replaces the 5% GST and will be applied to electricity bills beginning July 1, 2010. For more information on the HST: www.ontario.ca/taxchanges or call the government's hotline at 1-800-337-7222.

- Some LDCs might want to provide information on how to access the HST government hotline or website address in a **pre-recorded message** while customers are being queued with a customer service representative.

The Harmonized Sales Tax (HST) will be applied to electricity bills beginning July 1, 2010. Find out more about the HST by calling the government hotline at 1-800-337-7222.

English and French Language Webpage Icons for LDC Use (icon artwork attached)

- Examples of an icon that can be displayed on LDC websites has been provided by the Ministry of Revenue. LDC customers need only to click on the icon to link to be re-directed to the HST webpage on the Ministry of Revenue website.



[Click here to learn more about the HST](#)

LDCs can use whatever copy they prefer under the icon – the example above provides suggested wording that could be used: [Click here to learn more about the HST](#).

Links:

- For all HST information go to: www.ontario.ca/taxchange
- For FAQs: <http://www.rev.gov.on.ca/en/taxchange/faq.html>