

Ministry of Revenue

33 King Street West
PO Box 627
Oshawa ON L1H 8H5
Tel: 1 866 668-8297

Ministère du Revenu

33, rue King ouest
C.P. 627
Oshawa ON L1H 8H5
Tél 1 866 668-8297



June 14, 2010

IMPORTANT: PLEASE SHARE THIS INFORMATION WITH YOUR MEMBERS

The Ministry of Revenue is providing general information for vendors that may be required to collect/pay and remit retail sales tax (RST) on insurance premiums after June 30, 2010.

Under the *Retail Sales Tax Act* (RSTA), premiums for certain types of insurance are subject to RST at a rate of 8%. This includes group insurance, contributions paid into funded benefit plans, and benefits paid out of unfunded benefit plans, as well as payments made into insurance schemes or compensation funds established under an Act of Canada or Ontario.

Effective July 1, 2010, Ontario will be moving to a harmonized sales tax (HST) that will be administered by the federal government in accordance with Canada's *Excise Tax Act* (ETA). Under the ETA, insurance premiums are generally exempt as financial services, meaning that the premiums will not be subject to HST.

It is important to note that the provisions of the RSTA will continue to apply to insurance and that RST at a rate of 8% will continue to apply to premiums that are currently subject to RST. Insurance premiums that are currently exempt from RST will continue to be exempt from RST after June 30, 2010. Costs and fees that are subject to HST, such as administration fees for benefit plans, will also be exempt from RST.

Vendors that are primarily engaged in insurance activities, such as insurers and registered insurance brokers are required to continue charging RST on taxable premiums and remitting it on a periodic sales tax return.

Vendors that currently collect and remit RST on insurance premiums but are not primarily engaged in insurance activities must also continue charging and remitting RST on taxable premiums.

What does this mean for your members?

Effective June 30, 2010, all current RST vendor accounts will be closed.

Vendors that are primarily engaged in insurance activities will be automatically re-registered by the Ontario Ministry of Revenue (ministry).

Vendors that currently collect and remit RST on insurance premiums but are not primarily engaged in insurance activities must contact the ministry directly at 1 866 ONT-TAXS (1 866 668-8297) to re-register for a RST vendor account.

As the tax filing frequencies that are currently in place will be maintained after June 30, 2010, it is recommended that your members contact the ministry prior to July 1, 2010 to allow sufficient time for the ministry to complete the re-registration process, which will ensure that your members receive their tax returns in advance of their filing period(s).

Please note that the appearance of the tax return will not change; however, after June 30, 2010, it will be used to remit/pay RST on insurance products only.

For additional general information, please refer to [**RST Guide #519 – Insurance - General Information**](#) and the [**Tax Tip “Prepare for Ontario’s HST: #4 – Insurance Premiums,”**](#) which are available on the ministry’s website (ontario.ca/revenue).

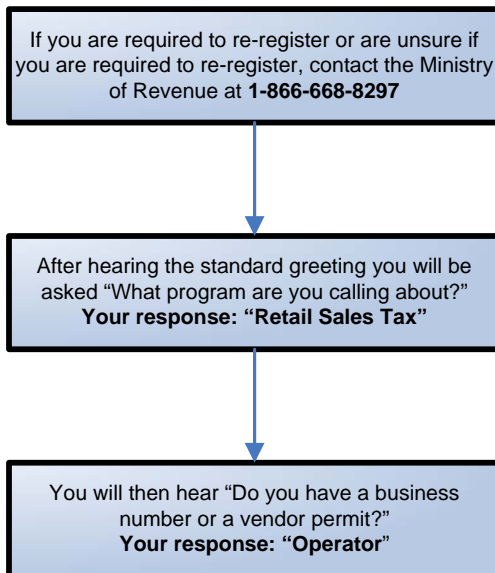
For your convenience, we have included a call flow chart, which summarizes the re-registration process.

If you have questions regarding this information please call the Ministry of Revenue at ONT-TAXS – 1 866 668-8297 or visit the website at ontario.ca/revenue

RE-REGISTERING TO CHARGE, COLLECT AND REMIT RETAIL SALES TAX ON INSURANCE PREMIUMS AFTER JUNE 30, 2010

Ontario Retail Sales Tax (RST) will continue to apply at a rate of 8% to premiums for certain types of insurance. Some examples include but are not limited to:

- group insurance
- contributions paid into funded plans
- benefits paid out of unfunded plans
- payments made into insurance schemes or compensation funds established under an Act of Canada or Ontario



At this point your call will be put through to a live Service Ontario operator who will record the information required to re-register your business. If you are unsure if you are required to re-register your information will be taken and you will be contacted by a representative who can help make that determination.