

GUIDE TO CANADIAN SALES TAXES

Last Updated: November 27, 2007

For The Branford Group to be compliant with Canadian tax authorities, ALL BUYERS must pay the appropriate tax with their invoice. For those provinces which DO allow TBG to issue refunds, you must provide us with the appropriate documents. Once we review and confirm those documents, we will be able to issue you a refund.

NOTE: Some provinces will not allow TBG to refund taxes. You must submit the appropriate documents directly to those taxing authorities to receive a refund.

GST (Goods and Services Tax).

- GST is a country-wide tax for all of Canada
- The GST rate is 6% percent. (As of Nov 07.)

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

1. Buyers who export goods and services out of Canada.
 - Proof of export or shipping.
 - TBG can refund this tax directly.
2. Canadian Buyers with an EDC exemption ID number.
 - Export Distribution Centre (EDC) Form.
 - Buyers must complete and sign this form (see below) which allows export-oriented Canadian businesses (with exemption IDs) to be exempt from GST on most inventory and property purchased to be added to other goods in the course of processing.
 - TBG can refund this tax directly.

For more information, visit

<http://www.ccr-aadrc.gc.ca>

PST (Provincial Sales Taxes).

- Additional Provincial-specific taxes may apply depending on the location of the assets purchased.
- NOTE: These taxes may appear on your invoice as "Sales Tax 1."

Ontario PST

- Ontario's PST (RST) is a provisional tax which includes various districts like Ottawa and Toronto.

- The PST (RST) rate is 8 percent. (As of Last Updated date above.)
- **Note: The PST (RST) will be listed on your invoice as Sales Tax with a discretionary tax listed for the RST on top of the GST. GST will be listed separately as GST Tax.**

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

1. Buyers who export goods and services out of the province of Ontario.
 - **TBG CANNOT refund this tax.** For a refund, apply directly to the Government of Ontario. (See the form below.)
 - Goods must be removed from the province within 30 days of purchase.
 - This PST will not be refunded for consumable goods, transportation, or services.
 - Residents from other Canadian provinces must show proof that they have paid their own province's sales tax on the goods purchased in Ontario in order to obtain a refund.
2. Buyers who are Canadian Manufacturers or Resellers
 - Canadian resellers and manufacturers must complete and sign the *Canada Uniform Sale & Use Tax Certification - Multi-Province* form (see below) (PEC).
 - You must give TBG a Purchase Exemption Certificate (PEC) at the Time of Sale. It must have Name, address, type of business, reason for claiming exemption, List of all items being purchased, date the PEC is issued, signature of Purchaser or approved official of the business, Vendor Permit Number if applicable.
 - **TBG can refund RST if PEC is given after the sale.**

For more information, visit

<http://www.trd.fin.gov.on.ca/>

Quebec QST

- The QST is a provisional tax for Quebec Province which includes various districts like Montreal & Brosard.
- The rate is 7.5 percent. (As of Last Updated date above.)
- **NOTE:** The tax rate applies to the purchase price & Buyer's Premium and to the GST Tax.
- **NOTE:** The QST will be listed on your invoice as Sales Tax with a discretionary tax listed for the QST on top of the GST. GST will be listed separately as GST Tax.

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

1. Buyers who export goods and services out of the province of Quebec.
 - Certain property or services exported outside Quebec may be zero-rated (taxable at the rate of 0%).
 - Proof of export or shipping is required prior to a refund. The tax must be paid.
 - **TBG can refund this tax directly.**
2. Buyers who purchased property or services used in the course of commercial activities.
 - Certain property or services used in the course of commercial activities (such as raw materials, office furniture, computer systems, etc) may be entitled to Input Tax refunds (ITRs).
 - **TBG CANNOT refund this tax.** For a refund, apply directly to the Government of Quebec.

- See the *General Application For a Québec Sales Tax (QST) Refund* form at the below web address.

For more information, visit

<http://www.revenu.gouv.qc.ca/eng/ministere/index.asp>

British Columbia PST

- British Columbia (BC) Provincial Sales Tax, also called Social Services Tax, is charged on most products and many services sold in the Province of BC.
- The rate is 7 percent. (As of Last Updated date above.)
- TBG must collect this tax on the full sale price of tangible personal property that customers are purchasing for their own use rather than for resale purposes.

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

1. Export out of British Columbia by Resellers or Manufacturers.
 - **TBG CANNOT refund this tax.** For a refund, apply directly to the Government of British Columbia.
 - See the *Certificate of Exemption Production Machinery and Equipment* form at the below web address.
2. British of Columbia Resellers or Manufacturers:
 - Vendor Registration Number. Provide this number to TBG. It must be recorded on each invoice as the Resale Number.
 - Canadian resellers and manufacturers must complete and sign the *Canada Uniform Sale & Use Tax Certification - Multi-Province* form (see below).
 - **TBG can refund this tax directly.**
3. Farming Equipment.
 - Farm Exemption Certificate. Farm production equipment and machines when acquired for use directly in primary farming activity are exempt from the PST. To claim this exemption, you must fill out the Farm Exemption Form (See below).
 - **TBG can refund this tax directly.**

For more information, visit

<http://www.rev.gov.bc.ca/ctb>

Saskatchewan PST

- Saskatchewan Provincial Sales Tax, is payable by businesses and individuals who purchase taxable goods or services in Saskatchewan or who import taxable goods or services for consumption or use in the Province.
- The rate is 6 percent. (As of Last Updated date above.)

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

1. Export out of the Saskatchewan Province.

- A non-resident is required to pay PST on all goods that are purchased in Saskatchewan. The goods are exempt from tax only when the retailer ships the goods to the purchaser outside the Province.
 - Bill of Lading or other Proof of shipment or export out of the Province. To be refunded the tax, you must provide TBG with proof of shipment/ export out of the Province.
 - TBG can refund this tax directly.
2. Saskatchewan Resellers.
- 7 Digit Vendor Number. Provide this number to TBG. It must be recorded on each invoice as the Resale Number.
 - Canadian resellers and manufacturers must complete and sign the *Canada Uniform Sale & Use Tax Certification - Multi-Province* form (see below).
 - TBG can refund this tax directly.
3. Farming Equipment.
- Farm Exemption Certificate. Farm production equipment and machines when acquired for use directly in primary farming activity are exempt from the PST. To claim this exemption, you must fill out the Farm Exemption Form (See below).
 - TBG can refund this tax directly.

For more information, visit

<http://www.gov.sk.ca/finance/revenue/pst/pst.htm>

Nova Scotia, New Brunswick, and Newfoundland & Labrador HST

- Three provinces - Nova Scotia, New Brunswick, and Newfoundland and Labrador - harmonized their provincial sales tax with GST to create HST.
- **NOTE:** For items purchased in these provinces, THERE IS NO GST – ONLY HST.
- HST applies at a rate of 15% to the same base of goods and services that are taxable at 7% under GST. HST follows the same general rules as GST.
- All GST/HST registrants (TBG) continue to collect 7% GST on taxable sales or supplies of goods and services made in Canada except those made in the provinces with HST.
- Most businesses with commercial activities in Canada have to register for, charge, collect, and remit GST/HST on their taxable sales or supplies of goods and services. They will be able to recover the GST/HST they pay on goods and services by claiming input tax credits (ITCs).
- The rate is 15% (which includes 7% federal GST and 8% provincial). (As of Last Updated date above.)

Refunds. Who can receive a refund of this tax, and how can the refund be processed.

- Exports out of the Province or Country
 - Bill of Lading or other Proof of shipment or export out of the Province. To be refunded the tax, you must provide TBG with proof of shipment/ export out of the Province.
 - TBG can refund this tax directly.
 - Note: Non-resident purchasers who do not provide the shipping documents to TBG can apply for a rebate to recover the tax paid on qualifying goods (other than excisable goods, wine, and gasoline) exported from Canada.
 - To qualify for the GST/HST rebate, the non-resident purchaser has to export the goods from Canada within 60 days of delivery, as well as meet other conditions.

- For more information on the eligibility requirements, see “RC4033 General Application for GST/HST Rebates”, and Form GST189. <http://www.cra-arc.gc.ca/E/pub/gp/rc4033/README.html>
2. Canadian Buyers with an EDC exemption ID number.
- Export Distribution Centre (EDC) Form.
 - Buyers must complete and sign this form (see below) which allows export-oriented Canadian businesses (with exemption IDs) to be exempt from HST on most inventory and property purchased to be added to other goods in the course of processing (see below).
 - TBG can refund this tax directly.

For more information, visit

http://www.cra-arc.gc.ca/tax/business/topics/gsthst/taxable/import/ex_good-e.html

FACSIMILE COVER SHEET

Date: _____

Number of pages:
(including cover sheet) _____

To: Laura Leach

Company: The Branford Group

Fax: 203-488-4577

From: _____

Company: _____

Auction Name
& Bidder No. _____

Regarding: Canadian Auction Exemption Form Fax Cover

The information contained in this facsimile is privileged and confidential and is intended for the use of the individual or entity named above.

If the receiver of this message is not the intended recipient or the employee or agent responsible to deliver it to the intended person, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this documentation in error, please immediately notify us by telephone and return the original message to us at:

The Branford Group, 896 Main Street, Branford, CT 06405

EXPORT DISTRIBUTION CENTRE (EDC) FORM

GST exemption form for buyers authorized by the Minister of National Revenue

I, _____, HEREBY CERTIFY that:

1. The recipient of this supply has been authorized by the Minister of National Revenue under section 273.1 of the Excise Tax Act to use an export distribution centre certificate for the purposes of section 1.2 of Part V of Schedule VI to that Act, and the authorization is in effect at the time the supply is made.
2. The property listed below is being acquired for use or supply as domestic property or as added property of the recipient (as those expressions are defined in section 273.1 of the Excise Tax Act).
3. I am the recipient or I am authorized to execute this certificate on behalf of the recipient.

Date

Signature

Name (Print)

Office or Position

Name of the Recipient

Recipient's Business/Authorization Number

Authorization Expiry Date

Section 279 of the Excise Tax Act states that a certificate made by a person (other than an individual) under Part IX of that Act shall be signed on behalf of the person by an individual duly authorized to do so by the person or the governing body of the person and, where the person is a corporation or an association that has duly elected or appointed officers, the president, vice president, secretary and treasurer thereof, or equivalent officers, are deemed to be so duly authorized.

NOTE: This form is applicable to Canadian buyers for GST Tax Exemption only. Canadian Buyers are exempt only if Export Distribution Centre Program Permits, and if EDC forms are filled out by the buyer. In summary Export Oriented Canadian businesses are allowed with exemption ID's to be exempt from GST on most inventory and property purchased to be added to other goods in the course of processing.

CANADA UNIFORM SALE & USE TAX CERTIFICATION MULTI-PROVINCE PURCHASE EXEMPTION CERTIFICATE (PEC)

Canadian manufacturers or resellers may be exempt from PST/ QST by completing this form.

The below-listed provinces have indicated that this form of certificate is acceptable for PST exemption. The issuer and the recipient have the responsibility of determining the proper use of this certificate under applicable laws in each state as these may change from time to time.

Issued to Seller : _____

Address/Auction: _____

Date of Purchase: _____

I certify that: [Name of Firm (Buyer)] _____ at [Address]

_____ is engaged as a registered

Wholesaler Retailer Manufacturer Seller

and is registered with the below listed provinces and cities within which your firm would deliver purchases to us and that any such purchases are for wholesale, resale, ingredients or components of a new product or service to be resold, leased, or rented in the normal course of business.

We are in the business of wholesaling, retailing, manufacturing, leasing (renting) the following:
Description of Business/Reason of Exemption:

List of Items or services purchased from the seller:

Registration ID Number of Purchaser (Vendor Permit #): _____

I further certify that if any property or service so purchased tax free is used or consumed by the firm as to make it subject to a Sales or Use Tax we will pay the tax due directly to the proper taxing authority when state law so provides or inform the seller for added tax billing. This certificate shall be a part of each order that we may hereafter give to you, unless otherwise specified, and shall be valid until

Canceled by us in writing or revoked by the city or state.

Under penalties of perjury, I swear or affirm that the information on this form is true and correct as to every material matter.

Authorized Signature: _____
(Owner, Partner or Corporate Officer)

Title: _____ Date: _____

Please Note: This form is applicable to Canadian buyers for Multi-Province Tax Exemption only. Canadian manufacturers or Canadian resellers are exempt by filling out this form.

FARM EXEMPTION CERTIFICATE MULTI-PROVINCE

Canadian farmers may be exempt from PST/ QST by completing this form.

Land Description

Sec _____ Twsp _____ R _____ M _____

I hereby certify the goods listed on this invoice will be used solely and directly in the operation of my farm.

Date

Signature of Farmer