

June 28, 2010

Notice to all Region of Peel Vendors Regarding HST

The new Harmonized Sales Tax (HST) will take effect starting July 1st, 2010. Effective July 1st 2010, the quoted unit and/or lump sum pricing should be adjusted to account for the new HST tax change.

The adjusted prices will reflect your lower costs as you will be able to claim input tax credits on all sales taxes paid on your purchases. Currently, you cannot claim the Ontario Retail Sales Tax (PST) recovery on your purchases. As a result of this input tax credit you will receive, the Region of Peel expects all vendors to reduce their prices to reflect the changes in sales tax status.

For all contracts entered into prior to July 1st, which may include both goods and services, vendors will be expected to provide a credit to the Region of Peel for the dollar amount that represents the PST that was embedded in the materials cost portion of the contract pricing at the time the contract was implemented. Based on research conducted by the Agency, it is anticipated that the remaining unbilled portion of the contract after July 1st, should be subject to a reduction of 3.2% (8% of an assumed 40% material value of the Total Contract Value), before applying the HST. For existing contracts vendors are requested to reduce their pricing accordingly.

Vendors should also note that you are required to issue separate invoices for goods and services delivered up to and including June 30th, and for goods and services delivered on July 1st or later.

As of July 1st, the Region will convert all of its purchase orders/contracts from the old PST/GST status to reflect the new HST status as applicable.

Please forward your revised pricing to the Project/Contract Manager by July 31, 2010.

Regards,

James Macintyre
Director, Purchasing

Employee and Business Services

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