



## Taxes & Rebates

### HST

The University of Guelph is obligated to pay the Ontario Harmonized Sales Tax (HST) on most goods received or services provided. The current rate for the HST in Ontario is 13%. This consists of a federal portion of 5% and a provincial portion of 8%. Certain goods or services may be exempt from HST while others may be exempt on only the provincial portion. Please see [HST](#) [1] for more information.

In order to collect the HST in Ontario, suppliers must register with the Canada Revenue Agency (CRA) and obtain an Ontario HST registration number. This number must be printed on their invoices. Our suppliers who are registered to collect the HST in Ontario will then include the HST charge on their invoices and we are obligated to pay it .

Many suppliers outside Ontario will not be registered to collect HST in Ontario and will not charge it on their invoices. In these cases, we are required to self assess the amount of HST owing and remit it directly to CRA. This is done in Accounts Payable when they process the invoice for payment.

Suppliers in Canada but outside Ontario will likely charge the federal portion of the HST and we will be required to self assess the provincial portion.

Suppliers outside of Canada who are not registered to collect HST would not charge any HST on their invoices. In the case of goods, we would normally pay the federal portion of the HST when the goods cross the border and would self-assess the provincial portion. Otherwise, we would self assess both the federal and provincial portions when we pay the invoice.

### Rebates

As a University, we are entitled to claim a rebate on the HST that we pay. For most transactions, we receive a rebate of 67% on the federal portion of HST paid and 78% on the provincial portion of HST paid.

Rebates of up to 100% are available to certain commercial operations on campus.

Rebates are calculated automatically as each invoice is processed through Accounts Payable. The rebate amounts are credited back to the same account where the invoice was charged by way of an automated journal entry.

### Withholding Tax

When payments are made to individuals (such as for honoraria, guest speakers, etc) through the Accounts Payable process there are certain income tax implications to consider.

When Accounts Payable receives an invoice or cheque requisition requiring payment to an individual in Canada, the individual's social insurance number is required before the payment can be processed. After being processed in Accounts Payable, a copy of the source document is forwarded to Human Resources who will issue a T4A slip to the individual.

When Accounts Payable receives an invoice or cheque requisition requiring payment to an individual outside of Canada, we are required by the Canada Revenue Agency (CRA) to deduct a withholding tax of 15% of the amount owing, unless a CRA waiver accompanies the invoice or cheque requisition. This 15% is remitted to CRA and the



difference is paid to the individual. A copy of the source document is forwarded to Human Resources who will issue a T4A-NR slip to the individual.

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### Source

**URL:** <https://www.uoguelph.ca/finance/departments-services/procurement-and-payables/payments-reimbursements/taxes-rebates>

### Links

[1] <https://www.uoguelph.ca/finance/node/1160>