TAXFILINGS
CANADA

FREE GUIDE FOR BUSINESS OWNERS

GST/HST: The Owner's Handbook

The sales tax you collect was never yours to spend — this little book keeps you from learning that the expensive way.

Sales tax is the tax you can go wrong with fastest. You collect it for the government, it lands in the same bank account as your own money, and spending it feels free — right up until the filing does. Owners who stay out of trouble treat every GST/HST dollar as borrowed from day one.

The five moments GST/HST touches your business — do you know your move at each one?

1	**The day you cross $30,000.** Add up your sales over the last four quarters. Pass that line and registering stops being optional. It is a rolling test, not a calendar-year one — a strong six months can put you over while the year still looks quiet.
2	**The moment you invoice.** The tax on the invoice follows your customer's province, not yours. Sell across Canada and you are charging several different amounts — correctly, or not.
3	**Every receipt you keep.** Registered businesses get back the GST/HST they paid on costs. Each receipt you lose is a small refund you volunteered to skip.
4	**The filing date.** Annual, quarterly or monthly — your cycle sets the date, and missing it starts costs that grow every month you wait.
5	**The remittance.** The cheapest habit in this whole book: move the tax you collect into a separate account the day it arrives. Then the filing is paperwork, not a crisis.

Rules and thresholds move over time — the $30,000 figure and everything else in these pages should be confirmed at canada.ca before you act on it. The free GST/HST tools at taxfilings.ca/tools already carry the current numbers.

01 The $30,000 line — and why waiting is not always smart

The test is simple to state and easy to fail by accident: total your sales for the last four calendar quarters, and keep totalling as each new quarter closes. Below the line, you are a "small supplier" and registration is your choice. Above it, the choice is gone.

Once you cross, the clock starts

Sign up with the CRA, put tax on your invoices, and warn your regular customers the change is coming. Charging late does not excuse you — the CRA can treat the money your customers already paid as having the tax inside it, and carve its share out of your pocket.

Registering early can pay

Voluntary registrants claim back the GST/HST on their costs from day one — equipment, software, professional fees. If your costs are heavy, or your customers are businesses who reclaim the tax anyway, early registration often puts money in your pocket, not theirs.

PLANNING TIP

Not sure which side of the line you are on? The registration checker at taxfilings.ca/tools walks the four-quarter test with your own sales, and canada.ca carries the current threshold in case it has moved since this was printed.

02 Charge where the buyer is, not where you are

Canada runs several sales-tax systems at once, and the "place of supply" rules decide which one applies to each sale. In plain words: for most goods and services, look at where your customer is, then charge that province's tax.

HST provinces

The federal and provincial parts are fused into one harmonized tax. You collect a single amount and send it to the CRA in one return. Simple — as long as you used the right province's amount.

GST-plus-PST provinces, and GST-only

Elsewhere you collect the federal GST for the CRA, and some provinces run their own separate sales tax with its own registration and its own rules. Alberta and the territories are federal-only. The GST/HST calculator at taxfilings.ca/tools applies the current amount for any buyer's province — use it before you set your invoice template, not after.

03 Input tax credits — the half of the system that pays you

Being registered is a two-way street. You hand the CRA the tax you collected, minus the tax you paid on business costs. Those refunds are called input tax credits, and they are claimed, not automatic: no claim, no credit.

SAVINGS

Software subscriptions, the accountant, the laptop, ad spend, the courier — most business costs carry GST/HST you can get back. Missed credits are the quiet price of sloppy bookkeeping. Keep every cost receipt where you can find it; the CRA expects the records behind your claims to be kept for six years (today's rule — worth confirming at canada.ca), and a credit with no invoice behind it can simply be denied.

04 The Quick Method, in plain words

The regular method makes you track the tax on every cost. The Quick Method skips that: you charge customers as usual, keep a set slice of what you collect, and send the CRA the rest. The slice you keep stands in for the credits you give up. For service businesses with few costs, it often comes out ahead; for cost-heavy businesses, it usually does not. One catch worth underlining: you must elect it with the CRA in advance — you cannot look at both answers at filing time and pick the better one.

> PLANNING TIP
> This is a one-evening decision. Put last year's numbers through the Quick Method calculator at taxfilings.ca/tools and see which way your own business leans before you commit either way.

05 Filing cycles — and what a late return really costs

Most businesses start as annual filers, and can choose quarterly or monthly instead; as revenue grows, the faster cycles stop being a choice and become the rule. Whatever your cycle, the deadline is printed on your return and does not care how busy your quarter was. Put every filing date in your calendar the day you register — an annual filer's single deadline is one of the easiest dates in Canadian tax to forget.

> THE EXPENSIVE MISTAKE
> The collected tax was never your money. If the account is empty when the filing lands, you have been spending the CRA's funds. Late returns attract penalties that grow month by month, interest compounds daily, and the CRA can hold your other refunds hostage until you file. Directors can be personally liable for unremitted GST/HST even inside a corporation. If a return is already overdue, file it this week — the meter only stops when the paperwork goes in.

06 Five classic beliefs that cost owners money

MYTH	FACT
"I never registered, so I do not owe the tax."	Once you pass the threshold, you owe it whether or not you charged it. The CRA treats your prices as containing the tax and takes its share from money you have already spent.
"The tax I collect is revenue — I will sort it out at filing."	It is held in trust for the government from the moment it hits your account. A separate savings account, fed on the day each invoice is paid, ends this problem permanently.
"I sell online, so my own province's amount applies to everyone."	Place of supply follows the buyer. A web shop shipping across Canada charges by the customer's province on every order.
"I am too small for credits to matter."	Small costs stack. A year of subscriptions, fees, fuel and supplies carries real reclaimable tax — and voluntary registrants can claim it before they are even required to register.
"I owe nothing this period, so a late return is harmless."	File anyway. Refunds and rebates only flow once returns are in, and an unfiled return invites the CRA to estimate a balance for you — estimates are never generous.

07 The sixty-second owner's check

Score one point for every YES.

1. I know where my rolling four-quarter sales total sits against the registration line.	YES / NO
2. Tax I collect goes straight to a separate account — or I always know the balance I owe.	YES / NO
3. I can name my filing cycle and my next filing date without looking.	YES / NO
4. My invoices charge by the customer's province, not mine.	YES / NO
5. Every business cost receipt lands somewhere I could produce it on request.	YES / NO
6. I have actually tested whether the Quick Method would leave me ahead or behind.	YES / NO
7. If a return were late, I know what it costs and who I would call this week.	YES / NO

6–7 · Green
You run sales tax like a system, not a surprise. Keep the separate-account habit alive.

3–5 · Yellow
One good quarter could turn a gap into a bill. Fix the account and the calendar first.

0–2 · Red
You may already owe money you have not counted. Do the four-quarter test today, not this month.

08 Your first-week fix

Day 1
Total your last four quarters of sales. Write down where you sit against the registration line.

Day 2–3
Open a separate savings account for collected tax. Move over what you owe from the current period.

Day 4–5
Confirm your filing cycle and next deadline. Calendar it with a reminder two weeks ahead.

Day 6–7
Run your numbers through the GST/HST and Quick Method calculators at taxfilings.ca/tools.

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Udit Gupta has over 15 years of experience helping corporations and business owners with corporate structuring, corporate tax filing, bookkeeping, payroll, GST/HST, cross-border tax and CRA representation. Big 4 trained at Ernst & Young and Deloitte, and qualified as a chartered accountant in India and Malaysia, he founded Tax Filings Canada in 2019 to serve entrepreneurs, startups and non-resident business owners across Canada. View Full Member Bio — including step-by-step instructions to verify each membership on the issuing body's public register.

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Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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