

When you register your business (www.nsbr.ca), you can also open a Harmonized Sales Tax (HST) account with the Canada Revenue Agency. Having an HST account is required for businesses with gross sales of \$30,000 or more. However, businesses with gross sales of less than \$30,000 can voluntarily open an HST account. HST accounts are optional for all farm businesses, regardless of the amount of gross sales, but most farmers have HST accounts.

HST is charged on most goods and services in Nova Scotia. However, HST that is paid on purchases related to your farm business is considered an input tax credit (ITC) and you can apply to the Canada Revenue Agency for a refund of this amount. Farmers are allowed to claim input tax credits on any farm-related purchase, even goods and services to which HST would normally apply. You can submit your claim monthly, quarterly or annually.

Farmers also have to charge sales tax on some goods and services. Most food and other farm products are zero-rated, meaning that HST is charged at a rate of 0%. However, for some products, whether or not they have HST on them depends on how they are packaged and the quantities in which they are sold. For example, manure and compost are zero-rated if they are sold in packages that weigh at least 25 kg and in quantities of at least 500 kg. This means if you make compost and sell it by the truckload, you do not have to charge HST. However, if you sell it in 10 kg bags, you do have to charge HST.

Most farm livestock are zero-rated. One exception is rabbits, which are zero-rated if they are sold for meat but otherwise must have HST charged on them. HST must also be charged on horses, unless they are being sold for meat.

Farmers must charge HST on any services they render. Services that farmers typically provide to others include things like custom machine work (e.g. plowing, planting or harvesting), animal breeding, and hauling livestock. Even if this service is performed for another farmer, who can claim

an HST refund on the amount, you are still required to collect HST and remit the amount to the Canada Revenue Agency. HST must also be charged on farm land rent.

For more information on which goods and services are zero-rated, see *GST/HST Memorandum 4.4 Agriculture and Fishing*: <http://www.cra-arc.gc.ca/E/pub/gm/4-4/4-4-e.pdf>

For more information on how to open an HST account, how to claim ITCs, and how to remit HST that you have charged on goods and services, contact the Canada Revenue Agency at 1-800-959-5525 or see *CRA Guide RC4022 – General Information for GST/HST Registrants*: <http://www.cra-arc.gc.ca/E/pub/gp/rc4022/rc4022-08e.pdf>

[The information in this fact sheet was taken from various Canada Revenue Agency publications and compiled by Rebecca Sooksom, New Entrant Resource Coordinator, Nova Scotia Department of Agriculture, April 2010.]