

Canada  
Tax

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## Canadian indirect tax news

### Newfoundland and Labrador – HST rate increase scrapped

December 8, 2015 (15-5)

On December 2, 2015, Premier-designate Dwight Ball held a news conference in St. John's, announcing that the new Liberal government will honour its campaign promise to scrap the planned two percentage point increase in the harmonized sales tax (HST). A letter of instruction cancelling the planned increase in the provincial component of the HST from 8% to 10% has been forwarded to the provincial finance officials.

Although this political commitment may be welcome news for consumers, many public and private sector organizations who have invested time and money in preparation for the planned sales tax increase - and made system changes to be compliant with the corresponding transitional rules - may feel differently. Basically, any changes to operational procedures and planning for the HST rate increase must be undone.

It is also important to note that the larger HST rebate for low-income earners that had been promised by the previous government in the 2015 provincial budget has also been scrapped.

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