

# CANADIAN SALES TAX & INVOICING

## WHAT YOU NEED TO GET RIGHT.

A practical compliance cheat sheet for small businesses

### Start here: Do you need to charge sales tax?

**Q: Have you made more than \$30,000 in revenue in the last 4 quarters?**

**→ No → You're a small supplier**

- You don't have to register
- You don't charge sales tax
- You can't claim input tax credits

**→ Yes → You must register**

- You must charge GST/HST
- You can claim input tax credits

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### Next: Where is your customer located?

**Q: Which province is your customer in?**

**→ HST province  
(ON, NB, NS, PEI, NL)**

- Charge HST (single rate)
- File with CRA

**→ GST-only province  
(AB, territories)**

- Charge 5% GST only
- File with CRA

**→ PST province  
(BC, SK, MB)**

- Charge GST + PST separately
- **File:**
  - GST → CRA
  - PST → Province

**→ Quebec**

- Charge GST + QST
- **File:**
  - GST → CRA
  - QST → Revenu Québec

**→ Learn more about GST/HST rates [here](#).**

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### Next: What are you selling?

**Q: Is your product/service taxable, zero-rated, or exempt?**

**→ Taxable (most goods/services)**

- Charge full applicable tax credits

**→ Zero-rated (e.g., basic groceries, exports)**

- Charge 0%
- Still claim input tax credits

**→ Exempt (e.g., some healthcare, education)**

- No tax charged
- No input tax credits

### What should your invoice include?

**Q: Are your invoices compliant?**

**At minimum, you need:**

- Your business name + GST/HST number
  - Invoice date
  - Description of goods/services
  - Total before tax
  - Tax amount (clearly broken out)
  - Total payable
  - Clear payment terms and due date
- Missing or incorrect details can invalidate input tax credits for your customer

Get more invoice tips in our [Invoicing Checklist](#)



## Next: Are you tracking tax correctly?

**Q: Are you separating collected vs paid tax?**

### You need to track:

- Tax collected (from customers)
- Tax paid (on expenses → input tax credits)

→ You remit the **difference**

**Common mistake:** treating collected tax as revenue

## Next: How often do you file?

**Q: What is your reporting frequency?**

- Low revenue → annually
- Mid-range → quarterly
- Higher revenue → monthly

→ You must file even if:

- No sales
- No tax owing

## Common pitfalls (where businesses get it wrong)

- Charging the wrong province's rate
- Forgetting to register for PST/QST
- Not tracking input tax credits properly
- Missing filing deadlines
- Poor invoice documentation
- Cash flow issues from unremitted tax

## The reality

**Sales tax in Canada isn't just about rates.**

**It's about:**

- Knowing where your customer is
- Applying the right rules every time
- Filing with the right authority
- Keeping accurate records

That's manageable at low volume.

It breaks down quickly as you grow.

## Where this gets difficult

**As your business scales:**

- You sell across provinces
- You manage multiple tax authorities
- You reconcile tax across systems
- You risk errors that trigger audits or penalties

## The Takeaway

**You can:**

- Manually track tax rules
- Maintain spreadsheets
- Monitor thresholds and filings

**Or you can use a system that:**

- Applies the correct tax automatically
- Tracks input tax credits in real time
- Generates compliant invoices
- Keeps filings aligned with CRA and provincial rules

## Final line

**Sage Accounting handles the complexity behind the scenes, so you don't have to think about sales tax every time you invoice. [Find out more](#)**

