H.S.T. for PCLaw - Ontario and B.C. Firms (PCLaw Version 10 Service Pack 4)
(Now Available)
Document Revision Date: July 13th, 2010

****All Firms – Consult with your PCLaw CIC, Tax Advisor or Accountant before implementing any of these changes in PCLaw as tax implications may exist. ****

Effective July 1, 2010 - Harmonized Sales Tax (H.S.T.) for Ontario

The 2009 Ontario Budget proposed a harmonized sales tax (HST), which would come into effect on <u>July 1, 2010</u>. The HST in Ontario would be 13%, consisting of the 5% federal part and an 8% Ontario part.

Effective July 1, 2010 - Harmonized Sales Tax (H.S.T.) for British Columbia

The British Columbia (B.C.) Ministry of Finance proposed a harmonized sales tax (HST) which would also come into effect on <u>July 1, 2010</u>. In B.C., the HST would be 12%, consisting of the 5% federal part and a 7% B.C. part.

Further details of these changes can be found on the C.C.R.A.'s website
http://www.cra-arc.gc.ca/E/pub/gi/notice247/notice247-e.pdf

PCLaw Version 10 Service Pack 4

PCLaw Version 10 Service Pack 4 will pre-set the new default tax values on the Tax tab of System Settings for BC, ON, and NS firms. This controls the rate for all new matters created however, all firms affected by HST must adjust the existing matter tax rates in PCLaw.

All H.S.T. affected firms (Memorized Transactions ONLY)

Firms using the memorized transactions feature in PCLaw for cheques, must ensure that you verify the taxes before accepting the entry, e.g., On a cheque screen, you enter the name of the "Payee", hit tab on your keyboard and PCLaw automatically pre-populates the amount and the taxes, based on the last cheque you wrote to that payee. The concern is that the last time you wrote a cheque to this payee, it was not subject to HST, but now it may be.

If you need to   change a memorized transaction, you need to start with a cheque screen, enter the name of the payee, remove the memorized amount from the amount box, re-enter the amount, tab over and ok the entry. PCLaw will memorize this new calculation going forward for any future cheques for that payee.

B.C. Firms – Prior to Installing PCLaw 10 Service Pack 4

*If your firm has ICBC files __and or__ P.S.T. exempt files with unbilled time, <u>DO NOT INSTALL</u> **PCLAW 10 Service Pack 4** until the following is completed. **If you have already installed** V10SP4, please go to the **next page**.*

Note: Delaying the PCLaw update to complete ICBC and P.S.T. exempt billings for June, will still allow the entry of time and disbursements to all files. If possible, complete all ICBC and P.S.T. exempt billings prior to posting any July H.S.T. taxable bills. These can be calculated manually and entered in the GST section of billing if required.

1. All ICBC and or P.S.T. exempt files with unbilled time entries should be billed up to and including June 30th, 2010.

> *a. Run the list of clients report and use the "Adv. Search" function to identify matters currently subject to P.S.T.*

Field	Comparison	Compare To
PST Fees	Is Not Equal To	0.00

> *b. Bill these files up to and including June 30th, 2010*

2. All G.S.T. exempt files that will be subject to H.S.T. on July 1st, 2010 (ie. ICBC Files)

> *a. Run the list of clients report and use the "Adv. Search" function to identify matters currently subject to G.S.T. = 0*

Field	Comparison	Compare To
GST Fees	Is Equal To	0.00

> *b. Through matter manager, set the G.S.T. category to "Y" with values of "0" for fees and disbursements prior to posting July entries.*

```
Taxes
Default GST Category   Y
GST on Fees            0.0000
GST on Disbursements   0.0000
Sales Tax on Fees      0.0000
```

> *c. Bill these files up to and including June 30th, 2010.*

3. All P.S.T. exempt files should be billed up to and including June 30, 2010.

> *a. Run the list of clients report and use the "Adv. Search" function to identify matters currently subject to P.S.T.*

Field	Comparison	Compare To
PST Fees	Is Equal To	0.00

> *b. For each file, set the PST rate to "0" through the matter manager.*

```
Taxes
Default GST Category   Y
GST on Fees            0.0000
GST on Disbursements   0.0000
Sales Tax on Fees      0.0000
```

> *c. Bill these files up to and including June 30th, 2010.*

B.C. Firms

Only If you have installed *PCLaw 10 Service Pack 4 and you have ICBC files and or P.S.T. exempt matters, but have not completed the steps above, please perform these steps; otherwise proceed to part "A" below (Changing Matter Tax Rates).*

1. Prior to performing July billing in PCLaw, go to Options >System Settings > Tax Tab
2. Change the date on the "Charge Sales Tax on Fees" to 1/1/1982
3. Change the date on the "Charge items before" to 1/1/1982
4. Click OK to save your changes.
5. Complete Steps 1-3 on the page above.
6. After completing steps 1-3 on the page above, go to Options >System Settings > Tax Tab
7. Change the date on the "Charge Sales Tax on Fees" to 7/1/2010
8. Change the date on the "Charge items before" to 7/1/2010
9. Click OK to save your changes.

A) Changing Matter Tax Rates

B.C. Firms

    a.   From the Tools menu in PCLaw, select Change Matter GST Rates
    b.   The "Change Matter GST Rates" window appears

    c.   Select the checkbox for both "Change Fee Rates" and "Change Disb Rates" to make the fields active.
    d.   Enter your old rate for fees as well as the new rate for fees.
    e.   Enter your old rate for Disbursements as well as the new rate for disbursements.
    f.   Select OK to perform the required changes.
    g. Repeat the above steps for other rates you would like to change.

T O T A L   P R A C T I C E   S O L U T I O N S
Client Development   Research Solutions   Practice Management   Litigation Services

LexisNexis®

B.C. Firms – Changing Sales Tax Rate on Fees

*** PST Exempt Matters must be billed up to and including June 30th   before completing these steps***

a. From the File menu, select Matter and Global Change.
b. The "Select Matters to View" window Appears.

c. Select OK
d. The following window appears

e. Select Ok again. The Matter Global Change Window Appears.

f. Select the Billing Tab
g .In the Taxes area, Select the "Sales on Fees" box and enter a value of 0.

B.C. Firms – Changing Sales Tax Rate on Fees

h. Select OK to proceed and select "Yes" to the following prompt.

PCLaw

? This option will change the selected field(s)
for all matters that you have chosen.
Are you sure?

[Yes]   [No]
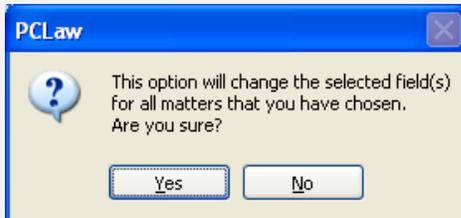
Ontario Firms – Changing the Matter Tax Rate

a. From the Tools menu in PCLaw, select Change Matter GST Rates
b. The "Change Matter GST Rates" window appears

Change Matter GST Rates

☑ Change Fee Rates   Old Rate   New Rate
                   5.00   13.00

☑ Change Disb Rates   Old Rate   New Rate
                   5.00   13.00

[OK]   [Cancel]   [Help]

c. Select the checkbox for both "Change Fee Rates" and "Change Disb Rates" to make the fields active.
d. Enter your old rate for fees as well as the new rate for fees.
e. Enter your old rate for Disbursements as well as the new rate for disbursements.
f. Select OK to perform the required changes.
g. Repeat the above steps for other rates you would like to change.

Nova Scotia Firms – Changing the Matter Tax Rate

  a. From the Tools menu in PCLaw, select Change Matter GST Rates
  b. The "Change Matter GST Rates" window appears

Change Matter GST Rates

☑ Change Fee Rates   Old Rate   New Rate
                       13.00 ▼   15.00 ▼

☑ Change Disb Rates   Old Rate   New Rate
                       13.00   15.00 ▼

            [OK]   [Cancel]   [Help]

  c. Select the checkbox for both "Change Fee Rates" and "Change Disb Rates" to make the fields active.
  d. Enter your old rate for fees as well as the new rate for fees.
  e. Enter your old rate for Disbursements as well as the new rate for disbursements.
  f. Select OK to perform the required changes.
  g. Repeat the above steps for other rates you would like to change.

All Firms affected by H.S.T.

After Installing PCLaw10 Service Pack 4 and before you complete your July billing, please go to **Options > System Settings> Tax Tab** and verify the tax rates.   If the rates do not match the applicable rates for your province, please adjust as per provincial settings displayed below.

The Tax Values in PCLaw System Settings should reflect the following after installing PCLaw 10 Service Pack 4.

B.C. Firms

Sales Tax
☑ Charge sales tax on fees at a rate of: 0 %

Harmonized Sales Tax (GST) / Harmonized Sales Tax (HST)
☑ Charge GST

☐ Sales tax charged after GST   Charge items before 7/1/2010 ▼ :

Sales tax rate: 0 %   Sales tax rate: 7 %

Rate on fees: 12 %   Rate on fees: 5 %

Rate on disbursements: 12 %   Rate on disbursements: 5 %

Ontario Firms

Nova Scotia Firms

B) Change the name of G/L Account #2400 to reflect HST (Optional) - All H.S.T. affected firms

> a. From the Options menu, select Lists and G/L Accounts
> b. Change the description of G/L account 2400 (GST Payable) to reflect (HST Payable).

C) Change PCLaw Terminology to reflect HST (Optional) - All H.S.T. affected firms

    a.   *From the Options menu, select Terminology.*
    b.   *Locate GST in the "Replace" column and enter HST in the "With" column, as shown below.*
    c.   *Select Ok to save your changes.*
    d.   *Exit PCLaw and re-enter for the changes to take effect.*

D) Identify default Billing Templates to be edited for HST

    a.   *From The Options menu, click System Settings and select the Billing Tab.*
    b.   *In the default template section, you will note the names of the default templates used by PCLaw.*
    c.   *If your firm uses customized billing templates for specific matters, you may choose to note those as well.*

E) Edit Billing Templates to reflect the term "HST"

    a.   *From the Tools menu, select Template Editor.*
    b.   *Choose File and Open and select billing from the drop down list at the bottom of the screen.*
    c.   *Locate the name of your template from the list.*
    d.   *It may be helpful to have a sample copy of one of the firm's bills to compare to the template on the screen.*
    e.   *Locate the "GST" reference/s on the template; double click to edit the text and change GST to HST. Select OK.*
    f.   *Repeat for other GST references on the template.*
    g.   *To save your changes, choose File and Save*
    h.   *Repeat this process for all other billing templates as required.*

DATE	DESCRIPTION		HOURS	AMOUNT	LAWYER
MATTER	Matter #				
RE:	Desc				
Fee Date	Fee Expl		Fee Hrs	Fee Amt	Lwyr Init
	MATTER TOTALS:		Hours	TotalBefDisc	
	Totals		Tot Hrs	'otFeeBefDisc	
	DiscExp			DiscFees	
	Total Fees After Discount			FeeAftDisc	
	Total GST on Fees			TaxAftDisc	

DISBURSEMENTS

MATTER	Matter #		
RE:	Desc		
Disb Date	Disb Expl		Disb Amt
	MATTER TOTALS:		Tot Disbs
	Totals		Tot Disbs
	Total GST on Disbursements		TaxOnDisb

Please note:

If you do not change the GST labels on the templates, but have completed Step #2, PCLaw will calculate at the HST rate, but the bill itself will label the tax as GST. The amount will be correct but the label for the amount will say GST.