

HST for PCLaw — Ontario and B.C. Firms (Versions 8.XX through 10.03)

Document Revision Date: June 24, 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 (HST) for Ontario

The 2009 Ontario Budget proposed a harmonized sales tax (HST), which would come into effect on July 1, 2010. 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 (HST) for British Columbia

The British Columbia (B.C.) Ministry of Finance issued a News Release proposing a harmonized sales tax (HST) which would also come into effect on July 1, 2010. 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 Canada Revenue Agency's (C.R.A.) web site at: <http://www.cra-arc.gc.ca/E/pub/qi/notice247/notice247-e.pdf>

Important Notice to 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.

Important Notice to All H.S.T. affected firms (Recurring Entries for cheques)

Firms using the recurring entries feature in PCLaw for cheques will need to make adjustments to allow for HST, where required. To change recurring entries, go to Data Entry > Recurring Entries > Select the recurring entry to modify and choose change. Make the required adjustment and click OK to save the change.

1. Generate final invoices for all clients before July 1, 2010

- a. **Before July 1, 2010, create final bills for all PCLaw** clients up to and including June 30, 2010. The A/R date must reflect the bill to date. These bills will process with GST and/or sales tax (if applicable).

Bill Selections

Main Matter Fees Disbs Rcpts Trust Options

Matter Client Lawyer

Bill from 1/1/1982 Bill to 6/30/2010 Template

A/R Date 6/30/2010 Invoice 6

Output

Printer

Screen

Editor

E-mail

PDF

2. Change the firm default tax rate (Ontario & B.C. Firms)

Default Tax configurations in System Settings are assigned to each new matter as it is created.

- From the Options menu, click System Settings.
- Select the Tax tab. The System Settings > Tax window appears.
- On or after July 1, 2010, change the tax rate on fees and disbursements. See illustration below:

Ontario Firms

Enter 13% and select OK to continue to step "d".

System Settings

Past Due/Interest Provincial Memorized Transactions Cheque

Firm Other Data Entry Banking Tax

Sales Tax

Charge Sales Tax on Fees

Rate on Fees 0

Charge Fees Entered Before 1/1/1982

At a Rate of 0

Charge Sales Tax on Disb

Rate on Disbursements 0

Post Input Tax Credit to G/L

Add to Charges On or After 1/1/1982

Exempt from Charges Before 1/1/1982

Goods and Services Tax (GST)

Charge Goods and Services Tax (GST)

Sales Tax Rate 0

Rate on Fees 13

Rate on Disbursements 13

Matters - Taxable by Default

Sales Tax Charged after Goods and Services Tax (GST)

B.C. Firms

The category “Charge Sales Tax on Fees” must be changed to a rate of “0”. The option must remain checked, but at a rate of zero. If the category “Charge Sales Tax on Disb” is checked, change the rate to “0” as well. In the “Harmonized Sales Tax (GST)” area, enter 12% for “Rate on Fees” and “Rate on Disbursements” and select OK to continue.

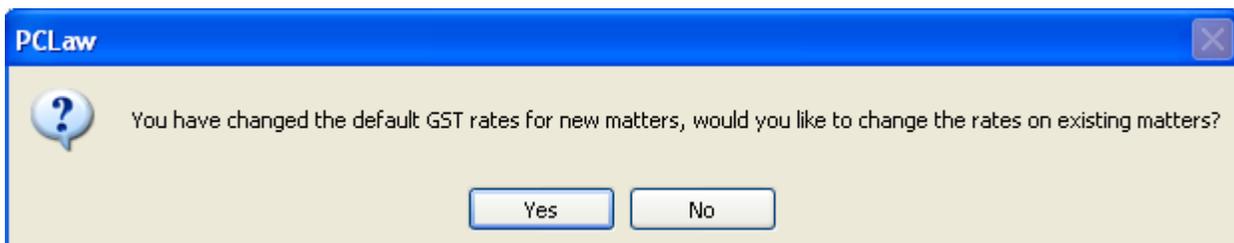
The screenshot shows the 'System Settings' dialog box with the 'Tax' tab selected. The 'Sales Tax' section has the following settings:

- Charge Sales Tax on Fees
 - Rate on Fees: 0
 - Charge Fees Entered Before: 7/1/2010
 - At a Rate of: 7
- Charge Sales Tax on Disb
 - Rate on Disbursements: 0
- Post Input Tax Credit to G/L
- Add to Charges On or After: 1/1/1982
- Exempt from Charges Before: 1/1/1982

The 'Goods and Services Tax (GST)' section has the following settings:

- Charge Goods and Services Tax (GST)
 - Sales Tax Rate: 0
 - Rate on Fees: 12
 - Rate on Disbursements: 12
- Matters - Taxable by Default
- Sales Tax Charged after Goods and Services Tax (GST)

d. A PCLaw prompt appears.



e. To change the rate for all existing matters at this time, click **Yes**.

- f. The Change Matter GST Rates window appears. Firms in Ontario would enter 13% and firms in B.C. would enter 12% as the new rate. Select Ok to continue.

- g. If you charge Sales tax on Fees and or Disbursements, you must also apply this change across all matters. To complete this process, go to File > Matter > Global Change and select OK. Choose OK again and select the "Billing Tab". Select the checkbox for Sales Tax on Fees and or Disbursements set the rate "0" and choose OK.

3. Change the name of G/L account #2400 to reflect HST (optional)

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

4. Change PCLaw terminology to reflect HST (optional)

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

Replace	With
General Retainer	General Retainer
Goods and Services Tax	Harmonized Sales Tax
GST	HST
Junior Partner	Junior Partner

5. Identify default billing templates to be edited for HST

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

Default Template		Pre-Bill	
Bill	DETAIL	Template	DETAIL
Quick Bill	QUIKBILL	Frequency	Use Matter Bill Freq

6. Edit billing templates to reflect the term "HST"

- From the Tools menu, select Template Editor.
- Choose File and Open and select billing from the drop-down list at the bottom of the screen.
- Locate the name of your template from the list.
- It may be helpful to have a sample copy of one of the firm's bills to compare with the template on the screen.
- Locate the "GST" reference/s on the template; double-click to edit the text and change GST to HST. Select OK.
- Repeat for other GST references on the template.
- To save your changes, choose File and Save.
- 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	TotFeeBefDisc	
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.