



## How to prepare your PCLaw® software for the Newfoundland and Labrador HST increase on July 1<sup>st</sup>, 2016

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## Effective July 1<sup>st</sup>, 2016 – The Harmonized Sales Tax (HST) rate will change.

The government of Newfoundland and Labrador announced an increase to the HST rate from **13% to 15%** effective **July 1<sup>st</sup>, 2016**. Further details of these changes can be found on the Department of Finance's website at:

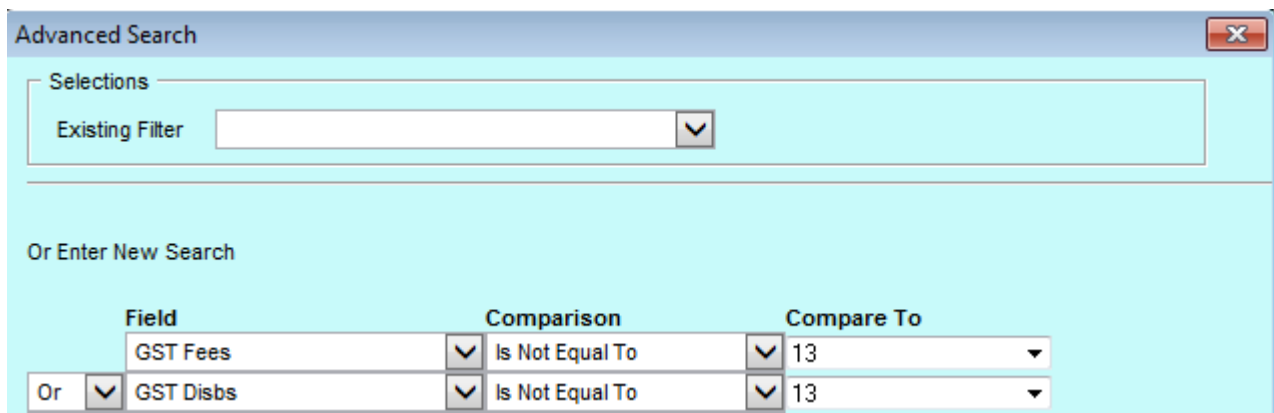
[http://www.fin.gov.nl.ca/fin/tax\\_programs\\_incentives/personal/transitional\\_rules.html](http://www.fin.gov.nl.ca/fin/tax_programs_incentives/personal/transitional_rules.html)

**\*\*All Firms – Consult with your PCLaw CIC, Tax Advisor or Accountant before implementing any of these changes as tax implications may exist. Ensure that you make a backup of your data prior to implementing the steps below\*\*.**

### How to Update your PCLaw Settings

#### **1. Determine which of your matters DO NOT currently have a sales tax rate of 13%.**

- Go to “**Reports > Clients > List of Clients.**”
- If you are running PCLaw 12 Service Pack 3 or higher, click the “Layout” drop-down and select “**Default - tax.**”
- Generate, print and save this report for your records (proceed to Step 2).
- If you are **not** running PCLaw 12 Service Pack 3 or higher, use the “Adv. Search” function on the List of Clients report window to identify files where HST (**GST**) is **not equal to 13** for **fees Or disbursements**.



	Field	Comparison	Compare To
	GST Fees	Is Not Equal To	13
Or	GST Disbs	Is Not Equal To	13

- Generate, print and save this report for use later.

## 2. Before you perform July 2016 billing, you must complete the following steps in PCLaw:

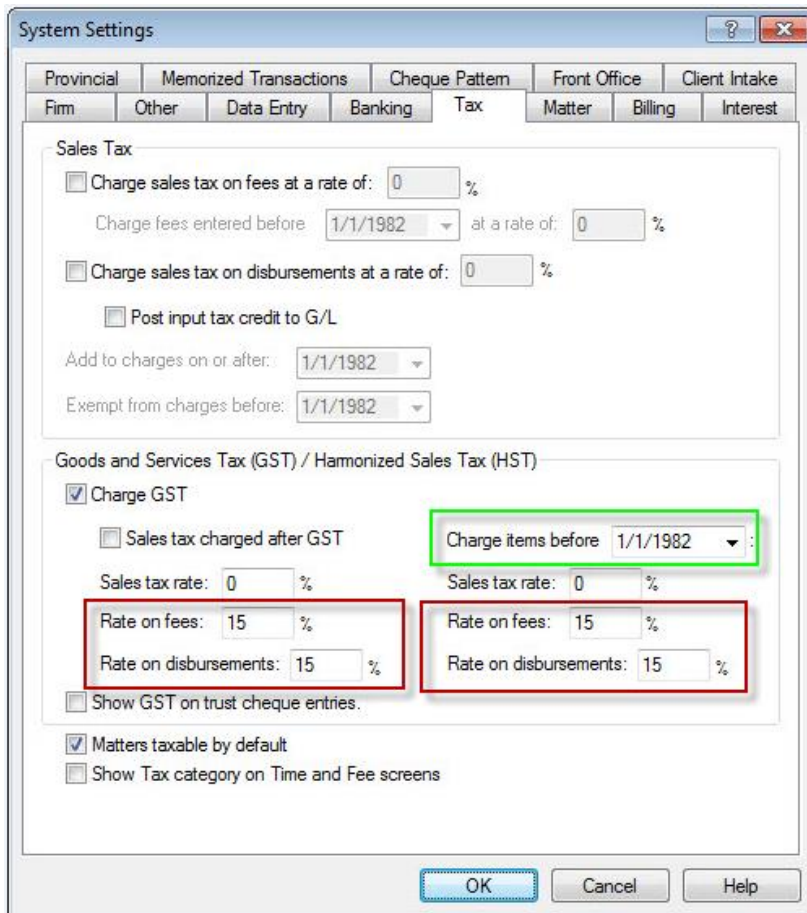
- Make a backup of your PCLaw data
- Bill all matters up to and including June 30<sup>th</sup>, 2016 (optional).**

**Note 1:** If you are running PCLaw 12 Service Pack 3 or higher, completing the following steps will **change all matters to the new tax rate of 15%**, including all Zero Rated matters as well as files with special tax rates. The results from step #1 above provided you with a list of matters that are non-taxable, including those that are charged at a different sales tax rate so that you can make the necessary tax adjustments on those files after completing the changes in System Settings. Proceed to step C below.

If you are **not** running PCLaw 12 Service Pack 3 or higher, you must complete steps C & D below and select **“OK”** on the System Settings window to save the changes. Once that is complete, proceed to the steps in **“Note 2”** below.

### c. Go to **Options > System Settings > Tax**

- Under the **Tax** tab, change the tax rate from **13** to **15** in the four rate boxes indicated in red below.



**System Settings**

Provincial | Memorized Transactions | Cheque Pattern | Front Office | Client Intake  
 Firm | Other | Data Entry | Banking | Tax | Matter | Billing | Interest

**Sales Tax**

Charge sales tax on fees at a rate of: 0 %  
 Charge fees entered before 1/1/1982 at a rate of: 0 %

Charge sales tax on disbursements at a rate of: 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) / Harmonized Sales Tax (HST)**

Charge GST

Sales tax charged after GST

Charge items before 1/1/1982

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

Rate on fees: 15 %      Rate on fees: 15 %

Rate on disbursements: 15 %      Rate on disbursements: 15 %

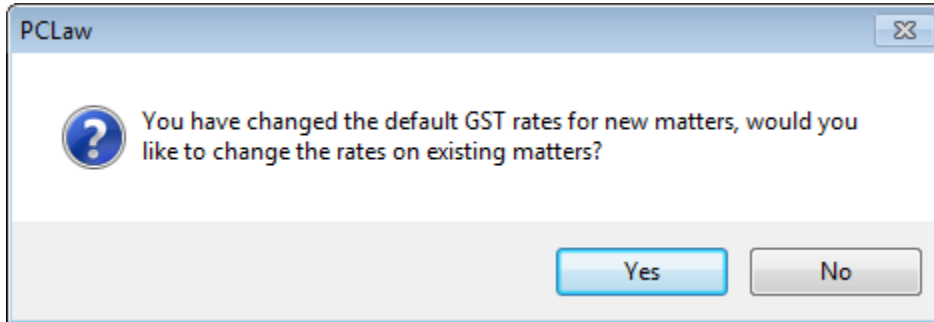
Show GST on trust cheque entries.

Matters taxable by default

Show Tax category on Time and Fee screens

OK      Cancel      Help

- e. Change the “Charge items before” date to **1/1/1982** and Click “**Ok**” to save the changes
- f. Select “**Yes**” to apply the change to existing matters.



- g. Verify that the “New Rate” is set to 15 and click “**OK**” to continue



- h. Click “**OK**” on the System Settings window to save the changes. Proceed to Step 3.

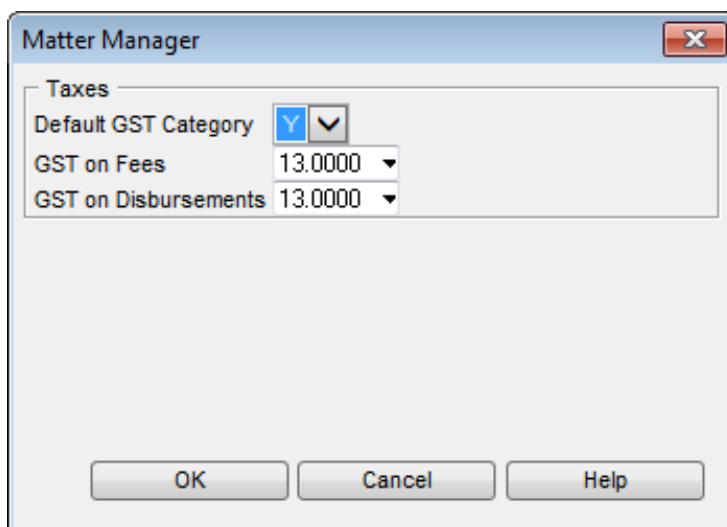
**Note 2:** If you are running a version of PCLaw that is less than PCLaw 12 Service Pack 3, you will not see steps E through G as shown above.

Please perform these additional steps after making the Tax changes to system settings from steps C & D (above).

1. **File >Matter > Global Change**
2. **Select OK on the first 2 screens and choose the Billing Tab**
3. **Select GST on Fees and GST on Disbursements and enter the new HST rate for both (15)**
4. **Click OK to complete the process and proceed to Step 3 below**

**3. Any matters that are non-taxable or those that have special tax rates must be changed through the Matter Manager in PCLaw on a matter by matter basis. This list was obtained from step 1 that you completed above.**

- a. Go to **File > Matter Manager**.
- b. Select the matter you wish to change and go to the **Billing** tab
- c. Select the **"Taxes"** button and change the sales tax rate on fees from **15.00** to the desired rate, and then choose **"OK"**.



- d. Select **Save and Close** to complete the changes.
- e. Repeat steps A through D for each affected matter.

**4. Update memorized transactions in PCLaw (If Applicable).**

If the memorized transaction function is activated, you will notice that whenever you enter a payee's name into a cheque screen and hit tab key, PCLaw will pre-populate the amount, taxes, explanation and G/L account. This is because it memorized the details of the last cheque that you wrote of this payee. With the HST increase, cheques that were once subject to 13% HST may now be now subject to 15% HST.

Going forward, if you enter a payee's name on a cheque screen, hit the tab key and notice the pre-populated tax amount needs to reflect 15%, simply remove the amount displayed and re-enter the correct amount. This action will force PCLaw to memorize the new value going forth.

If you have questions regarding these instructions, please contact PCLaw® support at 1-800-387-9785