How to prepare your PCLaw® software for the Prince Edward Island HST increase on October 1st, 2016

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Effective October 1st, 2016 – The Harmonized Sales Tax (HST) rate will change.

The government of Prince Edward Island announced an increase to the HST rate from **14% to 15%** effective **October 1st, 2016**. Further details of these changes can be found on the Department of Finance's website at:
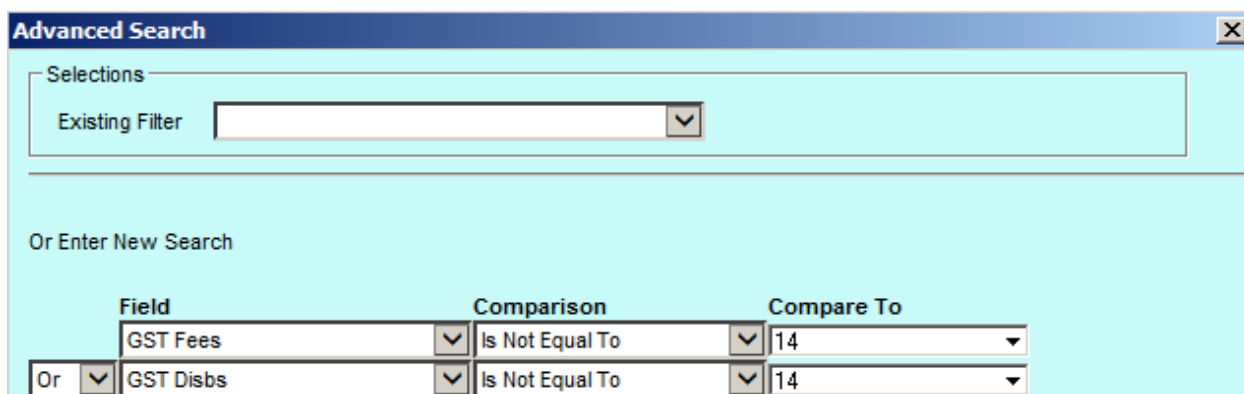
http://www.gov.pe.ca/finance/index.php3?number=news&newsnumber=10728&dept=&lang=E

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 <u>DO NOT</u> currently have a sales tax rate of 14%.

a. Go to "**Reports** > **Clients**> **List of Clients**."
b. If you are running PCLaw 12 Service Pack 3 or higher, click the "Layout" drop-down and select
   "**Default - tax**."
c. Generate, print and save this report for your records (proceed to Step 2).
d. 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 14** for **fees Or
   disbursements.**

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

2. Before you perform October 2016 billing, you must complete the following steps in PCLaw:
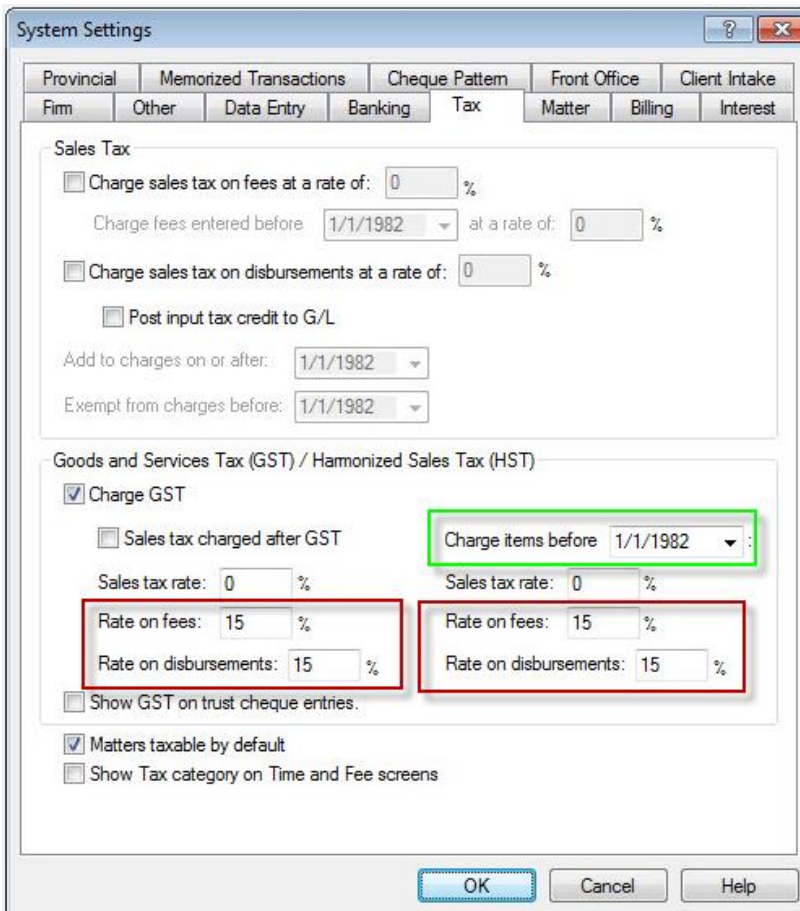
a. Make a backup of your PCLaw data
b. *Bill all matters up to and including September 30th, 2016 (optional).*

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.

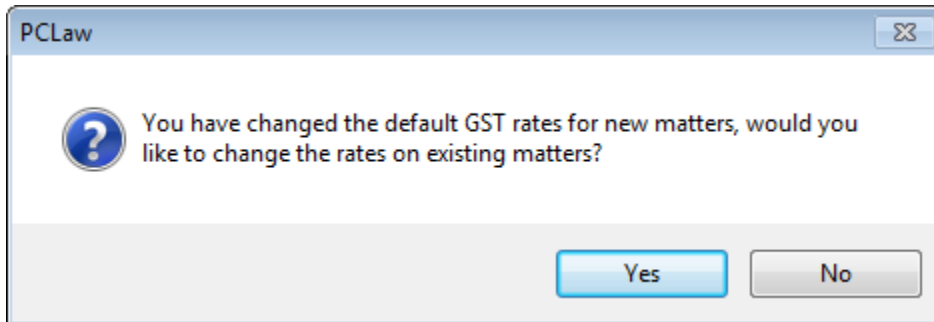c. Go to **Options > System Settings > Tax**
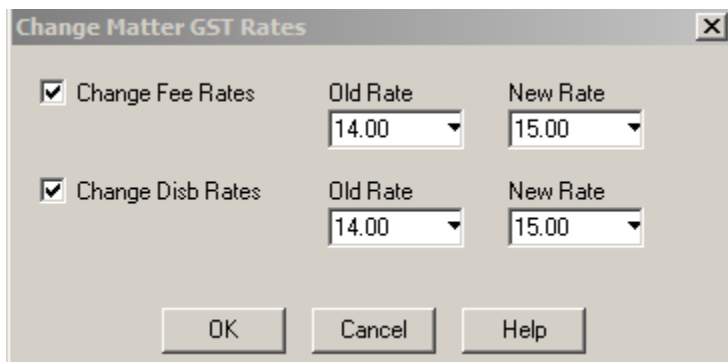d. Under the **Tax** tab, change the tax rate from **14** to **15** in the four rate boxes indicated in red below.

![LexisNexis logo]

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.
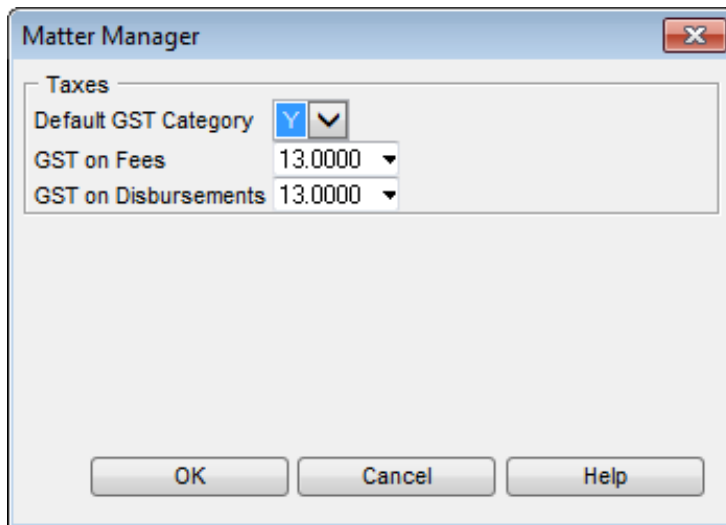

Note 2: If you are running a version of PCLaw that is less than **PCLaw 12 Service Pack 3, you will not see steps E through G as shown above.**

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**

![LexisNexis logo]

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 14% 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