
EXPORTS ARE GST-FREE

Generally, under the GST, both goods and services exported by Canada-based companies are “zero-rated” – in other words the exporting companies do not charge tax to their customers abroad.

Nevertheless, these companies are eligible for input tax credits on the goods and services they purchased in order to produce the exported items. Consequently, the GST return of a company which exports most of its goods and services will probably show an entitlement to a refund since input tax credits earned will likely exceed GST collected on sales.

Also zero-rated are services supplied in Canada but destined exclusively for use abroad. An example would be architectural fees paid by a Canadian company to a Canadian architect for work on a foreign project.

Exported intellectual property (such as copyrights, patents, trade secrets, scientific know-how and industrial design) is also zero-rated. So are goods bought in Canada for immediate export. In other words the buying company will not pay any GST on the goods.