
WHAT'S TAXED AND WHAT ISN'T

The GST is paid on most, but not all, goods and services consumed in Canada. The exceptions fall into two main categories: "zero-rated" and "tax-exempt".

Zero-rated Goods and Services

Certain categories of goods and services are "zero-rated". This means, effectively, that they are GST-free on sale, or that tax is collectible at a rate of zero per cent. Nevertheless, the seller of these zero-rated items can still recover, through input tax credits, all the GST paid on business purchases related to the sale of the zero-rated supply. It is important to note that all exported goods and services are zero-rated for GST. Zero-rated items also include most basic groceries, prescription drugs and medical devices.

Tax-exempt Goods and Services

Goods and services in this category are not subject to GST – meaning that no tax is payable by the customer.

The difference between this category and "zero rated" items is that the