

On January 1, 1991 the Government of Canada introduced a value-added Goods and Services Tax (GST) of seven per cent covering the sale of most goods and services in Canada.

Similar to value-added taxes applied by nearly 50 other nations, the GST significantly improves the competitiveness of firms based in Canada by replacing the former federal sales tax on business inputs with a tax on consumption. It should also be noted that since the GST is a tax on consumption rather than production, it is paid ultimately, not by businesses, but by the consumer at the retail level. Furthermore, every dollar of GST paid by a commercial enterprise on business inputs is recoverable in full. And all exports are GST-free.

All businesses operating in Canada that have annual sales of more than \$30,000 are required to register for GST and must collect and remit this tax in respect of taxable goods and services sold in Canada.