

TEMPORARY GST/HST HOLIDAY ON CERTAIN SEASONAL PRODUCTS – IS IT REALLY A GIFT?

As the holiday season approaches, from out of left field, the government of Canada unveiled a temporary GST/HST holiday on grocery items and other specific products.

This temporary exemption applies to the sale of eligible products for a two-month period, beginning December 14, 2024, and ending on February 15, 2025. Suppliers are expected to apply the exemption at the point of sale. It will also cover the importation of eligible products.

A comprehensive list of products subject to the temporary exemption is detailed in the Document "More money in your pocket: A tax break for All Canadians" published by the Canadian Ministry of Finance on November 21, 2024. It is available at the following link:

[More money in your pocket: A tax break for all Canadians - Canada.ca](#)

Eligible products include, among others:

- Children's clothing and footwear meeting specific size criteria;
- Children's diapers and car seats;
- Printed newspapers and books (note that several exclusions apply);
- Christmas trees or similar decorative trees;
- Food and beverages for human consumption that are generally not zero-rated, such as alcoholic drinks, soft drinks, fruit juices, candy, chips, etc.;
- Food and beverages sold as part of a catering service or at restaurants, cafes, etc.;
- Certain children's toys;
- Jigsaw puzzles;
- Video game consoles, controllers, or physical game media.

We recommend reviewing the detailed list of eligible products and exclusions in the Document.

Although this temporary holiday announced by the Government of Canada seems like a gift to consumers, it will undoubtedly be a headache for affected Canadian businesses. These businesses will need to adjust their systems to apply these temporary GST exemptions on

short notice. Moreover, after two months, they will have to reconfigure their systems to return to the usual application of the GST.

It is essential to highlight that temporary measures of this nature significantly increase the risk of errors in tax collection by suppliers, leading to potential reassessments in the event of audits.

At this time, it is unclear whether the measure applies solely to retail sales of eligible products or also includes sales for distribution purposes. From a practical perspective, given the temporary nature of the measure and considering that GST is a value-added tax, it might be administratively simpler for distributors not to modify their systems and instead collect GST, which the purchaser can then recover as an input tax credit.

Notably, according to the Ministry of Finance of Canada, we understand that the participating HST provinces — Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island — will also extend this relief to the provincial component of the HST. Currently, the Government of Quebec has deemed the federal measure "improvised" and has indicated that it will not harmonize the QST unless it receives financial compensation from the Government of Canada. To be continued.

Do not hesitate to contact our indirect tax specialists for advice and guidance in implementing this measure.



Lorie has been leading PSB BOISJOLIS's commodity tax department since 2011.

Drawing on her vast experience and comprehensive legal knowledge, Lorie assists our clients with all aspects of Canadian commodity tax compliance. Whether she is providing tax advice or negotiating with the tax authorities, Lorie remains passionately devoted to defending her clients' best interests. Her unique and personalised approach supports a smooth process for handling government audits and the resolution of disputes between our clients and tax authorities. Throughout all of her work, Lorie never ceases to advocate for her clients.

To consult her complete biography [click here](#).

LORIE PALMER, CPA, CA, CIA
PARTNER, TAX
T. 514 341-5511, ext. 366
lpalmer@psbboisjoli.ca

Please note that: The Canada Revenue Agency (CRA) will not require bare trusts to file a T3 Income Tax and Information Return (T3 return) for the 2024 tax year unless specifically requested. This exemption continues from the 2023 tax year. However, other affected trusts must still comply with the new reporting requirements for taxation years ending after December 30, 2023. These trusts need to file a T3 return, including Schedule 15, unless certain conditions are met. The deadline for filing is 90 days after the trust's tax year-end, typically by March 31, 2025, for trusts with a December 31, 2024, year-end.