

Sales Tax overview

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QuickBooks Self-Employed now tracks Sales Tax on your invoice and expense transactions.

There are three types of sales tax supported in QuickBooks Self-Employed to add to your invoices: **Goods and Services Tax (GST)**, **Harmonized Sales Tax (HST)**, and **Provincial sales taxes (PST)**, based on the province you select when setting up sales tax in Your work info. The GST/HST/PST portion of sales/income are submitted to the CRA.

Some provinces have just a 5% GST, some have 5% GST plus a 6%, 7%, or 8% PST (Province Sales Tax) that is paid to the province and some have just HST (Harmonized Sale Tax) which can be 13% or 15% and applied at once (the government then will tally the right amounts to be paid for GST and the other PST for you).

Quebec Sales Tax (QST) is not supported for now since it has its own taxability terms due to the administration being handled differently than federal and other provincial taxes

Set up Sales Tax

1. Select the gear icon.
2. Select **Sales tax Set up**.
3. Once selected, the sales tax for that specific province will auto-populate.
4. Select how you want to charge sales tax:
 - **Exclusive** of sales tax means the price of your items or services doesn't include sales tax and sales tax will be added to the item amount.
 - Example: John charges \$50 for each lawn he mows. Because he's registered for GST and his prices exclude GST, he charges an additional 5% (the Canadian GST rate). Therefore, \$2.50 is added as GST, so his client pays a total of \$52.50.
 - **Inclusive** of sales tax means the price of your items or services already includes sales tax.
 - Example: John charges \$50 for each lawn he mows, and GST is already included. This means John's customer pays a total amount of \$50. John keeps \$47.50, and \$2.50 is charged as GST.
5. Select **Turn On Sales Tax**.

You also have the option to opt out from applying GST/HST tax to specific invoices in situations where items are GST/HST free as mandated by the government.

Notes:

- Your GST rate depends on where you live.
- You can set the price of items or services included on your invoice as exclusive or inclusive of sales tax.
- If you're registered for GST, you're responsible for collecting sales tax and sending it to your country's revenue agency.

Include Sales Tax on transactions

1. Select **Transactions** at the bottom of the app.

2. Select the transaction you want to apply sales tax to.
3. Toggle **Include sales tax** to on.

Once you toggle to include sales tax, the sales tax will default to the province rate you selected in **Yourwork info**.

To select a different province for a specific transaction:

1. Select the provincial sales tax section just below **Include sales tax** *after* you've toggled it on.
2. Select the provincial sales tax rate you want to apply to this particular transaction (this also includes **PST**).

Change the Sales Tax on invoices

There are two ways to change the sales tax on your invoices

- From the **Your work info** page: Changing sales tax on this page will not impact draft invoices unless you also change the sales tax on those draft invoices directly.
- From the **Invoice** itself: Changing sales tax on the invoice will update the existing/current invoice, but not the **Your work info** set up.

Sales Tax reporting

Use the **Transaction Log** report to see your GST, HST, and PST by province for each transaction:

1. Select the gear icon.
2. Select **Reports**.
3. Select **Transaction Log**.
4. Choose your time frame, type of transaction and enter the email address where you'd like the report sent.

Use the **Tax Summary** report to see the total GST/PST/HST paid and collected:

1. Select the gear icon.
2. Select **Reports**.
3. Select **Tax Summary**.
4. Choose a tax year and enter the email address where you'd like the report sent.

This report is a snapshot of your account at the moment you export it. If you change any information in your account after exporting the report, you'll need to export it again to include the changes.

Important: When you add sales tax to an invoice, it will not be reflected in the Tax Summary report. QuickBooks Self-Employed is a cash-based accounting software, and therefore only includes income and expense categorized by transactions on the Tax Summary report.