

CANADIAN TAX BEST PRACTICES

The 2003 edition of the Tax Best Practices Survey, an update from the 1998 survey, provides VISA Purchasing, VISA Corporate and VISA Commercial Card clients with concrete guidelines to assist in the management of commodity tax compliance relating to the use of Purchasing Cards.

Below is a sample of what is available in the study. For a complete version of the Tax Best Practices Survey please contact your account executive or a Visa issuing financial institution.

BEST PRACTICES

1. Organizations should retain receipts for each Purchasing Card transaction and should require each vendor to supply an invoice containing the prescribed information for GST/HST/QST purposes.
2. Organizations should ensure that cardholders segregate RST-taxable and RST-free purchases.
3. Cardholders should be provided with tax training when cards are issued to them
4. Cardholders should be given tax assistance in the form of written instructions, tax grids or databases.
5. Organizations should ensure that cardholder purchases are subject to documented supervisory review.
6. Organizations should conduct random audits of cardholder purchases to ensure that documentation is being retained as required and to verify assumptions as to the tax status of cardholder purchases.
7. Organizations should develop factors for calculations GST/HST/QST to be applied to the total valued of the Purchasing Card statement.
8. Organizations should ensure that cardholders segregate Travel and Entertainment purchases, either manually or using appropriate software.
9. To the extent possible, organizations should require out-of-province vendors to collect local RST, if applicable.
10. RST should be accrued, if applicable, based on the cardholders province.

For more information on how the VISA Purchasing Card Program can work for your company, please contact a VISA-Issuing Financial Institutions for more details.