
Introduction

This is a general guide for businesses and other organizations to help in determining whether it is necessary to register for Manitoba taxation purposes.

Information provided here is in summary form. The various taxation statutes and regulations should be consulted for purposes of interpreting and applying the law. In addition, taxation statutes and regulations contain important exemptions as well as particulars of tax collection, payment and remittance.

Taxation Division offices are listed at the end of this brochure as is information for obtaining taxation statutes and regulations.

Retail Sales Tax

What is the Retail Sales Tax?

Retail sales tax is a tax imposed on the retail sale of goods and certain services. The sale of realty and intangibles is not subject to the tax.

Should My Business be Registered For Sales Tax Purposes?

Your business is required to be registered for sales tax purposes if:

- You carry on business in Manitoba, selling taxable goods or services at retail
- You are a manufacturer, wholesaler, importer, or jobber in Manitoba (whether directly or through an agent)
- You bring or receive into Manitoba taxable goods for consumption or use by your business, e.g. manufacturing equipment, computer hardware/software

- You are an out-of-province business that sells, or solicits to sell goods in Manitoba
- You are a mechanical or electrical (M&E) trade, performing work in Manitoba
- You are a retail business operating in Manitoba on a temporary, short-term or intermittent basis

Not required to be registered for sales tax purposes are:

- Contractors* (except M&E contractors) who only "supply and install" goods into real property and buy all their goods from sellers registered under Manitoba Retail Sales Tax
- Hobbyists and crafters*, where their level of sales is considered to be of a non-commercial nature

** These persons are considered to be the consumers of the goods and materials purchased, and therefore pay the sales tax directly to their suppliers at time of purchase.*

What is the Tax Rate?

The rate is 7%, and the tax is calculated on the selling price before G.S.T.

How Do I Register and What Does It Cost?

- Application for Registration forms may be obtained from Taxation Division offices or the Web Site listed at the end of this brochure.
- There is no charge for registering for sales tax purposes.

Payroll Tax

(Health and Post Secondary Education Tax Levy)

What is the Payroll Tax?

The payroll tax is a tax imposed on remuneration (salaries, wages, commissions, employee benefits, stock options, etc.) that is paid to employees.

This tax is paid by employers who have a "permanent establishment" in Manitoba. It is calculated on the remuneration paid each month, to employees who report for work at the employer's Manitoba establishment or are paid from that establishment.

Should My Business Be Registered For Payroll Tax Purposes?

- If, as an employer the total remuneration you pay to employees is more than \$1,000,000 annually, you must register for payroll tax purposes.
- Employers paying remuneration of \$1,000,000 or less are exempted from the tax. Note - the exemption does not apply to entities that are part of an associated group (including corporate partnerships) whose total remuneration exceeds \$1,000,000 annually.

What is the Tax Rate?

- If the total remuneration paid to employees is more than \$1,000,000 but not more than \$2,000,000 for the year, payroll tax must be paid at the rate of 4.3% on the amount of remuneration exceeding \$1,000,000 each year.
- If the total remuneration paid to employees is more than \$2,000,000 for the year, payroll tax must be paid at the rate of 2.15% on the total remuneration.

How Do I Register and What Does It Cost?

- Application for Registration forms may be obtained from the Taxation Division offices listed at the end of this brochure.
- There is no charge for registering for payroll tax purposes.

Corporation Capital Tax

What is Corporation Capital Tax?

Corporation capital tax is a tax on annual paid-up capital of corporations (including associated corporations) which have a "permanent establishment" in Manitoba.

What is Paid-Up Capital?

Paid-up capital generally includes capital stock, surpluses, reserves, shareholders' advances and loans, bank loans, long term indebtedness and other indebtedness, excluding current accounts payable.

Should My Business Be Registered For Corporation Capital Tax Purposes?

- Corporations are required to be registered for corporation capital tax where the total taxable paid-up capital of the corporation, including associated groups of corporations, is \$5,000,000 or greater.
- Corporations are exempt from the tax where the total taxable paid-up capital of the corporation, or associated groups of corporations, is less than \$5,000,000.

What is the Tax Rate?

- The basic tax rate is 0.3% of taxable paid-up capital
- There is a surtax of 0.2% on taxable paid-up capital exceeding \$10,000,000
- The tax payable in Manitoba is calculated using the provincial allocation formulas
- Banks, trust and loan corporations pay tax of 3.0% but on a more restricted tax base

How Do I Register and What Does It Cost?

- Application for Registration forms may be obtained from Taxation Division offices listed at the end of this brochure.

- There is no charge for registering for corporation capital tax purposes.

Additional taxation information may be obtained from Manitoba Finance - Taxation Division:

Winnipeg Office

101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: General Office: (204) 945-6444
Tax inquiries and interpretations: (204) 945-5603
Toll Free in Manitoba: 1-800-782-0318
Fax (204) 948-2087
E-mail: MBTax@gov.mb.ca
Web Site: www.gov.mb.ca/finance/taxation

Westman Regional Office

311, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Telephone: (204) 726-6153
Toll Free in Manitoba: 1-800-275-9290
Fax (204) 726-6763

The following taxation statutes and regulations are available free of charge on line at www.gov.mb.ca/laws or may be ordered from Statutory Publications, 200 Vaughan Street, Winnipeg, Manitoba, Canada R3C 1T5, Telephone: (204) 945-3101

- The Retail Sales Tax Act (C.C.S.M. c. R130) Regulations (Manitoba Regulation 75/88R)
- The Health & Post Secondary Education Tax Levy Act (Payroll Tax) (C.C.S.M. c. H24) Regulations (Manitoba Regulation 9/89, 194/92, 212/93 and 213/93)
- The Corporation Capital Tax Act (C.C.S.M. c. C226) Regulations (Manitoba Regulation 67/88R)

Do I Need To Register?

- Retail Sales Tax
- Payroll Tax
- Corporation Capital Tax

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