

Retail Sales Tax Clearance Certificate Checklist

Persons who sell their business or business assets, in whole or in part, through a sale in bulk to which the *Bulk Sales Act* applies, are required to obtain a Clearance Certificate from the Ministry of Finance. A Clearance Certificate certifies that all Retail Sales Tax (RST) collectable or payable by the seller has been paid or secured. It also protects the purchaser from the responsibility for the outstanding RST liabilities of the seller.

Where the *Bulk Sales Act* applies to a sale in bulk, the purchaser is required to obtain from the seller a copy of the Clearance Certificate obtained by the seller. If the purchaser fails to obtain a Clearance Certificate from the seller, the purchaser may be held liable for any RST owing by the seller at the time of the sale.

The *Bulk Sales Act* may apply where there is a sale of stock (i.e., fixtures, goods, chattels) in bulk out of the usual course of business or trade of the seller. To determine whether the *Bulk Sales Act* applies to a particular situation, sellers should consult their legal advisor.

In certain circumstances, such as where RST is owed by the seller or where an audit has been scheduled but not completed prior to the closing date of the sale, the Ministry of Finance may require funds to be held back from the proceeds of the sale prior to issuing the Clearance Certificate or the seller may be asked to agree in writing to a condition being placed on the certificate.

All requests for Clearance Certificates must be made in writing, at least two weeks before the sale takes place, and signed by the seller or the seller's authorized representative. The request should be sent by mail or fax to their nearest Ontario Ministry of Finance Tax Office.

The following information should be included in the written request for a Clearance Certificate:

- Legal name and business/trade name of seller
- Address and telephone number of seller
- Forwarding address of seller
- Date of sale/closing
- Details of the sale, i.e., sale of assets, sale of shares, etc.
- Whether the sale is for a portion of the assets only
- Description of assets included in the sale and value if known
- RST Vendor Permit number (if applicable)
- Whether the Vendor Permit is to be cancelled
- Purchaser's legal name, address and telephone number
- Written authorization from the seller allowing the release of confidential account details if the request is made by a third party (i.e., seller's representative)
- Whether the Clearance Certificate is to be:
 - mailed, or
 - picked up

For more information, please contact the nearest Ontario Ministry of Finance Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory, call our TAX FAX Service at 1-877-4-TAX-FAX (1-877-482-9329), or visit our Web site at www.trd.fin.gov.on.ca.