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What we mean by taxable, zero-rated, and exempt supplies?

It is important to know which goods and services are **taxable** and at what rate. You also need to know which goods and services are **exempt** from GST/HST.

Taxable goods and services

Goods and services are taxable unless they are specifically listed as exempt. Most goods and services supplied in or imported into Canada are subject to GST, HST or are zero-rated. Effective January 1, 2008, the GST rate is reduced from 6% to 5%, and the HST rate from 14% to 13%.

GST is a tax that applies to the supply of most goods and services in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, North West Territories, Nunavut, and the Yukon.

HST is a tax that applies to the same supplies of goods and services as the GST, in Nova Scotia, New Brunswick, and Newfoundland and Labrador. HST is composed of the GST and the 8% provincial tax.

Zero-rated

Some goods and services are taxable at the rate of 0% (zero-rated). This means GST/HST is not charged on the sale or supply of these goods and services. Some common examples of zero-rated goods and services are:

- basic groceries such as milk, bread, and vegetables;
- agricultural products such as grain, raw wool;
- prescription drugs and drug-dispensing fees; and
- medical devices such as hearing aids and artificial teeth.

Exempt goods and services

A small number of goods and services are exempt from GST/HST. This means GST/HST is not charged. Some common examples of exempt goods and services are:

- used residential housing;
- most health care and dental services;
- certain childcare services; and
- many educational services.

Note

Goods, other than zero-rated goods, you import into Canada are subject to GST or the federal part of HST, except for items specified as [non-taxable importations](#). Also, we have different rules for [imported services and intangible property](#).

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