

# Sales Taxes

**ASSUMPTION:** in this chart all transactions are for **\$1,000 cash**. (This will not always be the case.)

When Buying				When Selling			Remitting the Tax		
<b>HST</b>	<b>Supplies</b> <b>HST Recoverable</b> <b>Cash</b> (Remember you must include the HST in the cost of the asset or expense since you don't get it back.)	1000 130 1130	1130	<b>Cash</b> <b>HST Payable</b> <b>Sales Revenue</b> (The ticket price is what's yours to keep from all the cash collected, so ticket price equals revenue!)	1130 130 1000		<b>HST Payable</b> <b>Cash</b> To send HST collected to the government	1900 1900	
				<p>Note: The <b>revenue</b> amount is ALWAYS the ticket price before tax!</p>					
							<i>Two Possibilities:</i> <b>Account Receivable</b> <b>HST Payable</b> <b>HST Recoverable</b> (When Gov. owes <u>you</u> )	100 400 500	
							<b>HST Payable</b> <b>Bank</b> <b>HST Recoverable</b> (When you owe <u>Gov.</u> which is usually the case)	600 200 400	
Recoverables when buying ONLY!				Payables when selling ONLY!					

**Note:**

- NOT all transactions will look like this. Only "sales" incur sales taxes. There are two types: either (1) a sale to us (i.e. a purchase), or (2) when we sell something to a customer.
- Recoverables** are *always* **DEBITS!**
- Payables** are *always* **CREDITS!**