



INFORMATION BULLETIN – RST 004

INFORMATION FOR VENDORS

THE RETAIL SALES TAX ACT

Issued: April 2000

Revised: June 2024

This bulletin will help you determine if you are required to be registered as a vendor under The Retail Sales Tax Act (the Act) and to understand a vendor's obligations to collect and remit the Retail Sales Tax (RST).

Latest Revision: The revision bar (|) identifies changes to the March 2021 version of this bulletin. For a summary of the changes, refer to the Revision Summary section.

SECTION 1 – GENERAL INFORMATION / INSTRUCTIONS FOR VENDORS:

What is the Retail Sales Tax?

RST is a 7 per cent tax applied to the retail sale or rental of most goods and certain services in Manitoba. The tax is calculated on the selling price before the Goods and Services Tax (GST) is applied. Refer to Bulletin No. 030 - Summary of Taxable and Exempt Goods and Services for additional information.

What is a retail sale?

A retail sale is the sale of goods or services to a person or business for own use but does not include a sale to a registered vendor for the purpose of resale.

What are my responsibilities as a vendor?

Vendors who sell taxable goods and services must register with Manitoba Finance and collect the RST on sales. Refer to Section 2 for registration requirements and exceptions, for example, small businesses with annual taxable sales under \$30,000. |

Vendors who carry on business in Manitoba and bring/receive in Manitoba, in each of two or more months, within the same calendar year, tangible personal property purchased outside of the province with a fair value of \$800 or more, must register with Manitoba Finance and self-assess RST on purchases. Refer to Bulletin No. 014 – Goods and Services Purchased from Out-of-Province Suppliers.

Vendors must file a tax return and remit the RST collectable to Manitoba Finance. The tax return filing frequency is based on the average RST collectable per month as follows:

- \$5,000 or more – monthly;
- \$500 to \$4,999 – quarterly;
- Less than \$500 – annually.

Please Note: Monthly RST tax returns and payments must be completed using TAXcess, Manitoba Finance's online system.

Vendors must state separately on each invoice the sale price of each item and the total amount of RST payable.

Vendors must record the purchaser's 7-digit RST number on the sales invoice when taxable goods or services are sold exempt for the purpose of resale, or other exempt usage.

Where goods are sold RST exempt for out-of-province use, the vendor must retain evidence that they delivered the goods out-of-province or that they acquired the services of a common carrier to deliver the goods out-of-province.

The RST must be collected from the purchaser at the time of sale. In the case of credit or instalment sales, the sales tax payable must still be reported and remitted by the vendor for the month in which the sale was made, even if the tax has yet to be collected.

While a purchaser cannot refuse to pay the RST when applicable, if a vendor fails to collect the correct amount of the tax, they are responsible for the sales tax payable to Manitoba Finance.

Vendors must report and remit the RST on taxable goods for their own use that were taken from tax-free inventory, or goods and services purchased from a supplier who did not charge the tax, for example, purchased from an out-of-province supplier that is not registered as a vendor in Manitoba.

Vendors who manufacture goods for their own use must remit the RST calculated on the value of the goods as determined in Section 3 of the Retail Sales Tax Regulation.

Vendors must record all business transactions. Refer to Section 4 for record retention requirements.

Vendors must quote their 7-digit RST number when buying goods or services tax-free for resale. An RST number does not allow for the purchase of taxable goods or services without paying the RST, unless they are purchased for resale or other exempt purpose under the Act. Refer to Bulletin No. 030 - Summary of Taxable and Exempt Goods and Services for additional information.

How do I recover RST paid in error?

To purchase goods and services exempt of RST for resale or for exempt usage, such as direct agents, vendors are to quote their 7-digit RST number to their supplier. However, in situations where a vendor has paid RST in error on exempt goods or services and they are not able to get a credit from the seller, the vendor has the following options to recover the credit for overpaid RST:

1. Internal Credit Adjustment on Vendor's Return:

- Reduce the amount of tax collected by the amount of the credit and report the net amount on line 1 of the vendor's RST return (Tax Collectable on Sales). For example, if you have \$400 of RST collectable on sales for the reporting period and \$100 of RST paid in error, report \$300 on line 1 of the vendor's return.
- If the credit is greater than the Tax Collectable on Sales for the period, report "Nil" on line 1 of the vendor's return; continue to reduce the amount of Tax Collectable on Sales on the subsequent return(s) until the credit has been fully recovered.

Please Note: Supporting documentation is not required when filing the return(s) but must be retained for audit purposes.

2. Refund Claim:

- Vendors can apply for a refund of the RST credit by filing an Application for Refund – General Use, along with all supporting documentation. This form is available on the Manitoba Finance website listed at the end of this bulletin.

All internal credit adjustments and refund claims must be taken/submitted within two years of the date the RST was paid in error.

How do I account for bad debts?

Vendors may claim a credit for the RST portion of their receivables written off as uncollectable.

For example: A vendor charges a sale of \$150 plus \$7.50 GST and \$10.50 RST, for a total billing of \$168.00. The \$10.50 RST is reported and remitted. But the vendor only collects \$125 and subsequently writes off the balance of \$43.00 as a bad debt. The RST credit adjustment would be calculated as: $\$43.00/\$168.00 \times \$10.50 = \2.69 .

The tax credit should be taken as an internal adjustment of tax payable, claimed within two years of the date the amount was written-off. For audit purposes, vendors must keep records, which support the eligibility and calculation of adjustments taken.

Where a vendor subsequently recovers an amount (or portion of) that was written off, the RST credit adjustment previously claimed (or portion of) must be repaid on the next RST return.

SECTION 2 – REQUIREMENT TO REGISTER AS A VENDOR:

General:

Any person carrying on a business in Manitoba, except for small businesses with annual taxable sales under \$30,000, must have a valid RST number issued under The Retail Sales Tax Act before making any taxable sales in the province.

Small businesses with annual taxable sales under \$30,000 are not required to register and collect RST. These businesses are allowed to pay RST on their purchases and not collect RST on the selling price of their goods and services. These businesses must indicate on the sales invoice that RST is included in the price. RST must not be itemized on the invoice.

Please Note: Businesses that use out of province suppliers that do not collect Manitoba RST and businesses that sell tobacco or liquor products are not eligible for the registration exception. Out of province businesses that have not paid Manitoba RST on all of their taxable goods and services that are purchased for resale in Manitoba are also not eligible for the registration exception. Businesses that are not eligible for the registration exception must register to collect and remit the tax.

Registered businesses under the \$30,000 threshold may cancel their RST number. They must self-assess RST on any existing inventory, purchased tax exempt for resale while registered, prior to their RST number being cancelled.

Businesses under the threshold are required to register and collect RST after their sales exceed the \$30,000 annual threshold. Businesses are given one month to register and implement a system to collect and remit RST on their sales.

You can register online at manitoba.ca/TAXcess or submit an application form, which is available on the website and at the Manitoba Finance office listed at the end of this bulletin. There is no charge to apply.

Manitoba Finance will review the information provided on the application and issue an RST number.

Out-of-province businesses:

Out-of-province businesses that sell/lease taxable goods to Manitoba purchasers who are acquiring the goods for consumption or use in Manitoba, for example, not for resale, are required to be registered as a vendor under the Act and to collect the RST if:

The seller:

- causes the goods to be delivered in Manitoba, for example, delivered by the seller, or shipped by arrangement of the seller by common carrier, whether or not the goods are shipped at a specified cost to the customer;
- solicits the order for the sale in Manitoba, directly or through an agent, by advertising or any other means, for example, in person, by telephone, mail, e-mail, fax, posters, television or newspaper advertisement, and
- accepts orders originating in Manitoba to purchase tangible personal property. The order can be originated by telephone, Internet, e-mail, fax, letter, or any other means from a location in Manitoba to the seller or agent located in or out of Manitoba; or
- The seller holds inventory of taxable goods in the province, available for sale to Manitoba customers.

Please note: Out-of-province businesses are not required to be registered under the Act if they only sell/lease non-taxable goods to Manitoba purchasers, such as:

- Goods that are exempted from tax by the Act, refer to Bulletin No. 030 - Summary of Taxable and Exempt Goods and Services for additional information.
- Goods that are being purchased for resale by the customer.

Unsure if you must register?

If you are unsure whether you are required to register, please contact the Manitoba Finance office listed at the end of this bulletin.

What if you collected RST but you are not registered?

You must immediately remit the RST collected to Manitoba Finance along with a letter reconciling the amount collected. If you anticipate additional taxable sales in Manitoba, you must apply for an RST number under The Retail Sales Tax Act.

RST number and account number:

An RST number is a 7-digit number you receive when you register as a vendor. You provide your RST number to your suppliers to purchase goods or services for resale exempt from RST.

Your account number is the 15-digit number found on your sales tax return and other correspondence from Manitoba Finance. You cannot use your account number to purchase goods for resale exempt from RST.

Display of RST number:

A vendor must be able to produce his/her RST number upon request.

Changes to business name, etc.:

RST numbers are non-transferable. Manitoba Finance must be notified immediately when:

- The name or address of the business changes;
- The phone, fax number, or e-mail address of the business changes;
- The business is sold;
- The form of business (partnership, corporation, etc.) changes;
- The business ceases to operate.

SECTION 3 – QUESTIONS AND ANSWERS ABOUT RETAIL SALES TAX RETURNS:

Who must file a RST return?

Businesses registered with Manitoba Finance as vendors and registered purchasers are required to file RST returns.

How do I get the RST return?

Manitoba Finance mails RST returns so that businesses will receive their tax return approximately 10 days before the due date for the period.

Businesses that regularly file their RST returns online, as well as TAXcess users who add online access to their RST account, will receive an e-mail reminder, approximately 10 days before the due date that their tax return is due and should be filed on TAXcess.

TAXcess users that prefer to file paper returns can sign into TAXcess and update their preference or contact the Manitoba Finance office listed at the end of this bulletin. Only vendors filing quarterly, or annual returns can file paper returns.

TAXcess users filing paper returns can switch to electronic filing at any time. To discontinue receiving paper returns and begin receiving e-mail reminders, businesses can sign into TAXcess and update their preference, or contact the Manitoba Finance office listed at the end of this bulletin.

Note that if the e-mail reminder or paper return is not received, you must still report and make any required payment of tax by the due date.

What is the reporting period?

Monthly tax returns cover the previous calendar month's RST transactions. For example, for the month of February you will receive a return, or e-mail reminder for TAXcess users, in March, which you must complete and remit by March 20th.

Quarterly returns cover the previous 3 months RST transactions. For example, the quarterly return, or e-mail reminder for TAXcess users, you receive in April covers the sales transactions from January 1 to March 31, which you must complete and remit by April 20th.

Annual returns cover the calendar year and are due by January 20th.

What information is provided on the tax return?

The customized paper RST return will show your business name and address, your account number, the return period to which the form applies, the due date for filing and the amount of tax you last remitted. Also pre-printed is any tax adjustment you must make for arrears, interest and penalties and credit adjustments.

The customized online RST return is pre-populated with any tax adjustment you must make for arrears, interest, penalties and credit adjustments.

How do I fill out the tax return?

Tax returns can be completed and paid online using Manitoba's TAXcess service. Visit the site at manitoba.ca/TAXcess. The Filing a Return Help in TAXcess provides complete instructions on how to file a tax return online.

To file a paper return, review the instructions for completing and filing the RST return printed on the back of each return. Proceed as follows:

- The top portion of the form is a working copy. Complete this portion and keep it for future reference.
- Transfer the information to the bottom portion of the return.
- Submit the bottom portion of the return along with your remittance of the amount due. Cheques or money orders are payable to the Minister of Finance Manitoba.

When must I file my tax return?

RST returns and payments are due no later than 4:30 p.m. on the 20th day of the month following the date of the reporting period. If the 20th day falls on a weekend or statutory holiday, the due date is the next working day after the 20th.

If you file by mail, allow adequate time for mail delivery to ensure your return and remittance is received no later than 4:30 p.m. of the due date. The postmark date on the envelope will not be accepted as the date of receipt.

If you are filing your return at a participating financial institution, ensure that the return is delivered to the institution before 4:30 p.m. of the due date.

Please note: Tax returns received by Manitoba Finance after 4:30 p.m. of the due date are subject to penalty charges.

How do I send my tax return and payment?

Tax returns can be completed and paid online using Manitoba's TAXcess service. Visit the site at manitoba.ca/TAXcess for more information.

You can make an account payment through your financial institution's online bill payment process. Visit TAXcess at manitoba.ca/TAXcess or your financial institution for details. The return must be filed separately.

You may deliver the paper return to Manitoba Finance in person, by courier, or by mail. You may also contact your financial institution to determine what tax filing options are available to you.

Please note: Service charges applied by your financial institution are your responsibility.

Are there any charges in addition to the late filing penalty?

Manitoba Finance will assess a charge if your online payment or remittance cheque is rejected by a financial institution as NSF or for any other reason.

Outstanding debts will be subject to interest compounded monthly. The interest rate payable is set every January 1st and July 1st. and is posted on the Manitoba Finance website listed at the end of this bulletin.

What happens if I don't receive a return?

You are responsible for submitting the RST owing by the due date even if you do not receive your e-mail reminder or tax return from Manitoba Finance.

If you don't receive your e-mail reminder or paper RST return by the 10th day of a month, contact the Tax Information Branch at 204-945-5603 or Manitoba Toll Free 1-800-782-0318. A replacement return will be e-mailed or faxed to paper filers. You can also sign up for or into TAXcess and file your return online.

What if I have no taxable sales to report?

You must still file a RST return even if you have not collected any tax, nor have any tax on purchases for own consumption to report. In this case, record the word "nil" on each appropriate space on the return or "0.00" for TAXcess users.

Do I get a receipt when I remit sales tax?

When you file and pay online using TAXcess, you will receive a transaction confirmation number.

When you pay through your financial institution's online bill payment process, your printed payment transaction is your receipt.

When you pay by cheque, your cancelled cheque is your receipt. When you pay by cash or debit card at the Manitoba Finance office, you will receive a receipt.

Each RST return, paper and online, will state the amount of tax remitted with your last tax return.

How do I report changes to my business name, etc.?

Manitoba Finance should be informed immediately of any changes in name, address, e-mail address, phone, or fax numbers, or if your business has been sold, discontinued or the ownership changes.

Any changes to information should be submitted by writing or contacting the Manitoba Finance office listed at the end of this bulletin.

TAXcess users can make changes directly online to their location or mailing address, their business operating name and their online contact information.

Please Note: Changes to a registrant's legal name, as recorded at the Companies Branch, must be reported in writing to Manitoba Finance.

What if I require additional information?

Please contact the Manitoba Finance office listed at the end of this bulletin. Please have your RST number available when making telephone inquiries or quote your RST number on all correspondence.

SECTION 4 – RETENTION OF RECORDS:

What records do I retain?

Businesses are required to maintain sufficient records and documents. The following are examples:

- Purchases of goods and services for resale;
- Sales of goods and services;
- Amount of RST self-assessed on purchases acquired for own use;
- Bad debts written-off, or recovered, and the applicable tax adjustments;
- Documentation to substantiate allowance of a tax exemption conditional on use, for example, farm use, sales to First Nations individuals and bands;
- Amount of RST collectable;
- Remittance of RST.

Records and documents must be retained for audit purposes for the current fiscal year plus the immediately preceding six years. General ledgers must be retained indefinitely.

Refer to Bulletin No. 016 – Record Keeping and Retention Requirements for additional information.

SECTION 5 – REVISION SUMMARY:

- Removing reference to commissions.
- Increasing the small business registration exemption to \$30,000.
- Minor revisions.

FURTHER INFORMATION:

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to The Retail Sales Tax Act and Regulation. Further information may be obtained from:

Manitoba Finance
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: 204-945-5603
Manitoba Toll-Free: 1-800-782-0318
Fax: 204-945-0896
E-mail: MBTax@gov.mb.ca
Web Site: <https://www.manitoba.ca/finance/taxation/>

ONLINE SERVICES:

Our Web site [here](#) provides tax forms and publications about taxes administered by Manitoba Finance, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting Manitoba Finance.

TAXcess, our online service, taxcess.gov.mb.ca provides a simple, secure way to apply for, and to file, pay and view your Manitoba tax accounts.