**Section 3.3: Provincial and Federal Sales Tax**

Another form of taxation that governments use to collect money to pay for services that they provide is sales taxes.

**Provincial Sales Tax (PST):** Collected on most goods and some services. Some PST exempt items include:

* Groceries Children’s clothing
* Books and newspapers dry cleaning
* Car washing Footwear (under $30)

**Goods and Services Tax (GST):** Federal Tax, collected on most goods and services. Some GST exempt items include:

* Groceries
* Child Care
* Bridge, road, ferry tolls

**Nova Scotia:** Nova Scotia has a harmonized tax of 15%. 5% is the federal tax and 10% is the provincial tax.

**Ontario** has a provincial tax of 8% and a federal tax of 7%.

**Example:**

A CD has a selling price of 19.75. Calculate the taxes and the total cost of the CD.

**Nova Scotia:**

**Sales Tax:**

15% of 19.75

0.15 x 19.75 = 2.96

The total cost of the CD is 22.71

Total cost:

19.75 + 2.96 = 22.71

Ontario:

PST: 8% of 19.75

0.08 x 19.75 = 1.58

GST: 7% of 19.75

0.07 x 19.75 = 1.38

Total cost:

19.75 + 1.58 + 1.38 = 22.71The total cost of the CD is 22.71