

2024 Issue No. 50  
24 October 2024

# Tax Alert – Canada

## Nova Scotia to reduce HST by 1% in 2025

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

In a news release dated 23 October 2024, Nova Scotia Premier Tim Houston announced that the province intends to reduce the provincial portion of the Harmonized Sales Tax (HST) from 10% to 9% effective 1 April 2025, resulting in a new combined HST rate of 14%.

If enacted, it would be first rate change for the province since 1 July 2010, when the combined Nova Scotia HST rate increased from 13% to 15%.

The Department of Finance will be required to provide transitional rules to determine whether the existing combined HST rate of 15% or the new rate of 14% will apply to transactions that straddle the 1 April 2025 implementation date. Transitional rules also applied when Nova Scotia increased the provincial component of the HST from 8% to 10% effective 1 July 2010.

Nova Scotia indicated it has provided the required 120 days' notice to the federal government of its intention to reduce the provincial component of the HST, which will require legislative amendments.

The province expects the rate reduction to reduce provincial revenues by approximately \$260.8 million in the 2025-26 fiscal year, \$265.5 million in 2026-27 and \$272.4 million in 2027-28.

While Nova Scotia is not required to hold a provincial election until 15 July 2025, there is speculation the current provincial government will call an early election. The leader of the provincial opposition has previously proposed to reduce the HST by two percentage points for a combined rate of 13%.

## Learn more

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