



# The HST Blog

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## Certain Over-the-counter Remedies are Subject to GST/HST



Today I went to the pharmacy to fill an ophthalmologist's written order for lubricating eye drops. I have Graves Disease Ophthalmopathy and carry my eye drops everywhere I go. When my \$66.00 eye drops came with an additional HST charge of \$8.58, I thought I would investigate.

The GST/HST and Excise News No. 81 (August 2011) states:

### **"Supplies of drugs, medical devices and health care products that are not zero-rated**

"Please note that zero-rating does not apply to all drugs, medical devices and health care products sold in pharmacies or medical supply stores. Examples of drugs, medical devices and health care products that are subject to the GST at the rate of 5%, or the HST at the rate of 12%, 13% or 15% (depending on the province where the supply is made) are:

- over-the-counter medications such as sinus and nasal preparations, acetylsalicylic acid, and acetaminophen;
- eye drops;
- many vitamins and minerals;
- cold remedies and cough medicine such as syrup and cough drops;
- medicated shampoos; and
- personal health products such as bandages and ankle and knee supports.

These goods are available to the general public without a prescription through retail outlets and are intended to treat the symptoms of minor illnesses that do not require the advice or intervention of a health professional. Regardless of whether they are prescribed by a medical practitioner or by an authorized individual, these goods are generally not zero-rated. For example, an over-the-counter acetylsalicylic acid product purchased at a drugstore would not qualify for zero-rating, even if the purchaser has a prescription for acetylsalicylic acid and shows it to the pharmacist, unless the product

is also dispensed by the pharmacist."

What this means is that certain therapeutic goods that are prescribed by medical practitioners are subject to HST. It does not matter if the goods are medically necessary. It does not matter if the goods serve a medical purpose. It does not matter what ailment the goods treat. What matters is where the goods are located in the pharmacy and whether the goods can be purchased without a prescription.

If price is a factor, the patient should obtain a prescription for the drug/therapy. Depending on the pharmacy dispensing fee, the price point for getting a prescription would be around \$75.00 in Ontario (assuming the dispensing fee is \$9.95). The higher the dispensing fee, the higher the GST/HST included price you might be willing to pay. It does create a discrepancy between harmonized and non-harmonized provinces (e.g., Alberta, British Columbia, Saskatchewan and Manitoba). When traveling to non-harmonized provinces, you may want to stock up on taxable pharmacy items.

**Comments (0)** Read through and enter the discussion with the form at the end

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