Manitoba Drops RST rate to 7 Per Cent

April 15, 2019

On March 7, 2019, the Progressive Conservative government of Manitoba announced that Manitoba's Retail Sales Tax (RST) rate will be reduced by one percentage point from eight per cent to seven per cent.

The new seven per cent RST rate is effective July 1, 2019, and was implemented by cutting short the temporary, 10-year RST increase introduced by Manitoba's NDP government in 2013 for the purpose of funding infrastructure improvements.

Taxpayers should be mindful of the Manitoba Ministry of Finance's administrative rules on transitioning to the lower seven per cent tax rate. We note that these are administrative rules only — the actual amending legislation contains no transitional RST provisions.

Goods

Generally, the new seven per cent RST rate applies to all goods purchased after June 30, 2019. This includes goods for which the purchaser has only made a deposit.

The current eight per cent RST rate continues to apply for all goods purchased before July 1, 2019. This includes:

- goods purchased on credit or by deferred payment arrangements where payment is made after June 30, 2019; and
- goods that are fully paid for prior to July 1, 2019 but which are delivered after that date.

Services

Generally, the current eight per cent RST rate will apply to the following services:

- Services completed prior to July 1, 2019, regardless of the billing and payment date;
- Contracts for services entered into prior to March 7, 2019 (the date of the budget announcement), but only for that portion of services provided up to June 30, 2019;

- Prepaid service arrangements where payment has been made prior to March 7, 2019, regardless of when the service is performed.
- Prepaid service arrangements (presumably where payment has not been made prior to March 7, 2019, where services commence before July 1, 2019.

The new seven per cent RST rate will apply to the following services:

- Contracts for services entered into after March 7, 2019 (the date of the budget announcement) for services that commence after June 30, 2019;
- Prepaid service arrangements (presumably where payment has not been made) for services commencing on or after July 1, 2019.

Special Rules

Despite these general rules, the ministry has also provided specific transitional rules for the following goods and services:

- Contracts for specified services to tangible personal property
- Holdbacks
- Property installations
- Change orders
- Telecommunications services
- Electricity and Natural Gas
- Leased Goods
- Insurance
- Real Property Contracts

Vendors providing these goods and services may wish to revisit their RST compliance obligations in light of these transitional rules.

By

Braek Urquhart, Beverly Gilbert, Simon Ashby

Expertise

Tax

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.