

8 May 2013

To: Users of The Broker's Workstation and/or The Underwriter's Workstation

Dear Valued Client:

**Re: The Broker's Workstation and The Underwriter's Workstation –
Manitoba PST Change**

On July 1, 2013, Manitoba's PST (Provincial Sales Tax) will increase to 8%.

This new PST rate will apply to insurance contracts effective July 1, 2013 and later. As such, the July renewals that you are receiving now must be billed at the new tax rate of 8%, while any transactions effective earlier than July 1, 2013 will continue to be billed at the 7% PST rate.

To manage the two different tax billing rates during this transition period, please set up the Sales Tax feature in TBW/TUW as follows.

1. Change your tax rules to apply the 8% sales tax rate now. Do this by changing the rate on the current Manitoba PST tax definition to 8%. It will continue to be covered by the existing Tax Association rules. This will catch the largest volume of items (i.e. the renewals).
2. In TBW/TUW Lists, create a new tax definition for 7% for temporary use.
3. Instruct your processing staff to watch the taxes on the Manitoba items.
 - If they are doing a renewal or another transaction for July 1, 2013 or later, the tax applied will be correct and no other action will be necessary.
 - If they are doing a renewal or another transaction for June 30, 2013 or earlier, they will need to remove the 8% tax item the system applies and use the temporary 7% item instead.

If, during the transition period, a client is accidentally overbilled (with the 8% tax rate rather than the 7% tax rate), this can be adjusted later. This is preferable to failing to bill a client the new tax rate when it is required, as it will be subject to penalties and interest if discovered in a tax audit.

Please share this information with the appropriate TBW and TUW users in your office(s). Once you have reviewed this document, if you need any assistance with Manitoba PST setup or have any questions

regarding Manitoba PST application to relevant insurance products in TBW/TUW, please contact our Client Services Team at clientservices@cssionline.com (email) or 1-888-291-3588 (toll-free telephone). If you have any questions about Manitoba PST and insurance contracts, please contact the **Manitoba Finance Taxation Division** at 1-800-782-0318 (toll-free telephone) or MBTax@gov.mb.ca (email).

Thank you for using The Broker's Workstation and The Underwriter's Workstation.

Yours sincerely,

Custom Software Solutions Inc.



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Gold Independent Software Vendor (ISV)