



APPLICATION, RENEWAL, OR REVOCATION OF THE AUTHORIZATION FOR A QUALIFYING INSTITUTION TO USE PARTICULAR INPUT TAX CREDIT ALLOCATION METHODS

Use this form if you are, or you reasonably expect to be, a financial institution that in the fiscal year is a qualifying institution as defined in subsection 141.02(1) of the Excise Tax Act (ETA), or if you are a financial institution that is designated as a qualifying institution for the fiscal year under subsection 141.02(25) of the ETA, and you are applying to receive authorization under subsection 141.02(20) of the ETA to use particular methods to determine the operative extent and the procurative extent of each business input for the fiscal year. Also use this form to renew or revoke an authorization previously granted under subsection 141.02(20) of the ETA. Where authorization is granted under subsection 141.02(20) of the ETA as a result of an application or renewal, it is effective for one fiscal year.

Authorization requested (tick one box only): Application [] Renewal [] Revocation []

Indicate the fiscal year to which the application, renewal, or revocation applies (the application year): From [] Year [] Month [] Day [] to [] Year [] Month [] Day []

To make an application, complete Parts A, B, C, and F. The authorization is granted for one year.

To apply for a renewal, complete Parts A, B, D, and F.

To revoke a previously granted authorization, complete Parts A, E, and F.

All legislative references are to the ETA, unless otherwise specified.

Part A - Identification of financial institution
Name of financial institution, Business Number, Contact person, Contact person title, Telephone number for contact person.
Part B - Eligibility
1. To which prescribed class of financial institution will you belong in the application year? Bank [] Insurer [] Securities dealer []
2. Was your adjusted tax credit amount for each of the two fiscal years immediately preceding the application year equal to or greater than \$500,000? [] Yes [] No
Indicate the adjusted tax credit amount for each of the two immediately preceding fiscal years... [] \$ first preceding year \$ second preceding year
3. Was your tax credit rate for each of the two fiscal years immediately preceding the application year equal to or greater than, the prescribed percentage for your prescribed class of financial institution? [] Yes [] No
Indicate the tax credit rate for each of the two immediately preceding fiscal years... [] first preceding year % second preceding year
4. Are you designated as a qualifying institution under subsection 141.02(25) for the application year? [] Yes [] No
If you ticked a prescribed class in question 1 and yes to questions 2 and 3, you are eligible to make this application.
If you ticked a prescribed class in question 1 and yes to question 4, you are eligible to make this application.
Otherwise, you are not eligible to make this application.
* You must use your best efforts to provide the most accurate estimate possible.

Part C – Application

Provide the following information in your application as an attachment unless you are requesting a renewal or a revocation of the authorization under subsection 141.02(20). Tick the box next to each item that you are submitting and provide an explanation for any item for which documentation is not submitted. You may need to submit additional requested information at a later date.

i. Input tax credit (ITC) allocation methods

- a) Describe in narrative detail the ITC allocation methods you are proposing to use for each business input.
- b) Provide the rationale and/or any policies considered in selecting the proposed ITC allocation methods.
- c) Indicate (if applicable) the most recent fiscal year for which the ITC allocation methods you are proposing have been used.
- d) Assume the ITC allocation methods you are proposing to use were in effect for the second preceding fiscal year. Then by way of an example, using the proposed methods, determine the ITC amount that would have been recoverable for the second preceding fiscal year. Provide details of the calculations made to support the proposed methods, including internal cost allocations that distinguish between costs subject to the GST/HST and costs not subject to the GST/HST.

ii. Organizational information

- a) Provide a detailed current organizational structure chart showing each business line and the units within each business line.
- b) Provide a current description of each business line in your organization. Include a description of the activities or supplies provided and inputs for consumption or use by each unit within each business line.
- c) Identify any corporate business plans, reorganizations, strategies, or systems changes that, if implemented in the period covered by the application, could have an impact on the proposed ITC allocation methods.

iii. Information on outputs

- a) List (by name, product code and general ledger account) and describe your GST/HST taxable supplies (other than zero-rated supplies), zero-rated supplies, and exempt supplies and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."
- b) List (by name, product code and general ledger account) and describe all inter-company supplies, including deemed financial services under a section 150 election and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."
- c) List (by name, product code and general ledger account) and describe any other revenue items not included above and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."

iv. Information on inputs

- a) Identify exclusive inputs that are subject to the GST/HST and that are for consumption or use directly and exclusively (i.e., 100%) for the purpose of making taxable supplies for consideration and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."
- b) Identify exclusive inputs that are subject to the GST/HST and that are for consumption or use directly and exclusively for purposes other than making taxable supplies for consideration and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."
- c) Identify and describe excluded inputs, direct inputs, and non-attributable inputs that are subject to the GST/HST and their linkage to the business lines you have detailed above under the heading "ii. Organizational information."

v. Accounting information

- a) Describe how your accounting system identifies and tracks supplies as taxable supplies (other than zero-rated supplies), zero-rated supplies, and exempt supplies.
- b) Describe the cost accounting system used by your organization (e.g., an activity-based costing system), and the methods used to allocate costs and revenues to each unit or business line.
- c) Describe how the GST/HST paid or payable on inputs is recorded and tracked, and how the GST/HST is allocated to units or business lines, where the associated cost has been allocated.
- d) Describe how the total GST/HST paid or payable on inputs is determined.
- e) Provide profit and loss statements for each business line.
- f) Provide financial statements (consolidated and unconsolidated) for the two most recently completed fiscal years.

I request authorization to use the ITC allocation methods referred to above for the application year indicated on page 1 of this form.

Part D – Application for renewal

Complete this part to request a renewal of an authorization previously granted under subsection 141.02(20) to use particular ITC allocation methods. You may need to submit additional requested information at a later date.

The financial institution identified in Part A has an authorization granted under subsection 141.02(20) for the fiscal year:

Authorized fiscal year: From

| | | |
|------|-------|-----|
| Year | Month | Day |
| | | |

 to

| | | |
|------|-------|-----|
| Year | Month | Day |
| | | |

The particular methods, which would be described in detail in Part C, Item i, to be used for the application year do not contain any modification to the authorized particular methods.

The information that would be provided in Part C, Items ii, iii, iv, and v for the application year would not be materially different than the information provided for the authorized fiscal year.

or

Part of the information that would be provided in Part C, Items ii, iii, iv, and v for the application year would be materially different than the information provided for the authorized fiscal year. All materially different information, from that provided for the authorized fiscal year, required under Part C, Items ii, iii, iv, and v is attached to this form.

The financial institution identified in Part A requests authorization to use the ITC allocation methods described in the authorized fiscal year for the application year indicated on page 1 of this form.

Part E – Notice of revocation

Complete this part to revoke an authorization granted under subsection 141.02(20) to use particular methods.

The financial institution identified in Part A has an authorization granted under subsection 141.02(20) for the fiscal year:

From

| | | |
|------|-------|-----|
| Year | Month | Day |
| | | |

 to

| | | |
|------|-------|-----|
| Year | Month | Day |
| | | |

The financial institution identified in Part A revokes the above-mentioned authorization and it understands that it must use methods provided for in the ETA for each input.

Part F – Certification

I, _____, (print name), certify that the information given on this form and in any documents attached is, to the best of my knowledge, true, correct, and complete in every respect. I certify that the methods that I am requesting authorization to use in Part C or renewal of an authorization to use in Part D, to allocate business inputs and/or apportion ITC entitlements are fair and reasonable and will be used consistently throughout the application year indicated on page 1 of this form. I am authorized to sign this document for the financial institution identified in Part A.

Signature of authorized person

Title

Year Month Day

Privacy Act, Personal Information Bank number CRA PPU 080

General Information

Who should complete this application?

You should complete this application if you are, or reasonably expect to be, a qualifying institution, or designated to be a qualifying institution for the fiscal year, and you wish to obtain authorization to use particular methods to determine the operative extent and the procurative extent of each business input in a particular fiscal year. The application is for the legal entity. Branches or divisions should not submit their own applications.

How do I make an application?

Complete Parts A, B, C, and F if you are requesting an authorization, other than a renewal, under subsection 141.02(20). Your application for an authorization must be filed no later than the day that is 180 days before the first day of the fiscal year to which the application applies. You may be asked to provide additional information to support your application. Incomplete applications may be denied.

What happens when my application is authorized?

Generally, we will notify you in writing within 180 days of receipt of your application whether the use of methods that you specified in your application for the particular fiscal year are authorized or denied. Once the methods have been authorized, they must be used consistently and in the manner specified in your application throughout the application year.

How do I apply for a renewal of an authorization?

Complete Parts A, B, D, and F of this form if you have previously received authorization under subsection 141.02(20) and wish to renew this authorization. Your request for a renewal must be filed no later than the day that is 180 days before the first day of the fiscal year to which the renewal applies. You may be asked to provide additional information to support your application. If there have been any modifications to the authorized particular methods you cannot make an application for renewal.

How do I revoke an authorization?

Complete Parts A, E, and F of this form if you have previously received authorization under subsection 141.02(20) and wish to revoke this authorization. Your notice of revocation must be filed no later than the day that is 60 days before the first day of the fiscal year to which the revocation applies.

Note

The Minister may also revoke a previously received authorization by sending a notice of revocation to you on or before the day that is 60 days before the first day of the fiscal year to which the revocation applies.

A previously received authorization will cease to have effect on the first day of the application year and be deemed never to have been granted if you are not a qualifying institution in the application year unless you are designated as a qualifying institution under subsection 141.02(25).

Where do I send this form?

Send this form to the Assistant Director of Audit of your tax services office.

Definitions

Adjusted tax credit amount – means the amount determined, for a fiscal year of a person, by the formula:

$$A \times 365 / B$$

where:

A is the tax credit amount of the person for the fiscal year; and

B is the number of days in the fiscal year.

Bank – in respect of a fiscal year, means a bank or an authorized foreign bank within the meaning of section 2 of the *Bank Act*, but does not include an insurer (as that term is described below).

Business input – means an excluded input, an exclusive input or a residual input.

Direct input – means property or service, other than:

- an excluded input;
- an exclusive input; or
- a non-attributable input.

Excluded input – of a person means:

- property that is for use by the person as capital property;
- property or a service that is acquired, imported, or brought into a participating province by the person for use as an improvement to capital property of the person; or
- a prescribed property or service.

Exclusive input – means property or a service (other than an excluded input) that a person acquired, imported, or brought into a participating province for the person's consumption or use:

- directly and exclusively for the purpose of making taxable supplies for consideration; or
- directly and exclusively for purposes other than making taxable supplies for consideration.

Insurer – in respect of a fiscal year, means a person who is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an insurance business or under the laws of another jurisdiction to carry on in that jurisdiction an insurance business and carries on, at any time in the fiscal year, an insurance business as its principal business in Canada.

Non-attributable input – of a person means property or a service that is:

- not an excluded input or an exclusive input of the person;
- acquired, imported, or brought into a participating province by the person; and
- not attributable to the making of any particular supply by the person.

Operative extent – of property or a service means the extent to which the consumption or use of the property or service is:

- for the purpose of making taxable supplies for consideration; or
- for purposes other than making taxable supplies for consideration.

Procurative extent – of property or a service means the extent to which the property or service is acquired, imported, or brought into a participating province:

- for the purpose of making taxable supplies for consideration; or
- for purposes other than making taxable supplies for consideration.

Qualifying institution – for a particular fiscal year, means a financial institution that meets the following requirements in the fiscal year:

- The financial institution is of a prescribed class at any time in the particular fiscal year. The following are prescribed classes: banks, insurers, and securities dealers (as described on this page).
- The financial institution has two fiscal years immediately preceding the particular fiscal year.
- In each of those two fiscal years, the financial institution had an adjusted tax credit amount equal to or exceeding the prescribed amount for the prescribed class of the financial institution for the particular fiscal year. The prescribed amount for each prescribed class of financial institution is \$500,000.

- In each of those two fiscal years, the financial institution had a tax credit rate equal to or exceeding the prescribed percentage for the prescribed class of the financial institution for the particular fiscal year. The prescribed percentage is 12% for banks, 10% for insurers, and 15% for securities dealers.

Requested information – means any information, additional information or document in respect of an application made by a person under subsection 141.02(18) that the Minister requests in writing from the person.

Residual input – means a direct input or a non-attributable input.

Residual input tax amount – of a person for a fiscal year means:

- if the person is a selected listed financial institution at any time in the fiscal year, an amount of tax under any of subsection 165(1) and sections 212, 218 and 218.01 in respect of a supply or importation of a residual input that became payable by the person during the fiscal year without having been paid before the fiscal year or was paid by the person during the fiscal year without having become payable; and
- in any other case, an amount of tax in respect of a supply, importation or bringing into a participating province of a residual input that became payable by the person during the fiscal year without having been paid before the fiscal year or was paid by the person during the fiscal year without having become payable.

Securities dealer – in respect of a fiscal year, means a person who:

- is not a bank or an insurer (as described on this page) at any time in the fiscal year;
- carries on at any time in the fiscal year a business as a trader or dealer in, or as a broker or salesperson of, securities as the principal business of the person in Canada; and
- is registered under the laws of Canada or a province to carry on in Canada at any time in the fiscal year a business as a trader or dealer in, or as a broker or salesperson of, securities.

Tax credit amount – of a person for a fiscal year of the person means:

- if the person has made an election under subsection 141.02(9) in respect of the fiscal year, the total of all amounts each of which is an input tax credit (ITC) for the fiscal year in respect of residual input tax amount of the person for the fiscal year that the person would, in the absence of that subsection, be entitled to claim under this Part;
- if the person is a qualifying institution for the fiscal year, has not made an election under subsection 141.02(7) or (27) in respect of the fiscal year and has not received an authorization from the Minister to use for the fiscal year the particular methods set out in an application made under subsection 141.02(18), the total of all amounts each of which is an ITC for the fiscal year in respect of a residual input tax amount of the person for the fiscal year that the person would, if the person were not a qualifying institution for the fiscal year and did not make an election under subsection 141.02(9) in respect of the fiscal year, be entitled to claim under this Part; and
- in any other case, the total of all amounts each of which is an ITC for the fiscal year in respect of a residual input tax amount of the person for the fiscal year that the person is entitled to claim under this Part.

Tax credit rate – of a person for a fiscal year of the person means the quotient, expressed as a percentage, determined by dividing the tax credit amount of the person for the fiscal year by the total tax amount of the person for the fiscal year.

Total tax amount – of a person for a fiscal year of the person means the total of all amounts each of which is a residual input tax amount of the person for the fiscal year.

What if you need help?

For more information, see GST/HST Technical Information Bulletin B-097, *Determining Whether a Financial Institution Is a Qualifying Institution for Purposes of Section 141.02*, GST/HST Technical Information Bulletin B-098, *Application of Section 141.02 to Financial Institutions That Are Qualifying Institutions*, and Notice 236, *Draft GST/HST Technical Information Bulletin, Input Tax Credit Allocation Methods for Financial Institutions for Purposes of Section 141.02 of the Excise Tax Act* or call **1-800-959-8287**.