

Part E – Certification

I, _____, (print name) _____, certify that the information given on this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of 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 form?

You should complete this form if you are a financial institution of a prescribed class, other than a qualifying institution, and you wish to use the prescribed percentage of your prescribed class for determining your ITCs on residual inputs in the fiscal year. The election is for the legal entity. Branches or divisions cannot make their own elections under subsection 141.02(9).

Am I eligible to make this election?

You can make the election if you meet all of the following conditions:

- you are a financial institution of a prescribed class other than a qualifying institution in the election year;
- in each of the two immediately preceding fiscal years, you had a tax credit rate equal to or exceeding the prescribed percentage for your prescribed class of financial institution; and
- your adjusted tax credit amount in at least one of the two fiscal years immediately preceding the election year was less than \$500,000.

How do I make this election?

Complete Parts A, B, C, and E of this form if you are making an election under subsection 141.02(9). Your election must be filed on or before the day on which you are required to file your GST/HST return for the first reporting period of the fiscal year to which the election applies (the election year). A separate election must be filed for each fiscal year to which the election applies.

What is the effect of this election?

While the election is in effect, you are required to use the prescribed percentage for your prescribed class of financial institution for the purpose of determining your ITCs on all residual inputs.

If you choose not to make this election or if you revoke the election, you will generally be required to use a specified method to determine the operative extent and procurative extent of each non-attributable input. You will also generally be required to use a direct attribution method to determine the operative extent and procurative extent of each direct input.

How do I revoke this election?

Complete Parts A, D, and E of this form if you wish to revoke an election that you previously made under subsection 141.02(9). Your notice of revocation must be filed on or before the day on which you are required to file your GST/HST return for the first reporting period of the fiscal year to which the revocation applies (the election year). The effective date of revocation is the first day of the election year.

Note

Where you have made an election under subsection 141.02(9), the election will also cease to have effect on the first day of the election year if you are not a financial institution of a prescribed class throughout the election year or your tax credit rate for each of the two fiscal years immediately preceding the election year does not equal or exceed the prescribed percentage for your prescribed class of financial institution for the election year.

Where do I send this form?

Send this form to the Assistant Director of Audit of your tax services office. You can find the address of your tax services office at www.cra.gc.ca/tso.

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).

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 other 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 page 2 and 3).
- 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.

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 previously defined) 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 Part IX;
- 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 Part IX; 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 Part IX.

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 more 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*, and GST/HST Technical Information Bulletin B-099, *Application of Section 141.02 to Financial Institutions That Are Not Qualifying Institutions* or call **1-800-959-8287**.