



## ELECTION FOR PASSENGER VEHICLES OR AIRCRAFT TO BE DEEMED TO BE USED EXCLUSIVELY IN NON-COMMERCIAL ACTIVITIES

Use this form if you are a GST/HST registrant and want to elect to have a leased (or, if you are a financial institution, a leased or purchased) passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities for GST/HST purposes when the vehicle or aircraft is provided to your employee or shareholder.

For more information, see the back of this form.

<b>Part A – Identification</b>		
Name and trading name (if different from name)	Business Number	
		RT
<b>Part B – Identification of passenger vehicle or aircraft</b>		
If this election is for more than two passenger vehicles or aircraft, attach a separate sheet providing the following information for each vehicle or aircraft.		
Vehicle identification number	Aircraft registration number	Serial number
Make of vehicle or aircraft	Model	Year
Vehicle identification number	Aircraft registration number	Serial number
Make of vehicle or aircraft	Model	Year
<b>Part C – Eligibility – Other than financial institutions – Lease</b>		
Are you the lessee of the passenger vehicles or aircraft identified on this form, or on any documents attached to this form?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Are the passenger vehicles or aircraft used other than primarily in commercial activities?		<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Part D – Eligibility – Financial institutions – Purchase or lease</b>		
Have you acquired the passenger vehicles or aircraft identified on this form, or on any documents attached to this form, by way of purchase or lease?		<input type="checkbox"/> Yes <input type="checkbox"/> No

▶ If you have answered **yes** to the questions in part C or in part D above, you can make this election.

<b>Part E – Election and certification</b>								
I elect to have the passenger vehicle(s) or aircraft identified on this form, or on any attached documents, to be deemed to be used exclusively in non-commercial activities for GST/HST purposes.								
<p><b>Effective date of the election</b> (Before entering the date, see "Effective date of the election" on the back of this form.)</p>		<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;">         </td> <td style="text-align: center;">         </td> <td style="text-align: center;">         </td> </tr> </table>	Year	Month	Day			
Year	Month	Day						
I, _____, 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 the registrant or that I am authorized to sign on behalf of the electing registrant.								
Signature of registrant or authorized person		<table style="margin-left: auto;"> <tr> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;">         </td> <td style="text-align: center;">         </td> <td style="text-align: center;">         </td> </tr> </table>	Year	Month	Day			
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Privacy Act, Personal Information Bank number CRA PPU 091

# General Information

## Definitions

**Basic tax content** – of a property generally means the amount of the GST/HST that was payable for your last acquisition of the property, and for any improvements you made to the property since that last acquisition, less any amounts that you were, or would have been, entitled to recover (for example, by rebate or remission, but not input tax credits). The calculation for the basic tax content also takes into account any depreciation in the value of the property since you last acquired it (for example, when you purchased it or were last considered to have purchased it, whichever occurred more recently).

**Financial institution** – includes a bank, investment dealer, person whose principal business is the lending of money, trust company, money or stock broker, credit union, tax discounter, insurance company or broker, or an investment planner.

**Participating province** – means the province of British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia or Ontario.

**Passenger vehicle** – this is an automobile you bought or leased after June 17, 1987. Most cars, stationwagons, vans, and some pickup trucks are passenger vehicles. It includes any motor vehicle designed or adapted to carry not more than the driver and eight passengers. It **does not** include an ambulance, hearse, taxi, vehicles held as inventory, and vans and pickup trucks with a seating capacity of not more than three people (including the driver) used **primarily** for the transportation of goods in the course of a business. A van, pickup truck, or similar vehicle, that in the tax year in which it is acquired, is used all or substantially all for the transportation of goods, equipment, or passengers in the course of gaining or producing income would not be considered a passenger vehicle.

**Primarily** – generally means more than 50%.

## Effect of this election

This election allows you as a GST/HST registrant to have a leased passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities when the vehicle or aircraft is provided to your employee or shareholder. Once this election is in effect:

- You will no longer have to remit any GST/HST on the standby charge and the operating expense benefit included in your employee's or shareholder's income for income tax purposes.
- GST/HST and any applicable provincial taxes will still have to be included in the value of the taxable benefit, when the employee or shareholder benefit is calculated for income tax purposes.
- You will no longer be allowed to claim any input tax credits (ITCs) for the GST/HST paid or payable on the passenger vehicle or aircraft lease payments, or on any operating costs relating to the passenger vehicle or aircraft.
- You will have to recapture any ITCs you previously claimed in a reporting period that occurred before you filed this election but relate to a period after the election date. If you have to recapture previously claimed ITCs, include the net tax adjustment on line 104 of your GST/HST return.

## Example

You are a quarterly filer with a calendar fiscal year. On January 1, 2010, you prepaid GST/HST on a vehicle lease payment for the period January 1 to June 30, 2010. You have been using the vehicle 100% in commercial activities and you claimed a full ITC for the GST/HST paid in your return for the reporting period ending March 31, 2010. Realizing that the commercial use of the vehicle will decrease, you make an election so that the vehicle will be deemed to be used exclusively in non-commercial activities by your employees, effective April 1, 2010. Since you have already claimed a full ITC, you must recapture that part of the ITC claimed for the period of April 1 to June 30, 2010, when you file your return for the reporting period ending June 30, 2010.

## Financial institutions

If you are a financial institution, you can also elect to have a purchased passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities when the vehicle or aircraft is provided to your employee or shareholder. The effective date of this election is dependent on the price of the vehicle or aircraft.

### Purchased vehicle or aircraft priced \$50,000 or less

If you are a financial institution and you purchased a passenger vehicle or aircraft and the passenger vehicle or aircraft cost \$50,000 or less, the following rules will apply once this election is in effect:

- You cannot claim ITCs for the GST/HST paid or payable on any improvements to, or on the acquisition, importation, or bringing into a participating province of, the passenger vehicle or aircraft.
- You cannot claim ITCs on any operating costs relating to the passenger vehicle or aircraft.
- You will have to recapture the full ITCs previously claimed for the GST/HST paid on any improvements to, or on the acquisition, importation, or bringing into a participating province of, the passenger vehicle or aircraft, and any ITCs you previously claimed for the GST/HST paid on operating costs which relate to a period after the election date. If you have to recapture previously claimed ITCs, include the amount on line 104 of your GST/HST return.

## Example

You are a financial institution and you purchased a passenger vehicle for \$20,000 (plus \$1,000 GST) on May 2, 2010, and claimed the full ITC of \$1,000. In late May, you made improvements to the vehicle and claimed an additional ITC of \$140. If your effective election date is June 1, 2010, you will have to repay the \$1,000 ITC previously claimed on the purchase plus the \$140 ITC on the improvement when you determine your net tax for the reporting period which includes June 1, 2010.

### Purchased vehicle or aircraft priced more than \$50,000

If you are a financial institution and you file the election, and the passenger vehicle or aircraft costs more than \$50,000, you will not have to follow the above rules. Instead, you will have to self-assess and pay GST/HST equal to the basic tax content of the passenger vehicle or aircraft. Include any GST/HST owing on line 103 of your GST/HST return. You cannot claim ITCs on any operating costs relating to the passenger vehicle or aircraft.

## Effective date of the election

The effective date of the election for registrants (other than financial institutions) is the first day of the reporting period in which the passenger vehicle or aircraft is leased for use other than primarily for commercial activities, or the first day of a reporting period in which the registrant uses the property other than primarily for commercial activities. For financial institutions, the effective date of the election is the first day of a reporting period in which the passenger vehicle or aircraft is purchased or leased or is used by the financial institution. The election is binding and remains in effect until you dispose of or cease to lease the passenger vehicle or aircraft.

## Books and records

Do not send us this form. Keep the completed election form with your books and records during the entire period it is in effect and for six years after it ceases to have effect.

## For more information

For more information, go to [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) or call 1-800-959-5525.