



ELECTION AND REVOCATION OF AN ELECTION BETWEEN AGENT AND PRINCIPAL

Use this form if you are a principal and a registrant, acting as an agent in making a taxable supply (not by auction) for the principal who has to collect tax on that supply, to jointly elect to have the agent account for the GST/HST on that supply. To make an election, complete parts A, B, C, D, and E. To revoke an election, complete parts A, B, and F. This election also applies to billing agents. For more information, see the back of this form.

Do not make this election for a supply if the only reason the supply is considered taxable is because the agent and principal have already made a different joint election in writing to have the supply considered taxable.

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| Part A – Principal's identification | | | |
| Legal name | | Business Number (if applicable) | |
| | | R T | |
| Part B – Identification of agent (must be a GST/HST registrant) | | | |
| Legal name | | Business Number | |
| | | R T | |
| Part C – Election | | | |
| <input type="checkbox"/> We, the principal and agent, jointly elect for the agent to account for the GST/HST on the supply or supplies described below instead of the principal. We understand that both parties to this election are jointly and severally, or solidarily, liable for certain GST/HST obligations as explained under "Joint liability" on the back of this form. | | | |
| Describe the nature of the supply or supplies to which this election applies. (Any additional information can be attached on a separate sheet.) | | | |
| Indicate the duration of this election (tick one box only): | | | |
| <input type="checkbox"/> | One supply or multiple supplies (Election in effect for one day.) | Date of transaction: | Year Month Day _ _ _ _ _ _ |
| <input type="checkbox"/> | Ongoing supplies (Election in effect from the effective date, until you jointly revoke it in writing.) | Effective date of election: | Year Month Day _ _ _ _ _ _ |
| <input type="checkbox"/> | Supplies made for a specific period (Election in effect from the effective date to the end date you specify, unless you jointly revoke it in writing.) | Effective from: | Year Month Day to: Year Month Day _ _ _ _ _ _ to: _ _ _ _ _ _ |
| Part D – Principal's certification of the election | | | |
| I, _____, certify that the information given on this form and in any attached documents is, to the best (print) | | | |
| of my knowledge, true, correct, and complete, in every respect, and that I am the principal or that I am authorized to sign on behalf of the principal. | | | |
| Signature of principal or authorized person | | Year Month Day _ _ _ _ _ _ | |
| Part E – Certification of election by agent | | | |
| I, _____, certify that the information given on this form and in any attached documents is, to the best (print) | | | |
| of my knowledge, true, correct, and complete, in every respect, and that I am the agent or that I am authorized to sign on behalf of the agent. | | | |
| Signature of agent or authorized person | | Year Month Day _ _ _ _ _ _ | |
| Part F – Revocation of election | | | |
| Describe the nature of the supply or supplies to which this revocation applies. (Any additional information can be attached on a separate sheet.) | | | |
| <input type="checkbox"/> | Revocation of the election for the supply or certain supplies described in this part | or | <input type="checkbox"/> |
| Effective date of the election: | Year Month Day _ _ _ _ _ _ | Effective date of the revocation: | Year Month Day _ _ _ _ _ _ |
| We, the agent and principal, jointly revoke the election we previously made for the agent to account for the GST/HST on the supply or certain supplies, as described in this part or on all supplies described this part or in Part C of that election as indicated above. | | | |
| Signature of principal or authorized person | | Year Month Day _ _ _ _ _ _ | |
| Signature of agent or authorized person | | Year Month Day _ _ _ _ _ _ | |

GENERAL INFORMATION

General rule (without an election)

Under the general rule, a registrant principal has to collect and account for the GST/HST on a taxable supply (other than zero-rated) made for it by an agent, and the agent, if a registrant, has to collect and account for the GST/HST on the services it provides to the principal that relate to the supply. This general rule applies when the principal and agent are both GST/HST registrants and the supply is taxable (other than a zero-rated supply) and is not a sale made by auction.

Joint election for an agent to account for the GST/HST

A joint election can be made between a supplier (the principal) and a registrant agent when the principal is required to collect and account for tax but prefers that the agent be responsible for doing so. The agent still has to charge and account for the GST/HST on the commission and services it provides to the principal that relate to the supply. For more information, see "Effect of the election" and "Joint liability" on this page.

Joint election for a billing agent to account for the GST/HST

Generally, a billing agent acts as agent for a supplier in charging and collecting the amount due (including tax) for a supply made by the supplier. However, the billing agent may not be acting as agent in making the supply itself.

A registrant billing agent acting as an agent for a supplier in charging and collecting the amount due for a supply (made after December 20, 2002) is considered to be acting as an agent in making the supply but **only** for the purposes of this election. This means that a supplier (principal) and a billing agent can jointly elect for the billing agent to account for the GST/HST charged or collected on the supply instead of the principal.

Effect of the election

When this election is in effect for a supply that an agent makes for a principal, the following rules apply to the agent (including a billing agent) and principal:

- In calculating net tax, the agent has to account for any amount charged or collected for tax.
- The rules pertaining to refunds, credits, or adjustments of tax to a recipient apply to the agent, not to the principal.
- The rules pertaining to bad debt adjustments and recovery of bad debts apply to the agent, not to the principal.
- The agent and principal are jointly and severally, or solidarily liable for certain GST/HST obligations as explained under "Joint liability."
- If the agent uses the Quick Method of accounting for calculating its net tax, the Quick Method rates do not apply to the supplies covered by this election. For more information on these rules, see Booklet RC4058, *Quick Method of Accounting for GST/HST*.
- The agent has to include the amount for the supply in the calculation of its threshold amount to determine the agent's reporting period. The principal does not include that amount in its threshold calculation.

Joint liability

The agent and the principal are jointly and severally, or solidarily, liable for all GST/HST obligations that result from:

- the tax becoming collectible;
- any failure to account for or pay a net tax amount that is reasonably attributable to the supply;
- any failure to account for or pay any overpayment of refund or interest received by the agent and that is reasonably attributable to the supply;
- the agent claiming a bad debt deduction to which the agent was not entitled or was in excess of the amount to which the agent was entitled, including any failure to pay the amount of any underpayment of net tax and interest resulting from claiming that deduction;
- after a refund, credit, or adjustment of tax to a recipient, the agent claiming an amount to which the agent was not entitled or was in excess of the amount to which the agent was entitled, including any failure to pay the amount of any underpayment of net tax and interest resulting from claiming that amount; and
- a recovery of all or part of a bad debt relating to the supply for which the agent had claimed a deduction, including any failure to pay the amount of any underpayment of net tax and interest resulting from that recovery.

Effect of a revocation

An agent and a principal can jointly revoke an election they previously made for a supply. The parties decide on the effective date of a revocation. The effective date can be earlier or later than the current date. If you revoke an election for a supply, the election is considered never to have been made for that supply and the general GST/HST rules will apply.

Books and records

Do not send us this form. The principal and agent must each keep a completed copy with their books and records while the election is in effect and for six years after the end of the year to which an election relates.

If this form is a revocation of an election, it must also be kept by each party for six years after the end of the year to which the revocation relates.

Do you need more information?

For more information on GST/HST, see Guide RC4022, *General Information for GST/HST Registrants*, visit our Web site at www.cra.gc.ca/gsthst, or call us at **1-800-959-5525**.