



Canada Revenue
Agency

Agence du revenu
du Canada

GST/HST Information for Non-Profit Organizations

Is this guide for you?

This guide explains how the goods and services tax/harmonized sales tax (GST/HST) applies to non-profit organizations. It explains registration requirements, exemptions, rebates, and simplified methods of accounting that may apply to your organization.

If you are registered for the GST/HST, see Guide RC4022, *General Information for GST/HST Registrants*. It has basic information on charging, collecting, and remitting the GST/HST.

GST/HST and Quebec

In Quebec, Revenu Québec administers the GST/HST. If the physical location of your business is in Quebec, contact Revenu Québec at **1-800-567-4692**. Also see the Revenu Québec publications IN-203-V, *General Information Concerning the QST and the GST/HST*, and IN-229-V, *The QST and the GST/HST: How They Apply to Non-Profit Organizations* available at www.revenu.gouv.qc.ca.

If you have a visual impairment, you can get our publications in braille, large print, etext (CD or diskette), or MP3. For more information, go to www.cra.gc.ca/alternate or call **1-800-959-2221**.

What's new?

We list the major changes below, including changes that have been announced but were not law at the time of printing this guide. If they become law as proposed, they will be effective as of the dates indicated. For more information on these and other changes, see the areas outlined in colour in this guide.

Harmonized sales tax for Ontario

As of July 1, 2010, Ontario harmonized its retail sales tax with the GST to implement the harmonized sales tax in Ontario at the rate of 13% (5% federal part and 8% provincial part).

Harmonized sales tax for British Columbia

As of July 1, 2010, British Columbia (BC) harmonized its provincial sales tax with the GST to implement the harmonized sales tax in BC at the rate of 12% (5% federal part and 7% provincial part).

Harmonized sales tax rate change for Nova Scotia

As of July 1, 2010, Nova Scotia increased its harmonized sales tax rate to 15% (5% federal part and 10% provincial part).

Mandatory electronic filing

Under proposed changes, for reporting periods that end after June 2010, you may have to file your GST/HST returns electronically. For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

GST/HST electronic filing changes

For reporting periods that end after June 2010, all restrictions have been removed so that all registrants, other than selected listed financial institutions, can file electronically. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, or go to www.cra.gc.ca/gsthst-filing.

Place of supply rules

The place of supply rules have changed. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

My Business Account

You can now use the Instalment payment calculator service to calculate your instalment payments and view their related due dates.

To learn more about the growing list of services available in My Business Account, go to www.cra.gc.ca/mybusinessaccount.

Public service bodies' rebate

If you are located in a participating province (defined on page 5), there is a new form you have to complete to claim the public service bodies' rebate for the provincial part of the HST, Form RC7066 SCH, *Provincial Schedule – GST/HST Public Service Bodies' Rebate*. For more information, see Guide RC4082, *GST/HST Information for Charities*.

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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 by 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).

You may have to calculate the basic tax content of a property if you are a registrant and you increase or decrease your use of the property in your commercial activities. For more information, see “Calculating the basic tax content” on page 15.

Commercial activity – means any business or adventure or concern in the nature of trade carried on by a person, but **does not include:**

- the making of exempt supplies; or
- any business or adventure or concern in the nature of trade carried on without a reasonable expectation of profit by an individual, a personal trust, or a partnership where all the members are individuals.

Commercial activity also includes a supply of real property, other than an exempt supply, made by any person, whether or not there is a reasonable expectation of profit, and anything done in the course of making the supply or in connection with making of supply.

Exempt supplies – are supplies of property and services that are not subject to the GST/HST. GST/HST registrants cannot claim input tax credits to recover the GST/HST paid or payable on expenses related to making such supplies. However, as a non-profit organization, you may be eligible to claim a GST/HST public service bodies’ rebate for such expenses.

External supplier – means a charity, a public institution or a qualifying non-profit organization (other than a hospital authority or a facility operator), that makes ancillary supplies, facility supplies, or home medical supplies. For more information, call 1-800-959-5525.

Facility operator – means a charity, a public institution, or a qualifying non-profit organization (other than a hospital authority), that operates a qualifying facility.

Fair market value – is usually the highest dollar value, you can get for your property in an open and unrestricted market between a willing buyer and a willing seller who are unrelated to each other. Fair market value does not include the GST/HST payable on the fair market value of property. For sales of real property, fair market value does not include any provincial land transfer taxes payable on the sale.

Government – refers to the federal, provincial or territorial levels of government.

Input tax credit (ITC) – means a credit GST/HST registrants can claim to recover the GST/HST paid or payable for property or services they acquired, imported into Canada, or brought into a participating province for use, consumption, or supply in the course of their commercial activities.

Non-profit organization (NPO) – means a person (other than an individual, estate, trust, charity, public institution, municipality, or government) that meets the following conditions:

- It is organized and operated solely for non-profit purposes.
- It does not distribute or make available any of its income for the personal benefit of any proprietor, member, or shareholder, unless the proprietor, member, or shareholder is a club, a society, or an association that has, as its primary purpose and function, the promotion of amateur athletics in Canada.

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

Person – means an individual, a partnership, a corporation, the estate of a deceased individual, a trust, or any organization such as a society, a union, a club, an association, or a commission.

Prescribed government organization – generally refers to a Crown corporation that is organized and operated for non-profit purposes and is not entitled to claim relief of GST/HST on its purchases.

Property – includes goods, real property and intangible personal property such as trademarks, rights to use a patent and admissions to a place of amusement, but does not include money.

Public service body (PSB) – means a charity, non-profit organization, municipality, university, public college, school authority or hospital authority.

Qualifying non-profit organization (qualifying NPO) – means an NPO or prescribed government organization whose percentage of government funding is at least 40% of its total revenue.

Registrant – means a person that is registered or has to be registered for the GST/HST.

Small supplier – refers to a person whose revenue from worldwide taxable supplies was equal to, or less than, \$30,000 (\$50,000 for public service bodies) in a calendar quarter and over the last four consecutive calendar quarters.

Supply – means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, and disposition.

Taxable supplies – are supplies of property and services that are made in the course of a commercial activity and are subject to the GST/HST (including zero-rated supplies).

Zero-rated supplies – are supplies of property and services that are taxable at the rate of 0%. This means there is no GST/HST charged on these supplies, but GST/HST registrants can claim ITCs for the GST/HST paid or payable on purchases and expenses made to provide them.

What is the GST/HST?

The goods and services tax (GST) is a tax that applies to most supplies of property and services made in Canada.

The participating provinces harmonized their provincial sales tax with the GST to implement the harmonized sales tax (HST) in those provinces. Generally, the HST applies to the same base of property and services as the GST. Some participating provinces, there are point-of-sale rebates equivalent to the provincial part of the HST on certain designated items. For more information, see “Provincial point-of-sale rebates” later on this page.

GST/HST registrants who make taxable supplies (other than zero-rated supplies) in the participating provinces collect tax at the applicable HST rate (see the chart below). GST/HST registrants collect tax at the 5% GST rate on taxable supplies they make in the rest of Canada (other than zero-rated supplies). For more information on the GST/HST, see Guide RC4022, *General Information for GST/HST Registrants*.

As of July 1, 2010, Ontario harmonized its retail sales tax with the GST to implement the HST in Ontario at the rate of 13% (5% federal part and 8% provincial part).

As of July 1, 2010, British Columbia harmonized its provincial sales tax with the GST to implement the HST in British Columbia at the rate of 12% (5% federal part and 7% provincial part).

Also, as of July 1, 2010, Nova Scotia increased its HST rate to 15% (5% federal part and 10% provincial part).

As a result of these recent changes, the HST rate varies depending on the province. The chart below shows the applicable rates following the 2008 rate reduction.

GST/HST Rates		
	Before July 1, 2010	On or after July 1, 2010
Ontario	GST at 5%	HST at 13%
British Columbia	GST at 5%	HST at 12%
Nova Scotia	HST at 13%	HST at 15%
New Brunswick	HST at 13%	HST at 13%
Newfoundland and Labrador	HST at 13%	HST at 13%
Territories and other provinces in Canada	GST at 5%	GST at 5%

Provincial point-of-sale rebates

The participating provinces offer point-of-sale rebates for the provincial part of the HST payable on printed books and some other limited items. As a result, vendors collect only the 5% federal part of the HST payable on sales of the following:

- children’s clothing, children’s footwear and children’s diapers (in British Columbia, Nova Scotia and Ontario **only**);
- children’s car seats and car booster seats (in British Columbia and Ontario **only**);
- printed books (including audio recordings of printed books, but **not** including newspapers, magazines, catalogues, colouring books, or agendas);
- feminine hygiene products (in British Columbia, Nova Scotia and Ontario **only**);
- newspapers (in Ontario **only**);
- qualifying prepared food and beverages sold for \$4 or less (in Ontario **only**); and
- motor fuels, such as gasoline, diesel, bio-diesel and aviation fuel (in British Columbia **only**).

A vendor’s ability to claim input tax credits would not be affected by crediting purchasers in this manner. If the vendor does not credit the point-of-sale rebate, the purchaser would be able to apply for a rebate of the provincial part of the HST using Form GST189, *General Application for Rebate of GST/HST*. For more information, go to www.cra.gc.ca/gsthst.

You can only claim a public service bodies’ rebate for the federal part of the HST on these items. If HST taxable items and point-of-sale rebate items are included on the same purchase invoice, you will be required to separate the federal part of the HST and the provincial part of the HST paid on that invoice in order to calculate the amounts available for the PSB rebate (federal and provincial).

Example

Marie’s Daycare is a charity that runs a daycare centre. Marie’s Daycare purchases books and pencils from Jackson’s Bookstore in Ontario.

Jackson’s Book Store	
Books	\$ 120.00
Pencils	\$ 14.00
Subtotal	\$ 134.00
HST	\$ 7.82
Total amount due	\$ 141.82

Marie’s Daycare received a point-of-sale rebate for the provincial part of the HST on the books; therefore, only the federal part of the HST was paid:

$$\$120 \times 5\% = \$6.00$$

Marie's Daycare paid HST on the pencils:

$$\$14 \times 13\% = \$1.82$$

Marie's Daycare will have to track these amounts separately as the tax paid on each will have to be separated when making the public service bodies' rebate claim.

How to account for point-of-sale rebates

A registrant supplier that pays or credits the rebate amount at the point of sale would account for the rebate amount on its return in one of the following ways:

- show the total HST collected or collectible on **line 103** of the return and claim an adjustment for the rebate amount on **line 107**; or
- show the net amount as the HST collected or collectible by including only the federal part of the HST (5%) on **line 103** (in this case, you do not make an adjustment on **line 107**).

For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

Who pays the GST/HST?

Almost everyone has to pay the GST/HST on purchases of taxable supplies of property and services (other than zero-rated supplies). The GST/HST also applies to most supplies of intangible personal property and certain supplies of real property. However, Indians and some groups and organizations, such as certain provincial and territorial governments, do not always pay the GST/HST on their purchases. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, or call 1-800-959-5525.

How does the GST/HST work?

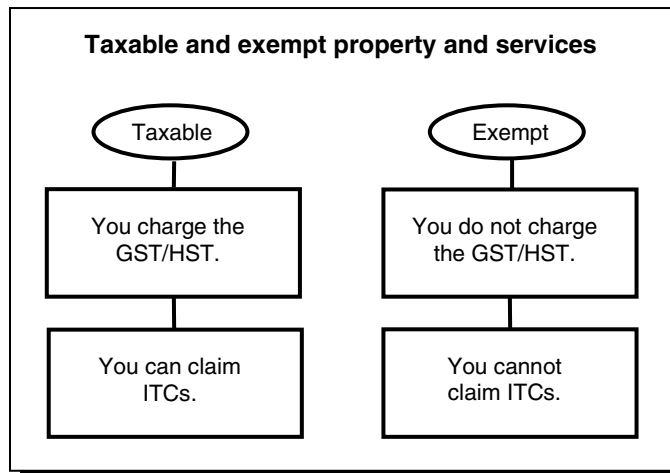
If you are involved in commercial activities in Canada, you may have to register for the GST/HST. If you are a GST/HST registrant, you have to charge and collect the GST/HST on taxable supplies (other than zero-rated supplies) you make in Canada and file regular GST/HST returns to report that tax.

Exception

In certain cases, you do not have to collect the GST/HST on a taxable sale of real property. Instead the purchaser may have to pay the tax directly to us. For more information, see "Real property" on page 23 and Guide RC4022, *General Information for GST/HST Registrants*.

You can claim an input tax credit (ITC) on your GST/HST return to recover the GST/HST paid or payable on purchases and expenses you use, consume, or supply in your commercial activities.

For consumers, there is no difference between zero-rated and exempt supplies of property and services, because tax is not collected in either case. However, the difference for you, as a registrant, is that although you do not collect the GST/HST on zero-rated or exempt supplies of property and services, you can only claim ITCs for the GST/HST paid or payable on purchases used to make zero-rated supplies of property and services.



When you complete your GST/HST return, deduct your ITCs from the GST/HST you charged your customers. The result is your net tax.

If the total amount of tax you charged is more than the amount of your ITCs, send us the difference. If the total amount of tax you charged is less than the amount of your ITCs, you can claim a refund. For more information on ITCs, see "Input tax credits" on page 12.

If you qualify to claim a rebate (such as the public service bodies' rebate or the rebate on printed books), deduct that amount from your net tax to reduce your net tax or to increase your refund. For more information, see "Public service bodies' rebate" on page 18.

Taxable supplies

Most property (for example, goods) and services (including those that are zero-rated) supplied or imported into Canada are subject to the GST/HST.

Supplies taxable at 5%, 12%, 13%, or 15%

Examples of supplies taxable at 5%, 12%, 13%, or 15% include:

- registration for conferences, educational seminars, and trade shows;
- theatre subscriptions;
- books and subscriptions to magazines and newsletters;
- mailing list sales;
- advertising services;

- restaurant meals;
- short-term rental accommodation (of less than one month);
- banquet facilities; and
- club memberships, where the main purpose of the club is to provide recreational, dining, or sporting facilities to its members.

Note

Special rules apply for determining which GST/HST rate applies to the sale of new housing. See “Sales of new housing” on page 24 for more information.

Zero-rated supplies

Examples of supplies taxable at 0% (zero-rated) include:

- prescription drugs and drug-dispensing fees;
- certain medical devices such as eyeglasses, canes, and wheelchairs;
- most basic groceries such as milk, bread, and vegetables;
- most agricultural and fishery products; and
- exports (most property and services for which you charge and collect the GST/HST in Canada are zero-rated when exported).

Exempt supplies

Some supplies are exempt from the GST/HST – that is, no GST/HST applies to them. This means that you do not charge the GST/HST on your exempt supplies of property and services and you do not claim input tax credits (ITCs).

Although you cannot claim an ITC for the GST/HST paid or payable on purchases that relate to the supplies of such property and services, certain qualifying non-profit organizations can claim a rebate for part of the GST/HST paid or payable on expenses for which they cannot claim ITCs. For more information, see “Public service bodies’ rebate” on page 18.

In addition, you cannot register for the GST/HST if you supply **only** exempt property and services.

Examples of exempt supplies of property and services include:

- many educational services such as:
 - courses supplied by a vocational school leading to a certificate or a diploma that certifies the ability of individuals to practice or perform a trade or a vocation or
 - tutoring services made to an individual in a course that follows a curriculum designated by a school authority;
- music lessons;
- most health, medical, and dental services performed by licensed physicians or dentists for medical reasons;

- most services provided by financial institutions such as lending money or operating deposit accounts;
- child care services, where the primary purpose is to provide care and supervision to children 14 years of age or under for periods of less than 24 hours a day;
- long-term rentals of residential accommodation (of one month or more) and residential condominium fees;
- residential rental accommodation if the charge is \$20 or less per day of occupancy; and
- certain property and services provided by non-profit organizations, governments, and other public service bodies, such as municipal transit services and standard residential services such as water distribution.

For more information, see “Exemptions for non-profit organizations” on page 10.

Should you register?

You have to register for the GST/HST if:

- you provide taxable supplies in Canada; and
- you are not a small supplier.

If you are a GST/HST registrant, you have to collect the GST/HST on your taxable supplies of property and services, and you can claim input tax credits (ITCs) for the GST/HST paid or payable on expenses to make these taxable supplies.

You do **not** have to register if:

- you are a small supplier (that does not carry on a tax business);
- your only commercial activity is the sale of real property, other than in the course of a business (although you do not have to register for the GST/HST in this case, your sale of real property may still be taxable and you may have to charge and collect the tax). For more information, see Guide RC4022, *General Information for GST/HST Registrants*; or
- you are a non-resident who does not carry on business in Canada (see Guide RC4027, *Doing Business in Canada – GST/HST Information for Non-Residents*).

Small supplier

If you are a small supplier and decide not to register for the GST/HST, you do not charge the GST/HST to your customers and you cannot claim ITCs to recover the tax paid or payable on your purchases and operating expenses. However, if you are a qualifying non-profit organization, you may still be entitled to claim a public services bodies’ rebate, even if you decide not to register for the GST/HST.

Your non-profit organization is a small supplier in a particular calendar quarter and in the first month immediately following the particular calendar quarter if your revenues from your worldwide taxable supplies are \$50,000 or less in the previous four consecutive calendar quarters.

Total revenues from taxable supplies means your worldwide revenues from your supplies of property and services that are subject to the GST/HST (including zero-rated supplies), or that would be subject to the tax if supplied in Canada. It does not include goodwill, financial services, or sales of capital property. You have to include the total revenues from taxable supplies of all of your associates in this calculation.

Note

If, during any one calendar quarter, your total revenues from worldwide taxable supplies are more than \$50,000, you will immediately cease to be a small supplier and will have to register for the GST/HST.

Effective date of registration

The effective date of your GST/HST registration depends on when you exceed the small supplier threshold amount of \$50,000. If your revenues are over the threshold amount in one calendar quarter, you are considered a registrant and must collect the GST/HST on the supply that made you go over the threshold amount. Your effective date of registration is the day of the supply that made you go over the threshold amount. You have 29 days from this day to apply for registration.

However, if you do not exceed the threshold amount in one calendar quarter, but you do over four consecutive calendar quarters, you are considered to be a small supplier for those four calendar quarters and a month following those quarters. Your effective date of registration would be the day the first supply was made after you cease being a small supplier. You have 29 days from this day to register for the GST/HST.

Voluntary registration

If you make taxable supplies of property or services in Canada but are a small supplier, you may **choose** to register voluntarily, even though you do not have to.

If you register voluntarily, you have to charge and remit the GST/HST on your taxable supplies of property and services, and you can claim ITCs for the GST/HST paid or payable on purchases related to these supplies. You have to stay registered for at least one year before you can ask to cancel your registration.

If you choose not to register, you cannot charge the GST/HST and you cannot claim ITCs.

Branches and divisions

If you have to register for the GST/HST or want to register voluntarily, you have to do so as a single entity. Branches or divisions that are part of one legal entity cannot register separately. You have to take into account the total revenue of the entity to determine whether or not you have to register.

However, if you have branches or divisions, you can apply to have each branch or division with \$50,000 or less in taxable supplies designated as a small supplier division. To apply for this treatment, send us a completed Form GST31, *Application by a Public Service Body to Have Branches or Divisions Designated as Eligible Small Supplier Divisions*, or call **1-800-959-5525**. If we approve the designation for a small supplier division, the branch or division will no longer collect the GST/HST on its supplies (except for taxable sales of real property) and it cannot claim ITCs for its purchases.

A branch or division will qualify as a small supplier division if it meets **all** of the following conditions:

- it has taxable supplies of \$50,000 or less over the last four consecutive calendar quarters in the current calendar quarter;
- you can separately identify the branch or division by either its location or the nature of its activities;
- separate records, books of account, and accounting systems are kept for the branch or division; and
- you have not revoked an earlier designation of the branch or division within the previous 365-day period.

Once a branch or division no longer qualifies as a small supplier division, it has to start collecting the GST/HST on its taxable supplies and may qualify for ITCs, subject to the limitations in the net tax calculation for charities.

The GST/HST does not apply to supplies transferred between branches or divisions that are part of one legal entity.

Members of unincorporated organizations

Generally, when one unincorporated organization (such as a club or association) is a member of an unincorporated main organization, but is a separate entity, the organizations have to charge the GST/HST on taxable transactions between them, if they are registered for the GST/HST. However, such organizations can apply jointly to have the member organization considered a branch of the main organization. The main organization has to send us a completed Form GST32, *Application To Deem One Unincorporated Organization To Be a Branch of Another Unincorporated Organization*. If the application is approved, GST/HST will not apply to transfers of property and services between the member organization and the main organization.

Note

When two unincorporated organizations are members of the same unincorporated main organization and each member applies jointly with the main organization, using Form GST32, the GST/HST will not apply to taxable transactions between the two member organizations if both applications are approved.

Exemptions for non-profit organizations

The GST/HST applies to most property and services that non-profit organizations supply. However, certain supplies may be **exempt** when they are made under specific conditions. This section explains the exemptions that apply to non-profit organizations.

Admissions

Admissions to places of amusement, such as museums, recreational complexes, theatres and wild life parks are exempt if the **maximum amount** charged is \$1 or less.

Admissions are also exempt if you sell them to spectators of a performance, athletic, or competitive event at which 90% or more of the performers, athletes, or competitors are not paid directly or indirectly for their participation other than by government and municipal grants, and reasonable amounts as gifts, prizes, or compensation for travel or other incidental costs. The admissions will not be exempt if they are for events specifically advertised as featuring paid participants or for events at which professional athletes compete for cash prizes.

Free supplies

Supplies of property and services are exempt when all or substantially all (90% or more) are provided free of charge. This exemption does not apply to supplies of blood or blood derivatives that are zero-rated.

Fund-raising activities

Sales of goods (except alcoholic beverages and tobacco products) are exempt when all the following conditions are met:

- You are not in the business of selling those goods.
- All the salespersons are volunteers.
- The sale price of each item is \$5 or less.
- The goods are not sold at an event where similar goods are sold by persons in the business of selling such goods.

Example

To raise funds for their activities, players of a minor hockey league organization sell chocolate bars door-to-door for \$2. This is an exempt fund raising activity.

Gambling events

Admission fees

Admissions to gambling events are exempt if you meet both of the following conditions:

- Volunteers run the event and take the bets.
- For bingo or casino events, the games are not held in a commercial hall or temporary structure (such as a bingo tent put up on a fair ground) used mainly for gambling activities.

Right to play

No GST/HST applies to revenues you receive from sales of lottery, break-open, and raffle tickets. However, sales of lottery tickets for a provincial or interprovincial lottery corporation are taxable. The GST/HST is included in the price of these lottery tickets. Lottery corporations will tell you how to treat the proceeds from these lottery tickets.

If you operate your own bingo games and casino nights, the fees you charge for the sale of bingo cards or on bets taken during the event are exempt. You are the operator if you have the provincial licence to run the event.

However, if the operator of a commercial bingo hall runs the event for you, the admission fee is taxable.

Example

You have a licence to operate a bingo in the basement of a church to raise funds for your activities. You sell bingo cards and charge an admission fee. The bingo is run by volunteers. The admission is exempt since the event is not run in a place used primarily for gambling activities. The sale of the bingo cards is also exempt since you have the licence to operate the event.

Direct cost exemption

Tangible personal property and services you sell for an amount that is not more than your direct cost may also be exempt. The direct cost exemption applies to sales of tangible personal property (other than capital property) and services that are bought for resale.

Direct cost includes the following amounts:

- the amount you paid when you bought the property or service;
- the amount you paid for an article or material (other than capital property) directly used to manufacture, produce, process, or package the good; and
- the GST/HST, Quebec sales tax (QST), and non-recoverable provincial taxes, duties, and fees you paid when you bought the property or services.

Direct cost does not include administrative or overhead expenses or employees' salaries that you incur to provide the property or services.

If you want to recover only your direct cost, you can choose to make your sales either taxable or exempt depending on your tax treatment of the sale.

If you sell particular property or services for a price that is no more than your direct cost and you do not charge the GST/HST (as you normally would if you were a GST/HST registrant), these sales are exempt.

Example

You buy a T-shirt for \$10 plus \$0.50 GST. Your direct cost is \$10.50. The sale of the T-shirt is exempt if the price you sell it for is not more than \$10.50 and you do not charge the GST to your customer.

However, if you sell a particular good or service for a price that is equal to or more than your direct cost (not including the GST/HST and the QST, when the person is a QST registrant) and you charge an amount as GST/HST on the selling price, these sales are considered to be taxable sales.

Example

You buy a T-shirt for \$10 plus \$0.50 GST and sell it to your customer for \$10 plus \$0.50 GST. Since you charged an amount equal to your direct cost not including the GST and charged the GST separately, the sale of the T-shirts is taxable.

The sale of the T-shirt would be exempt if you sold it for less than \$10 even if you charged the GST/HST to your customer. In this case, you would have collected the tax in error.

Memberships

Memberships sold by non-profit organizations can be exempt or taxable depending on the type of benefits the members are entitled to. If the memberships sold by non-profit organizations allow for the following benefits but nothing more, the memberships are exempt:

- an indirect benefit that is intended to accrue to all members collectively;
- the right to receive services in the nature of investigating, conciliating, or settling complaints or disputes involving members;
- the right to vote or participate in meetings;
- the right to receive or acquire property and services for an additional fee equal to the fair market value;
- the right to receive a discount for property or services sold by the organization when the total value of all the discounts is insignificant (less than 30%) in relation to the membership fee. For example, a \$100 membership fee provides members with a \$5 discount for each of 10 admissions to the theatre (\$50 discount). This membership would be taxable since the total value of the discounts is significant (30% or more) in relation to the membership fee whether or not the discounts are used; or

- the right to receive periodic newsletters, reports, or other publications if:
 - the value of the newsletters, reports, and publications is insignificant (less than 30%) in relation to the membership fee or
 - the newsletters, reports, and publications provide information on the organization's activities or financial status except if their value is significant in relation to the membership fee and a fee is ordinarily charged to non-members.

Memberships in a club are **taxable** if the main purpose of the club is to provide dining, recreational, or sporting facilities to its members such as a membership in a golf club.

If your membership fees are exempt, you can choose to have them treated as taxable. This choice allows you to claim ITCs for any expenses related to the memberships. If your members are registered for the GST/HST and are using their memberships in their commercial activities, they can also claim ITCs for the GST/HST they pay on their memberships. To have exempt memberships treated as taxable, you have to complete Form GST23, *Election by a Public Sector Body to Have Its Exempt Memberships Treated as Taxable Supplies*, or a statement containing prescribed information. You do not have to send us the form or the statement. However, you have to keep it with your books and records in case we ask to see it.

Memberships in a professional organization

Memberships in a professional organization are exempt if the members are required by law to be members in order to keep their professional status, such as a provincial law society membership. However, you can choose to have your memberships treated as taxable by completing Form GST24, *Election to Tax Professional Memberships*. You do not have to return this form to us. Instead, keep the completed form with your records in case we ask to see it.

Memberships in a registered party

Memberships in a registered party are always exempt. No election is available to make them taxable.

Public libraries

Library cards issued by public lending libraries are exempt.

Recreational programs

Membership fees and services for recreational programs established and operated by non-profit organizations are exempt if they consist of supervised instructional classes or activities involving athletics, outdoor recreation, music, dance, crafts, arts, hobbies, or other recreational pursuits in the following circumstances:

- you provide them primarily to children 14 years of age or under and it does not involve overnight supervision throughout a large part of the program; or
- you provide them primarily to individuals who are underprivileged or who have a disability.

Relief of poverty, suffering, or distress

Supplies of food, beverages, or short-term accommodation that are provided in the course of an activity the purpose of which is to relieve the poverty, suffering, or distress of individuals, and that are not fundraising, are exempt. For example, the GST/HST does not apply to charges for meals or accommodation at a shelter for needy individuals.

Supplies of prepared meals provided in an individual's home through programs designed for seniors, underprivileged individuals, or individuals with a disability, such as meals-on-wheels programs, are exempt. In addition, sales of food and beverages by any person to a non-profit organization operating such a program are also exempt.

Donations, grants, subsidies, and sponsorships

Donations and gifts

The GST/HST does not apply to donations and gifts. A donation or gift is a voluntary transfer of money or property for which the donor does not receive any benefit in return. If the donor receives property of nominal value, such as a key ring, a pin, or an envelope seal, in exchange for the donation, the donation will still not be subject to the GST/HST. However, if the donor receives a good or service of more than nominal value in exchange for the donation, the payment may be taxable, **unless** the good or service is an exempt or zero-rated supply.

Grants and subsidies

As a non-profit organization, you may receive grants, contributions, subsidies, and similar payments (often referred to as transfer payments). Usually, when transfer payments are made in the public interest, or for non-profit purposes, we do not regard them as payment for a supply. Therefore, the payment would not be subject to the GST/HST.

However, if there is a direct link between a payment you receive and a supply you provide to either the grantor of the transfer payment or a third party, the transfer payment may be regarded as payment for a supply. If this is the case, and the supply is taxable, the transfer payment may be subject to the GST/HST.

The tax treatment of transfer payments may be complex and will be determined on a case-by-case basis. For more information, see GST/HST Technical Information Bulletin B-067, *Goods and Services Tax Treatment of Grants and Subsidies*, or call 1-800-959-5525.

Sponsorships

Non-profit organizations often receive sponsorships from businesses to fund their activities. In return, the non-profit organization may provide promotional services to the sponsor or may allow the sponsor the right to use its logo, trade name, or any similar intellectual property.

Example 1

A corporation agrees to sponsor your non-profit soccer team. In return, you agree to advertise the corporation's trade name on the team's uniform or you run a sporting event and publish an acknowledgement of the sponsor in the event's program.

The payments from the corporation are not considered payment for a good or service; therefore, they are not subject to the GST/HST.

Example 2

You receive funding in return for allowing a corporation the right to use your organization's logo. The corporation uses your logo in its advertising campaign. The payments from the corporation are not considered payment for a good or service; therefore, they are not subject to the GST/HST.

If payment by the sponsor is made primarily (more than 50%) for advertising on television or radio, or in a newspaper, magazine, or other publication issued periodically, we do not consider the payment you receive to be payment for a sponsorship, but rather for advertising services. Therefore, the payment is subject to the GST/HST.

Receiving donations, grants, subsidies, and sponsorships does not affect your non-profit organization's entitlement to the GST/HST rebates or ITCs. For more information, see "Public service bodies' rebate" on page 18.

Input tax credits

As a non-profit organization that is a GST/HST registrant, you recover the GST/HST paid or payable on the purchases related to your commercial activities by claiming an input tax credit (ITC). **You cannot claim ITCs for the GST/HST paid or payable on property and services you resell, use, or consume in the course of your exempt activities.**

Examples of property and services acquired for use in your commercial activities for which you may be able to claim ITCs include the following:

- property you purchase or import for resale or export;
- property you purchase or import to incorporate into property for sale or export;
- services acquired for resupply to others;
- services acquired for use in producing goods for resale or export;
- capital property such as vehicles and real property used primarily in commercial activities;
- general operating expenses such as office rent, office supplies, advertising, and utilities to the extent they are for use in commercial activities; and
- equipment rentals of computers, vehicles, and photocopiers to the extent they are for use in commercial activities.

There are some purchases and expenses for which you **cannot** claim an ITC, such as:

- certain capital property (for more information, see “Capital property” on the next page);
- taxable property and services bought or imported to provide exempt goods and services;
- membership fees or dues to any club whose main purpose is to provide recreation, dining, or sporting facilities (including fitness clubs, golf clubs, and hunting and fishing clubs), unless you acquire the memberships to resell in the course of your business; and
- property or services you acquire or import for your personal consumption, use, or enjoyment.

Some non-profit organizations can claim a rebate to recover part of the GST/HST paid or payable on expenses for which they cannot claim ITCs. For more information, see “Public service bodies’ rebate” on page 18.

There are special rules for non-profit organizations that are financial institutions. For more information, call **1-800-959-5525**.

When you acquire property or services partly for use in making taxable supplies for consideration, and partly for use in making exempt supplies, you must apportion the GST/HST accordingly in calculating your ITC claim. Also, there are special rules for supplies made for no or nominal consideration. For more information, call **1-800-959-5525**.

Most registrants claim their ITCs when they file their GST/HST return for the reporting period in which they made their purchases. However, you can claim your ITCs on any future return filed by the due date of the return for your last reporting period that ends within four years after the end of the reporting period in which the ITC could have first been claimed.

Example

You are a quarterly filer and you buy office furniture in the reporting period January 1, 2010, to March 31, 2010, for which you can claim an ITC. The due date of the return for this reporting period is April 30, 2010. You can claim your ITCs for the office furniture on any future return filed by April 30, 2014.

The time limit for claiming ITCs for a reporting period is reduced from four to two years for non-profit organizations with revenues from annual taxable supplies of property and services of more than \$6 million for each of the two preceding fiscal years.

However, the two-year time limit does not apply to non-profit organizations whose supplies of property and services (other than financial services) during either of the two preceding fiscal years are at least 90% taxable supplies. These NPOs would have four years to claim their ITCs.

Under the two-year limit, you can claim your ITCs on any future return that is filed within two years of the end of the fiscal year that includes the return on which the ITC could have first been claimed.

Example

You are a monthly filer with a fiscal year end of December 31. You buy goods in the reporting period March 1, 2010, to March 31, 2010, for which you can claim an ITC. The fiscal year that includes the March 2010 return ends on December 31, 2010. Therefore, you can claim the ITC on the goods you purchased on any subsequent return until December 31, 2012.

General operating and overhead expenses

General operating and overhead expenses are expenses you have in the day-to-day operation of your business. These expenses include management, administration, utilities, and other support functions of your non-profit organization, commercial leases, equipment rentals, and office supplies such as paper and pens.

When you can attribute these expenses to either a taxable or an exempt activity, the following rules apply:

- If you use your general operating expenses all or substantially all (generally more than 90%) to provide taxable property and services, you can claim full ITCs for the GST/HST paid or payable on these expenses.
- If you use your general operating expenses all or substantially all to provide exempt property and services, you cannot claim ITCs, but you may be able to claim a public service bodies’ rebate.

When your non-profit organization provides both taxable and exempt property and services, and you cannot directly attribute all or substantially all (90% or more) of your general operating expense to either a taxable or an exempt activity, you have to apportion the GST/HST paid or payable on these expenses between both activities.

You can claim ITCs for the part of the general operating expenses you use in your commercial activities to provide taxable supplies of property and services, and a public service bodies’ rebate for a portion of the remaining tax on eligible purchases and expenses.

Example

You own a two-story building in Manitoba and operate a retail store on the first floor (a commercial activity) and use the upper floor in your exempt activity. Your utility bill for the entire building is \$200 a month plus the GST. If you determine that 60% of the utility bill is for the store and 40% is for the upper floor, you can claim an ITC for 60% of the GST you paid on your utility bill and you may be able to claim a public service bodies’ rebate for part of the balance if you are a qualifying NPO.

The method you use to determine the percentage of operating expenses you use in commercial activities has to be fair and reasonable and be used consistently throughout the year. For example, a method commonly used is the number of square metres of space used in commercial activities relative to the total space of the building. You can also use other objective measures based on time allocation, cost, and revenue earned.

If you can attribute an expense directly to a specific activity (making taxable or exempt supplies), you should use the **direct attribution method**. If an expense is used exclusively in the course of commercial activities, you can claim a full ITC for this expense. On the other hand, if an expense is used exclusively in exempt activities, you cannot claim an ITC for this expense but may be able to claim a public service bodies' rebate. The other expenses that cannot be attributed to one type of activity (they are used in both taxable and exempt activities) can be apportioned by using one of the other methods discussed above.

Example

The mandate of your non-profit organization is to promote the arts in your local community in Nova Scotia. You develop a program consisting of supervised instructional classes in which children (14 years of age and under) learn water paint and oil paint techniques. You also sell arts and crafts. The same facility is used for both activities. Although you are a small supplier, you decided to register for the GST/HST.

Your revenues and expenses are as follows:

Revenues	Amounts	HST
Sale of arts and crafts (commercial activity)	\$ 30,000	\$ 4,500
Art lessons to children (exempt activity)	<u>\$ 10,000</u>	<u>0</u>
Total	<u>\$ 40,000</u>	<u>\$ 4,500</u>
Expenses		
Supplies for art lessons	\$ 1,000	\$ 150
Merchandise for resale	\$ 20,000	\$ 3,000
Utilities	\$ 1,500	\$ 225
Office supplies	\$ 500	\$ 75
Rent	<u>\$ 7,000</u>	<u>\$ 1,050</u>
Total	<u>\$ 30,000</u>	<u>\$ 4,500</u>

The supplies you bought for your art lessons should be attributed exclusively to your exempt activity. No ITCs can be claimed for those expenses.

The merchandise you bought for resale should be attributed exclusively to your commercial activity. The full amount of the HST can be claimed as an ITC.

The other expenses (utilities, office supplies, and rent) cannot be attributed to any particular activity. You have to apportion the use based on objective measures.

For example, if you determine that 75% of these expenses are used in your commercial activity, you can claim 75% of the HST paid or payable on them as an ITC.

Your ITCs are calculated as follows:

Utilities	\$ 225	×	75% =	\$ 168.75
Office supplies	\$ 75	×	75% =	\$ 56.25
Rent	\$ 1,050	×	75% =	\$ 787.50
Merchandise for resale	\$ 3,000	×	100% =	<u>\$3,000.00</u>
Total ITCs claimed				<u>\$4,012.50</u>

You may be able to claim a public service bodies' rebate for the GST/HST paid or payable on the expenses that you could not claim as ITCs. See "Public service bodies' rebate" on page 18.

Capital property

Special rules exist for calculating ITCs for capital property. For GST/HST purposes, capital property includes:

- any depreciable property (that is property that is eligible or would be eligible for a capital cost allowance for income tax purposes); and
- any property, other than depreciable property, from which any gain or loss if you disposed of the property would be a capital gain or capital loss for income tax purposes.

There are two types of capital property—capital personal property and capital real property. Computers, photocopiers, office furniture, cash registers, equipment, and machinery are examples of capital personal property. Land and buildings are examples of capital real property.

For non-profit organizations and other public service bodies that are not financial institutions, the following rule (known as the primary use rule) applies for both types of capital property:

- If the commercial use is more than 50%, you can claim a full ITC.
- If the commercial use is 50% or less, you cannot claim an ITC. However, you may be able to claim a public service bodies' rebate for the GST/HST paid or payable on the acquisition of the property. See "Public service bodies' rebate" on page 18.

Example

You bought a computer for \$2,000 plus the GST. You use the computer 60% in your commercial activities and 40% in your exempt activities. Since the computer is used more than 50% in your commercial activities, you can claim the full amount of the GST paid as an ITC.

Exception

You may elect to have certain exempt supplies of real property treated as taxable. If you file this election for real property, do not use the primary use rule when claiming ITCs for that property. Instead, calculate ITCs in the same way as you calculate ITCs for general operating and overhead expenses, as explained on the previous page. For more information, see "Election for real property of a public service body" on page 27.

Change-in-use rule

The use of the property may change over the years. You have to apply the change-in-use rules in the following situations:

- Your capital property that was used **more than 50%** in commercial activities is now used **50% or less** in commercial activities.
- Your capital property that was used **50% or less** in commercial activities is now used **more than 50%** in commercial activities.

If you change the use, for example, from **50% or less** in commercial activities to **more than 50%** in commercial activities, you can claim an ITC to recover all or part of the GST/HST you paid when you last acquired the property. However, if you change the use from **more than 50%** in commercial activities to **50% or less** in commercial activities, you have to repay all or part of the tax you claimed as an ITC when you last acquired the property. In each situation, you have to determine **the basic tax content** of the property when the change occurs.

Exception

If you filed an election to treat your exempt supplies of certain real property as taxable, different change-in-use rules apply. For more information, see "Election for real property of a public service body" on page 27.

Calculating the basic tax content

Generally you calculate the **basic tax content** (BTC) of a property as follows:

$$(A - B) \times C$$

- A** is the GST/HST payable for your last acquisition of the property and for improvements to the property;
- B** is any rebate or refund you were entitled to claim (or would have been entitled to claim if you had not been entitled to claim an ITC) for the GST/HST payable on your last acquisition of the property and improvements you made to it but not including ITCs you were entitled to claim; and
- C** is the lesser of:
- 1; and
 - the fair market value of the property at the time of the change in use **divided** by the total cost (not including the GST/HST) for your last acquisition of the property and improvements you made to it since you last acquired it.

This formula may not apply to a non-profit organization that has been determined or designated to be a municipality. Financial institutions cannot use this formula. For more information, call 1-800-959-5525.

Changing the use to more than 50% in commercial activities

When you buy capital property for use **50% or less** in commercial activities, you cannot claim ITCs to recover the GST/HST paid or payable. However, if you later change the use of the property to **more than 50%** in commercial activities, we consider you to have sold the property, reacquired it, and paid the GST/HST equal to the BTC of the property at that time. This means that you can claim an ITC based on the BTC of the property at that time.

Note

If you later change the use again and begin to use the property **50% or less** in commercial activities, you may have to repay part or all of the GST/HST that you claimed as an ITC. For more information, see "Changing the use to 50% or less in commercial activities" on the next page.

Example

You are an NPO in Alberta. On January 2, 2010, you bought a computer for use 60% in your exempt activities and 40% in your commercial activities. At that time, you could not claim an ITC since you were not using it more than 50% in commercial activities, but you claimed a public service bodies' rebate for 50% of the GST paid.

Cost of the computer:	\$2,000
GST paid:	\$100
Rebate claimed:	\$50

At the end of the year, you change the use of the computer to 60% in commercial activities. As you are now using the computer more than 50% in commercial activities, you can claim an ITC to recover part of the GST you paid in 2010, based on the basic tax content.

The fair market value of the computer is \$1,000 at the time of the change in use. You calculate the BTC of the computer as follows:

$$\begin{aligned} \text{Basic tax content} &= (A - B) \times C \\ &= (\$100 - \$50) \times \frac{\$1,000}{\$2,000} \\ &= \$25 \end{aligned}$$

You can claim an ITC of \$25 on **line 106** of your GST/HST return, for the reporting period in which the change in use occurs.

Changing the use to 50% or less in commercial activities

When you buy capital property for use **more than 50%** in commercial activities, you can claim an ITC to recover the GST/HST paid or payable on your purchase. However, if you change the use of the property from **more than 50%** use in commercial activities to **50% or less** use in commercial activities, we consider you to have sold the property at that time and to have collected the GST/HST equal to the BTC of the property.

You have to include the GST/HST you are considered to have collected in your net tax calculation for the reporting period in which the change in use occurred.

Note

There is no entitlement to the public service bodies' rebate for this change in use since the BTC formula takes this rebate into account.

If you later change the use again and begin to use the property **more than 50%** in commercial activities, you may be entitled to claim an ITC. For more information, see "Changing the use to more than 50% in commercial activities" on the previous page.

Example

In 2009, you bought a building in Manitoba for use 60% in your commercial activities. The election for real property of a public service body is not in effect for the property. Since you were using the building more than 50% in commercial activities, you were entitled to, and you claimed, a full ITC for the tax you paid on your purchase of the building.

Cost of the building:	\$300,000
GST paid:	\$15,000
ITC claimed:	\$15,000
Rebate claimed:	\$0

Had you not been entitled to claim an ITC, you would have qualified for the 50% public service bodies' (PSB) rebate as a qualifying non-profit organization.

This year, you change the use of the building and you are now using it only 20% in your commercial activities. Since you are no longer using the building **more than 50%** in commercial activities, you have to account for the tax in your net tax calculation based on the BTC of the property at the time of the change in use.

No improvements have been made to the property since you acquired it. The fair market value of the building is \$400,000 at the time of the change in use. You calculate the amount of the BTC as follows:

$$\begin{aligned}\text{Basic tax content} &= (A - B) \times C \\ &= (\$15,000 - \$7,500) \times 1 \text{ (maximum)} \\ &= \$7,500\end{aligned}$$

Note

Element B of the calculation above is equal to \$7,500 (\$15,000 × 50% rebate of the GST) because, in this example, you would have been entitled to claim a 50% PSB rebate for the GST you paid when you purchased the property had you not been entitled to claim a full ITC for that tax.

If you are resident in a participating province, and you were entitled (or would have been entitled if you had not been entitled to claim an ITC) to claim a PSB rebate for some of the HST payable for the property or improvements to it, Element B would include the total PSB rebate you were, or would have been, entitled to claim including both the federal and provincial parts of the rebate.

Since the BTC calculation already takes into account the amount of the PSB rebate you would have been entitled to claim, the amount of tax you have to pay is reduced. Therefore, you are not entitled to claim a PSB rebate for the tax you have to pay on your change-in-use of the property.

Since the BTC of the property at the time of the change in use is \$7,500, you have to add that amount in determining your net tax by including it on **line 103** of your GST/HST return for the reporting period in which the change-in-use occurs. You must remit any resulting positive amount of net tax.

Simplified Method for calculating ITCs

The Simplified Method is an alternative way for eligible registrants to calculate their ITCs. It does not affect the way you charge, collect, or report the GST/HST on supplies.

When you use the Simplified Method, you do not have to show the GST/HST separately in your records. You only need to total the amount of your taxable purchases for which you can claim an ITC. However, you have to keep the usual documents to support your ITC claims in case we ask to see them.

You can use this method if you meet all of the following requirements:

- You are a GST/HST registrant.
- You are **not** a listed financial institution.
- You and your associates have annual worldwide revenues from taxable supplies of property and services totalling \$500,000 or less in your immediately preceding fiscal year and the preceding fiscal quarters in the current fiscal year. This limit does not include goodwill, zero-rated financial services, or sales of capital real property.
- Your taxable purchases in Canada must not exceed \$2 million in the immediately preceding fiscal year. The \$2 million purchase limit does not include zero-rated purchases, but does include purchases imported into Canada or brought into a participating province. If you are a public service body, you must be able to reasonably expect that your taxable purchases in the current fiscal year will not be more than \$2 million.

If you qualify, you can start using the Simplified Method at the beginning of a reporting period. You do not have to file any forms to use it. Once you decide to use this method, you have to use it for at least one year if you continue to qualify.

You can only claim ITCs for purchases you use to provide taxable supplies. If you use the purchases for personal use or to provide both taxable and exempt supplies, you must apportion the purchases and claim ITCs only on the part that applies to commercial activities.

You have to separate your GST-taxable purchases from your HST-taxable purchases if you make purchases in both participating and non-participating provinces.

To calculate your ITCs for each reporting period, add up your taxable purchases, including the GST or the HST, provincial sales tax (PST), tips, and penalty and interest on late payments.

Purchases on which you paid the GST

GST at the rate of 5%

To calculate your ITCs, multiply by 5 the total amount (including the GST) of your eligible taxable purchases and divide the result by 105.

GST at the rate of 6%

To calculate your ITCs, multiply by 6 the total amount (including the GST) of your eligible taxable purchases and divide the result by 106.

Purchases on which you paid the HST

HST at the rate of 12%

To calculate your ITCs, multiply by 12 the total amount (including the HST) of your eligible taxable purchases and divide the result by 112.

HST at the rate of 13%

To calculate your ITCs, multiply by 13 the total amount (including the HST) of your eligible taxable purchases and divide the result by 113.

HST at the rate of 14%

To calculate your ITCs, multiply by 14 the total amount (including the HST) of your eligible taxable purchases and divide the result by 114.

HST at the rate of 15%

To calculate your ITCs, multiply by 15 the total amount (including the HST) of your eligible taxable purchases and divide the result by 115.

To calculate your ITCs using the Simplified Method, follow these steps:

Step 1 – Eligible purchases

Add up separately your business purchases and expenses that are taxable at 5% or 6% GST and 12%, 13%, 14%, or 15% HST and for which you can claim an ITC. You will include the following amounts:

- the GST or the HST;
- non-refundable PST (only for GST-taxable purchases);

- taxes or duties on imported property;
- reasonable tips;
- reimbursements paid to employees, partners and volunteers for taxable expenses; and
- interest and penalty charges related to purchases taxable at the GST or the HST rate.

Do **not** include:

- expenses on which you have not paid the GST/HST such as employees' salaries, insurance payments, interest, exempt or zero-rated purchases and purchases from a non-registrant;
- purchases you made outside Canada which are not subject to the GST/HST;
- real property purchases;
- rebatable or refundable PST or the provincial part of the HST for which you received a point-of-sale rebate;
- purchases for which you are not entitled to claim an ITC such as:
 - the part you use for personal use or to make exempt supplies of property and services,
 - capital personal property that you do not use more than 50% in your commercial activities, and
 - the part of the cost of a passenger vehicle that exceeds the capital cost limitation for income tax purposes;
- 50% of the meal and entertainment expenses (you can include 100% of the expenses and make the 50% adjustment at the end of your fiscal year); or
- amounts paid or payable in reporting periods before you started using the Simplified Method to calculate your ITCs.

Exception

Purchases on which you received a point-of-sale rebate for the provincial part of the HST should be included in the amounts on which you paid 5% federal tax only. If an invoice contains both the HST paid and items on which you received a point-of-sale rebate of the provincial part of the HST, you must separate the amounts on which the HST was charged and the amounts on which only the federal part of the HST was charged and include those in the appropriate amounts. For more information, see "Provincial point-of-sale rebates" on page 6.

Step 2 – Calculating your ITC

Multiply the amount(s) you calculated in Step 1 by:

- 5 and divide the result by 105 for purchases on which you paid 5% GST or the federal part of the HST only, (such as items you purchased in a participating province on which you received a point-of-sale rebate of the provincial part of the HST);
- 6 and divide the result by 106 for purchases on which you paid 6% GST;
- 12 and divide the result by 112 for purchases on which you paid 12% HST;

- 13 and divide the result by 113 for purchases on which you paid 13% HST;
- 14 and divide the result by 114 for purchases on which you paid 14% HST; and
- 15 and divide the result by 115 for purchases on which you paid 15% HST.

Step 3

Add the following amounts, if they apply, to your ITC amount calculated in Step 2:

- ITCs for the GST/HST paid or payable on real property purchases. To determine the ITC you can claim for real property purchases, see “Real Property” on page 23;
- the GST/HST you had to self-assess on property and services you imported; and
- ITCs you did not claim before you started using the Simplified Method, as long as the time limit for claiming them has not expired.

The example below shows how to calculate ITCs using the Simplified Method.

Example

During a reporting period, your non-profit organization purchases real property (building and land) and other property and services to make taxable supplies of adult fitness classes. For this example, the provincial sales tax (PST) is 7% and is not refundable and the GST is 5%.

Description	Expenses*
Salaries**	\$ 3,000
Insurance**	\$ 50
Capital expenditures	\$ 575
Advertising.....	\$ 214
Office supplies	\$ 230
Inventory purchases	\$ 2,220
Building and land***	<u>\$ 100,000</u>
Total purchases for the reporting period	<u>\$ 106,289</u>

* Includes the GST and non-refundable provincial sales tax.
 ** The GST does not apply to employee salaries and insurance expenses.
 *** The non-profit organization uses the building and land more than 50% in its commercial activities and has not filed the election for real property of a public service body.

Step 1

$$\begin{aligned}
 \text{Taxable purchases} &= \text{Total expenses minus salaries, insurance and building and land} \\
 &= \$106,289 - (\$3,000 + \$50 + \$100,000) \\
 &= \mathbf{\$3,239}
 \end{aligned}$$

Step 2

$$\begin{aligned}
 \text{ITC calculation} &= \frac{\$3,239 \times 5}{105} \\
 &= \mathbf{\$154.24}
 \end{aligned}$$

Step 3

$$\begin{aligned}
 \text{Add the ITC for} &= \$154.24 + \text{GST on building and land} \\
 \text{the building and land} &= \$154.24 + (\$100,000 \times 5/105) \\
 &= \mathbf{\$4,916.14}
 \end{aligned}$$

You can claim ITCs of **\$4,916.14**.

For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

Public service bodies' rebate

A special GST/HST rebate allows certain non-profit organizations to recover 50% of the GST and the federal part of the HST paid or payable on their eligible purchases and expenses for which they cannot claim input tax credits (ITCs).

Note

You do not have to be registered for the GST/HST to claim this rebate.

There may be situations where you have to calculate your PSB rebate using more than one factor. You may be a qualifying NPO that is also a selected PSB that acquires property or services for use in different activities. If so, you have to apportion the cost of the property and services, and claim a rebate, to the extent of use in each activity. For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*.

Generally, an NPO is a qualifying NPO for a fiscal year if its percentage of government funding for the fiscal year, or for the previous two fiscal years, is at least 40% of its total revenue. Band funding of Indian non-profit organizations will be considered equivalent to government funding. To calculate your percentage of government funding, you first need to know the amount of:

- your government funding for a fiscal year; and
- your total revenue for a fiscal year.

If you are a qualifying NPO, you must complete and file Form GST523-1, *Non-Profit Organizations – Government Funding*.

A non-profit health care facility may also qualify for a rebate as a charity when competent personnel provide the following services to residents with limited physical or mental capacity:

- qualified nursing and personal care;
- daily living, social, and recreational assistance; and
- meals and accommodation.

For more information, see Guide RC4082, *GST/HST Information for Charities*, or call 1-800-959-5525.

Qualifying non-profit organizations may also be eligible for a rebate of the **provincial** part of the HST. For more information, see Guide RC4034.

What qualifies as government funding?

Government funding refers to an amount of money (including a forgivable loan) that is easily identifiable and is paid by a grantor:

- to support or promote the NPO's objectives but not to pay for property or services supplied by the NPO to the grantor; or
- for an exempt sale of property or services made by the NPO, if the property and services are not for the use or consumption of the grantor or persons related to the grantor (for example, government funding of a local health unit to supply medical services to the public).

Government funding can be paid directly to the NPO by a grantor or through another organization called an **intermediary**. For example, a national organization that receives government funding from a grantor can allocate government funding to its provincial affiliates and, in turn, the provincial affiliates can redistribute the funds to their regional clubs. These amounts are government funding when:

- the amounts are initially paid by a grantor;
- the amounts do not pass through more than two intermediaries;
- the amounts are clearly identified as government funding in the NPO's financial statements;
- the intermediary that paid the amount to the NPO completes Form GST322, *Certificate of Government Funding*, to confirm that the amounts are government funding; and
- the amounts would be considered government funding if they were paid by a grantor directly to the NPO.

Government funding does **not** include:

- indirect or non-financial forms of assistance;
- low-interest loans and loan guarantees;
- property or services supplied at a subsidized price; and
- a refund or rebate of, or credit for, taxes, duties, or fees imposed under any statute.

Who is a grantor?

A **grantor** includes:

- the federal government, provincial governments, and municipalities;
- a corporation that is controlled by a government or by a municipality and one of its main purposes is to fund charitable non-profit activities;
- a trust, board, commission or other body established by a government, municipality, or corporation described in the previous bullet; and
- Indian bands.

A grantor does not include federal and provincial Crown corporations, all or substantially all of whose activities are commercial activities, the supply of financial services, or any combination of the two. For example, a federal Crown corporation that sells oil and gasoline for profit would not be considered a grantor.

What amounts are included in total revenue?

Total revenue includes the following amounts:

- government funding that is identified as such in the organization's financial statements;
- income from investments (interest and dividends);
- non-capital distributions from a trust to the NPO;
- loans from people with whom the organization is not dealing at arm's length (for example, an NPO funds another related NPO through loans with unusually low interest rates). If the loans are later reimbursed, they will be deducted from revenue at that time;
- proceeds from the issuance of equity securities; and
- monetary capital contributions (for example, the raising of capital by an NPO that cannot issue shares).

Also include the following amounts from which you can deduct 25% to take into account the cost of fund raising:

- financial payments, such as private gifts and donations;
- the total of all amounts by which the fair market value of a financial instrument received by the NPO is more than the consideration paid or payable for the instrument;
- all receipts from sponsorships;
- all receipts from taxable (including zero-rated) and exempt sales of property and services (do not include receipts from sales of real property or capital property, sales of financial instruments, benefits granted to employees or shareholders, or property you are deemed to have sold when you stop being a registrant); and
- proceeds from gambling activities, minus prizes and winnings paid out.

Record ongoing revenue, such as sales, membership fees or revenue items for activities extending over a number of years, when you receive them or when they become receivable, **whichever is earlier**.

Deduct from your total any amounts you repaid during the year. The amount is the amount of total revenue you need to calculate your percentage of government funding.

The calculations you will use to determine your percentage of government funding depends on which one of the following three scenarios applies to you. If the result is 40% or more, you are a qualifying NPO.

How do I calculate the percentage of government funding?

First, complete the **current-year calculation**, and then follow the instructions for the scenario that applies to you.

Current-year calculation

$$\frac{\text{Government funding for the current fiscal year}}{\text{Total revenue for the current fiscal year including government funding}} \times 100$$

Scenario 1

If this is your **first** fiscal year, use only the current-year calculation.

Scenario 2

If this is your **second** fiscal year, use the **greater** of the result of the current-year calculation and the following calculation:

$$\frac{\text{Government funding for the first fiscal year}}{\text{Total revenue for the first fiscal year including government funding}} \times 100$$

Scenario 3

If neither scenario 1 or 2 applies, use the **greater** of the result of the current-year calculation and the following calculation:

$$\frac{\text{Government funding for the two preceding fiscal years}}{\text{Total revenue for the two preceding fiscal years including government funding}} \times 100$$

For instructions on calculating the percentage of government funding, see Form GST523-1.

Eligible purchases and expenses

As a qualifying non-profit organization, you can claim a rebate of the GST or the federal part of the HST paid or payable on your **eligible** purchases and expenses, for which you cannot claim ITCs. You may also qualify for a rebate of the provincial part of the HST if you are a resident of a participating province. The rebate factors for the provincial rebate are as follows:

- If you are a resident of Ontario, the rebate factor is 82%.
- If you are a resident of British Columbia, the rebate factor is 57%.
- If you are a resident of Nova Scotia, New Brunswick or Newfoundland and Labrador, the rebate factor is 50%.

Eligible purchases and expenses for the public service bodies' rebate include the following:

- general operating expenses (such as rent, utilities, and administration expenses) for which you **cannot** claim ITCs;
- most allowances and reimbursements you pay to employees involved in your exempt activities;
- property and services used, consumed, or supplied in your exempt activities; and

- capital property. However, you cannot claim the rebate when you change the use of capital property from **more than 50%** in commercial activities to **50% or less** in commercial activities because you have to calculate the basic tax content (BTC) of the property with such a change-in-use. The BTC formula already takes the PSB rebate into account. For more information, see "Calculating the basic tax content" on page 15.

When calculating the BTC of a property for Ontario and British Columbia, element A (total HST paid) has to be split into the federal and provincial parts in order to calculate element B. Element B is made up of the federal part multiplied by the federal rebate factor plus the provincial part multiplied by the provincial rebate factor. This split is not necessary when calculating the BTC of a property in Nova Scotia, New Brunswick, or Newfoundland and Labrador since the rebate factor for both the federal part and the provincial part is 50%.

Non-eligible purchases and expenses

The GST or the federal part of the HST paid or payable on the following purchases and expenses is **not eligible** for the public service bodies' rebate:

- memberships in a dining, recreational, or sporting club;
- tobacco products and alcoholic beverages you supply and for which you are not required to collect the GST/HST (except when the alcohol or tobacco is included in the price of a meal);
- property and services you buy to provide long-term residential accommodation (one month or more), **unless** more than 10% of the accommodation is restricted to seniors, youths, students, or individuals with a disability or with limited financial resources who qualify for occupancy or reduced rents under a means or income test;
- property and services used more than 50% for the supply of a parking space made available to residential tenants **unless** more than 10% of the accommodation is restricted to seniors, youths, students, or individuals with a disability or with limited financial resources who qualify for occupancy or reduced rents under a means or income test;
- property and services acquired primarily for making a supply of real property to another person for use by that person in leasing residential property on an exempt basis (including incidental parking), unless that other person is a public sector body and more than 10% of the residential property is restricted to seniors, youths, students, individuals with a disability or with limited financial resources who qualify for occupancy or reduced rents under a means or income test;
- property and services you acquire to supply to an officer, an employee, or another person related to that individual, if the value of the benefit would be taxable for income tax purposes;
- property and services considered to be acquired by you acting as the operator of a joint venture (when an election has been filed) if any of the co-venturers would not be entitled to claim a PSB rebate if they were acquired by the co-venturer; and

- certain returnable beverage containers in cases where you would have been denied an ITC if you were otherwise in a position to claim an ITC instead of a rebate.

Example

You own an apartment building and restrict 30% of the apartments to individuals with a disability. If you meet the 40% government funding test, you can apply for the 50% public service bodies' rebate for the GST or the federal part of the HST paid or payable on all expenses you incur to maintain the apartment building. You qualify for the rebate because more than 10% of the apartment building is available only to individuals with a disability.

How to apply for the rebate

When you file a rebate application for the first time, you have to complete Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-government Refund*. If you are in a participating province or do business in a participating province and qualify for the provincial rebate, you have to also complete the provincial schedule, RC7066 SCH, *Provincial Schedule – GST/HST Public Service Bodies' Rebate*. After we process your first rebate application, we will send you Form GST284, *GST/HST Rebate Application for Public Service Bodies*, and Form GST284 SCH, *Provincial Schedule – GST/HST Public Service Bodies' Rebate*, which are the personalized versions of Form GST66 and Form RC7066 SCH, for your next application. Guide RC4034 includes instructions on how to complete for these forms.

You have up to four years to apply for the rebate. Do not include your original invoices or receipts with your rebate application, but keep them for six years from the end of the year to which they relate in case we ask to see them. Also, you have to send us Form GST523-1, *Non-Profit Organizations – Government Funding*, each year. We will send you a personalized version of this form each fiscal year. You no longer have to send us your annual reports and financial statements.

Organizations not registered for the GST/HST

If you are not a registrant, you can send us one rebate application for the first six months of your fiscal year and another for the last six months of your fiscal year.

You have to file the rebate application for your organization as a whole. However, if your organization has branches or divisions, you can also apply to have them file separate rebate applications. To do so, each branch or division must be separately identifiable by its location or the nature of its activities, and separate books and records must be maintained for each branch or division. The head office has to complete and send us Form GST10, *Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions*.

Organizations registered for the GST/HST

If you are a registrant, you can apply for the rebate when you file your GST/HST return. If you file the two forms together, you remit only the difference between the net tax owing and the amount of your rebate. You have to include your rebate amount on **line 111** of your GST/HST return.

If you choose to have your branches or divisions file their own GST/HST returns, they also have to file their own rebate applications.

Simplified method for calculating the rebate

We have developed a simplified method for calculating the public service bodies' rebate. When you use this method, you do not have to keep track of the GST/HST paid or payable to your suppliers for each invoice. However, you do have to separate your taxable purchases based on the rate of tax you were charged.

You do not have to file any forms with us to start using this method, but you have to meet certain criteria:

- You are a qualifying NPO.
- You and your associates have annual worldwide revenues from taxable supplies of property and services totalling \$500,000 or less in your immediately preceding fiscal year and the preceding fiscal quarters in the current fiscal year. This limit does not include goodwill, zero-rated financial services, or sales of capital real property.
- Your taxable purchases in Canada must not exceed \$2 million in the immediately preceding fiscal year. The \$2 million purchase limit does not include zero-rated purchases, but does include purchases imported into Canada or brought into a participating province. If you are a public service body, you must be able to reasonably expect that your taxable purchases in the current fiscal year will not be more than \$2 million.

For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*.

Rebate for printed books

You may qualify for the 100% rebate of the GST and the federal part of the HST paid on printed books, audio recordings of printed books, and printed versions of religious scriptures if you meet all the following conditions:

- You are a qualifying non-profit organization.
- You operate a public lending library.
- The printed books, audio recordings of printed books, and printed versions of religious scriptures are not bought for resale.

In addition, qualifying non-profit organizations whose primary purpose is to promote literacy are eligible for this rebate if they meet certain requirements. For more information, call 1-800-959-5525.

You claim this rebate on **line 307** of Part E of your rebate application. For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate* or GST/HST Memoranda Series Chapter 13.4, *Rebates, for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures*.

If you claim an amount under the 100% rebate for printed books, you cannot claim the same amount under another rebate (such as the public service bodies' rebate).

A provincial point-of-sale rebate is also available for the provincial part of the HST (7% in British Columbia, 10% in Nova Scotia, and 8% in the remaining participating provinces) on the above-mentioned publications bought in a participating province. This means that the person selling the books should give you the rebate at the time of the sale.

Simplified accounting methods

This section applies only to non-profit organizations that are also GST/HST registrants.

Special Quick Method for qualifying non-profit organizations

As a GST/HST registrant, you can use the Special Quick Method for public service bodies if you are a **qualifying** non-profit organization (that is, the percentage of government funding you receive for the fiscal year or the previous two fiscal years is at least 40% of your total revenue). Otherwise, you may be entitled to use the Quick Method of accounting available to other businesses (see "Quick Method for other non-profit organizations" later on this page).

The Special Quick Method is a simple way to calculate the net tax you have to remit. This method has been developed for GST/HST-registered public service bodies, including non-profit organizations that are eligible to claim the PSB rebate. With the Special Quick Method, you do not have to keep track of the end use of your purchases. That is, you do not have to calculate which purchases are for commercial activities and which are for exempt activities.

Note

Certain supplies of property and services are not included in the Special Quick Method calculation. For more information, see Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

When you use the Special Quick Method, you still collect 5% GST or 12%, 13%, or 15% HST in the usual way on all taxable supplies. However, to calculate the amount of GST/HST to be remitted, multiply the total amount of revenue and the GST/HST collected on taxable supplies for the reporting period by the remittance rate, or rates, that apply in your situation.

The Special Quick Method remittance rates are less than the 5%, 12%, 13%, or 15% rates of tax that you collect. This means that you remit only a part of the tax that you collect. Since you cannot claim ITCs on most of your purchases when you use this method, the part of the tax that you keep accounts for the approximate value of the ITCs you would normally have claimed.

The remittance rates vary depending on whether the sales were made in a participating province or a non-participating province and where you are located.

The Special Quick Method remittance rates

The remittance rates for qualifying non-profit organizations using the Special Quick Method are listed in Appendices A and B on pages 30 and 33 respectively.

You can claim ITCs on certain items only. For more information and for Special Quick Method rates on or after July 1, 2006, and before January 1, 2008, see Guide RC4247.

How to apply for the Special Quick Method

You can use the Special Quick Method whether you file GST/HST returns monthly, quarterly, or annually. To elect to use the Special Quick Method, send us a completed Form GST287, *Election or Revocation of the Election by Public Service Bodies to Use the Special Quick Method of Accounting*, or call 1-800-959-5525.

You can make this election at the start of any reporting period. You can keep using it as long as you remain eligible (that is, you meet the 40% government funding test). For more information on the Special Quick Method, see Guide RC4247.

Note

Once you decide to use the Special Quick Method, you have to use it for at least one year. This rule is temporarily removed in the following situations. For reporting periods that include July 1, 2010, or for any period that begins after July 1, 2010, but before July 1, 2011, you can revoke your Special Quick Method election, even if it has not been in effect for at least one year. To revoke the election, send a completed Form GST287, to your tax services office.

Quick Method for other non-profit organizations

If you are a non-profit organization that does not receive at least 40% of its revenues from government funding, you cannot use the Special Quick Method for public service bodies. However, you may be entitled to use the Quick Method of accounting.

You can use the Quick Method if your annual worldwide taxable supplies (including zero-rated supplies) and those of your associates are \$200,000 or less (including the GST/HST) in any four consecutive fiscal quarters over the last five fiscal quarters. The \$200,000 limit does not include supplies of financial services, sales of real property, sales of capital assets, or goodwill.

With the Quick Method, you charge and collect the GST/HST on taxable supplies in the usual way. To calculate the net GST/HST to remit, multiply your taxable supplies including the GST and your taxable supplies including the HST made during the reporting period by the Quick Method remittance rates that apply to those supplies.

For the Quick Method rates, see Appendix C on page 35.

For more information on determining which rate or rates apply to your supplies of property or services and to find out if you meet the eligibility criteria, as well as for rates that apply after July 1, 2006 and before January 1, 2008, see Guide RC4058, *Quick Method of Accounting for GST/HST*, or call 1-800-959-5525.

Note

When applying the Quick Method remittance rate, the amount of the supply must include the GST/HST collected or collectible, but **not** the provincial sales tax, if applicable.

The Quick Method remittance rates apply only to supplies you make in the usual course of business, on which you must collect the GST/HST.

For supplies you make outside the usual course of business, such as real estate sales or sales of used capital goods eligible for a capital cost allowance for income tax purposes, you have to include the GST/HST charged in your net tax calculation rather than using the Quick Method remittance rate. Do **not** include proceeds from selling your business assets in the sales figure you use for your Quick Method calculation.

When you use the Quick Method, you cannot claim ITCs on your day-to-day operating expenses and inventory purchases. However, you can claim ITCs for purchases of land and purchases of property that are eligible for capital cost allowance under the *Income Tax Act*. This includes buildings, computers, vehicles, other large equipment, and machinery. You can claim these credits when you complete your GST/HST return. In addition, if you sell capital assets, you have to remit the full GST/HST (5%, 12%, 13%, or 15%) and not the Quick Method percentage.

Credit of 1%

You are also entitled to a 1% credit on the first \$30,000 of your eligible supplies (including the GST/HST) on which you must collect the GST/HST in each fiscal year. To qualify for the 1% credit, you have to use the Quick Method at the beginning of your fiscal year or, if you are a new GST/HST registrant, on the day you became a registrant.

Quick Method remittance rates

The remittance rates for other non-profit organizations using the Quick Method are listed under Appendices C on page 35.

You can claim ITCs on certain items only. For more information and for the Quick Method rates on or after July 1, 2006, and before January 1, 2008, see Guide RC4058.

How to apply for the Quick Method

To elect to use the Quick Method, send us a completed Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, or call 1-800-959-5525. For more information, see Guide RC4058.

Note

If you decide to use the Quick Method, you have to use it for at least one year. This rule is temporarily removed in the following situations. For reporting periods that include July 1, 2010, or for any reporting period that begins after July 1, 2010, but before July 1, 2011, you can revoke your Quick Method election, even if it has not been in effect for at least one year. To revoke the election, send a completed Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*, to your tax services office.

Real Property

This section explains the GST/HST rules for sales, leases and other types of supplies of real property when made by non-profit organizations. It summarizes the general rules for claiming ITCs and the special election available to treat certain exempt supplies of real property as taxable supplies. It also explains the change-in-use rules that apply to real property and the special self-supply rules for subsidized housing.

Taxable sales and leases

Generally, most sales and leases of real property made by non-profit organizations are exempt from the GST/HST.

However, if your non-profit organization makes the following supplies of real property, the supplies are subject to the GST/HST:

- sales of new or substantially renovated housing;
- sales of used housing if you are a builder of the housing for GST/HST purposes and you claimed ITCs on your last acquisition of the housing, or on any improvements made to the housing;
- sales of new or substantially renovated housing that you are considered to have made (self-supplies). For example, this may occur if you are a builder of the housing for GST/HST purposes and you first give possession of the housing, or a unit in it, to an individual for use as a place of residence;
- most sales of other real property that you are considered to have made (deemed supplies). For example, when there is a change in use of the property from use **primarily** in commercial activities to use **50% or less** in commercial activities (see “Changing the use to 50% or less in commercial activities” on page 16);
- sales of real property to an individual or a personal trust. However, if there is a structure on the property that you used as an office, or in commercial or exempt activities, the sale of the property is exempt, as long as the other exceptions in this list do not apply;

- sales of real property that you used **more than 50%** in your commercial activities immediately before the time of the sale;
- leases of short-term accommodation (less than one month) unless the charge for the accommodation is \$20 or less per day of occupancy, or the accommodation is provided in the course of an activity to relieve the poverty, suffering, or distress of individuals, and is not fundraising;
- leases of real property (other than short-term accommodation) when continuous possession or use of the property provided under the lease is for a period of less than one month and the supply is made in the course of a business carried on by the non-profit organization;
- licence to use real property (other than short-term accommodation) when the supply is made in the course of a business of the non-profit organization (such as evening rentals of a banquet facility or the rental of an ice rink to a hockey club every Monday night);
- lease or licence of a parking space in the course of a business carried on by the organization (other than the long-term lease of a parking space by a landlord to a residential tenant when the parking space forms part of the housing, or is supplied along with the housing, that the residential tenant is leasing from the landlord);
- supply of real property that the non-profit organization has seized or repossessed, unless the supply of the property is specifically exempt. For example, if the organization seized or repossessed used housing and sells it, the sale will be exempt as long as the organization is not a builder of the housing and they did not claim any ITCs for the acquisition of the housing or for an improvement to the housing since it was last acquired; and
- exempt supplies of real property that the non-profit organization chooses to treat as taxable by filing an election with us as long as no other exemption applies (for example, housing). For more information, see "Election for real property of a public service body" on page 27.

Sales of new housing

Generally, the HST applies to a taxable supply by a builder of newly constructed or substantially renovated housing in Ontario and BC where both ownership and possession of the housing are transferred to the purchaser **after June 2010**. However, HST does not apply to a grandparented sale.

Generally, sales of new or substantially renovated housing are grandparented:

- in Ontario, where a written agreement of purchase and sale was entered into **on or before June 18, 2009**;
- in BC, where a written agreement of purchase and sale was entered into **on or before November 18, 2009**; and
- both ownership and possession transfer to the purchaser under the agreement **after June 30, 2010**.

GST at 5% applies to the grandparented sale. For more information, see GST/HST Info Sheet GI-083, *Harmonized Sales Tax: Information for Builders of New Housing in Ontario*, or GST/HST Info Sheet GI-084, *Harmonized Sales Tax: Information for Builders of New Housing in British Columbia*.

In Nova Scotia, the HST at 15% generally applies to a taxable supply by a builder of newly constructed or substantially renovated housing where both ownership and possession of the housing are transferred to the purchaser after June 2010. However, HST at 13% still applies to a sale where both ownership and possession of the housing are transferred to the purchaser after June 2010 under a written agreement of purchase and sale that was entered into **on or before April 6, 2010**. This is a **grandparented sale**.

In certain situations, the following rebates may be available:

- a provincial transitional new housing rebate for the estimated Ontario retail sales tax or the BC provincial sales tax embedded in the purchase price of new housing;
- an Ontario or BC new housing rebate for some of the provincial part of the HST paid on the purchase of new housing; and
- an Ontario or BC new residential property rebate for some of the provincial part of the HST paid on the purchase of new rental housing.

The above rebates are in addition to the rebates already available for the GST or the federal part of the HST on the purchase of new housing or new residential rental housing.

For more information, see GST/HST Info Sheet GI-096, *Harmonized Sales Tax Provincial Transitional New Housing Rebates for Housing in Ontario and British Columbia*, Guide RC4028, *GST/HST New Housing Rebate*, and Guide RC4231, *GST/HST New Residential Rental Property Rebate*.

Who has to remit the tax on a taxable sale of real property – Vendor or purchaser?

Generally, if you make a taxable supply of a property or a service, you have to collect the GST/HST and remit it to us. However, you do not collect the tax from the purchaser or remit it to us if you make a taxable sale of real property; and:

- the purchaser is registered for the GST/HST (see the exception below); or
- you are a non-resident or you are considered to be a resident **only** for certain activities you carry on through a permanent establishment in Canada.

In these cases, the purchaser has to pay the tax directly to us.

Exception

If you are a resident and you make a taxable sale to an individual of a house or a cemetery plot or place of burial, entombment or deposit of human remains or ashes, you have to collect and remit the tax, whether or not the individual is registered for the GST/HST. The purchaser does not pay the tax directly to us in this case.

How does the vendor remit the tax?

If you have to collect and remit the tax due on your taxable sale of real property, account for the GST/HST as follows:

- If you are registered for the GST/HST, include the GST/HST collectible in your calculation for **line 103** of your regular GST/HST return or, if you are filing your return electronically, include the amount in your calculation for **line 105** for the reporting period in which the tax became payable by the purchaser and remit any positive amount of net tax due with that return.
- If you are not registered for the GST/HST, report the GST/HST collectible on **line 103** of Form GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return (Non-Personalized)*. You have to file this return by the end of the month following the month in which the tax became payable by the purchaser and remit the GST/HST collectible with that return.

Note

Form GST62 is not available on our Web site. It is only available in a pre-printed format. To order it, go to www.cra.gc.ca/orderforms or call 1-800-959-2221.

How does the purchaser pay the tax to us?

If you have to pay the tax directly to us on your purchase of real property, you pay that tax as follows:

- If you are a GST/HST registrant and you will use or supply the real property:
 - more than 50% in your commercial activities, you have to report the tax due on **line 205** (the GST/HST due on the acquisition of taxable real property) of your regular GST/HST return for the reporting period in which the tax became payable and remit any positive amount of net tax due with that return; or
 - 50% or less in your commercial activities, you have to report the tax due on Form GST60, *GST/HST Return for Acquisition of Real Property*. You have to file this return by the end of the month following the month in which the tax became payable and pay the tax due with that return.
- In any other case where you have to pay the tax directly to us, you have to report the tax due on **line 205** of Form GST62. You have to file this return by the end of the month following the month in which the tax became payable and pay the tax due with that return.

Note

You can get Form GST60 at www.cra.gc.ca/gsthstpub. Form GST62 is only available in a pre-printed format. To order this form, go to www.cra.gc.ca/orderforms. You can also order these forms by calling 1-800-959-2221.

ITCs for real property

Generally, calculating ITCs on purchases of capital real property is the same as for calculating ITCs on purchases of other capital property (the primary use rule):

- If you intend to use the property more than 50% in commercial activities, you can claim a full ITC.
- If you intend to use the property 50% or less in commercial activities, you cannot claim an ITC.

It is possible that the use of the real property will change over time. If the use of the real property changes from use 50% or less in commercial activities to more than 50% in commercial activities, you can claim an ITC at the time of the change in use. On the other hand, if the use changes from more than 50% in commercial activities to 50% or less in commercial activities, you may have to pay back part of the ITCs you claimed earlier. For more information, see “Change-in-use rule” on page 15.

Exception

If you filed an election to treat your exempt supplies of certain real property as taxable, you do not use the primary use rule when claiming ITCs for that property. Also, different change in use rules will apply. For more information, see “Election for real property of a public service body” on page 27.

You can claim ITCs for other expenses related to real property such as maintenance and utilities in the same way that you calculate ITCs for general operating and overhead expenses, as explained on page 13.

Subsidized housing and self-supply

The following rules apply to non-profit organizations that receive government funding (see page 19) to build housing (or an addition to housing) when at least 10% of the residential units in the housing are intended to be leased to seniors, youths, students, or to individuals with a disability, or who are in distress, in need of assistance, or have limited financial resources.

For purposes of the special rules for subsidized housing, **government funding** means an amount of money paid or payable by a grantor (or paid or payable by another organization that received the money from a grantor) to a builder of the housing (or addition) for the purpose of making residential units available to the individuals mentioned above. Government funding can include a forgivable loan from a grantor. The funding must be measurable and identified in your financial statements as government funding.

A **grantor** can be from any level of government—federal, provincial, or municipal. It also includes an Indian band. Bodies established by federal, provincial, or municipal governments, one of the main purposes of which is to fund charitable or non-profit endeavours, will also be considered grantors. However, federal and provincial Crown corporations whose activities are substantially all (90% or more) commercial activities are not grantors.

During the construction phase, you can register for the GST/HST and claim ITCs for the property and services you buy that relate to the construction of the housing.

We consider you to have made a taxable sale (self-supply) of the housing on the later of:

- the day construction is substantially completed; and
- the day you first give possession or use of a unit in the housing to an individual under a lease, licence, or similar arrangement entered into for its use as a place of residence.

You have to pay the GST/HST on that self-supply equal to the **greater** of the following:

- the amount of the GST/HST calculated on the fair market value of the housing; and
- the total of all of the GST/HST paid or payable for the acquisition of the land, for the construction of the building, and for any other improvement to the property.

If you constructed the housing to make exempt supplies of long-term residential rents, you cannot claim an ITC for the tax you have to account for on the self-supply. However, you may be entitled to claim a public service bodies' rebate for that tax if you are a qualifying non-profit organization and you meet all of the other rebate conditions. For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*. In some cases, you may be entitled to claim the GST/HST new residential rental property rebate. However, you will not be entitled to claim both rebates. For more information, see Guide RC4231, *GST/HST New Residential Rental Property Rebate*.

Example

You are a non-profit organization in New Brunswick and you are registered for the GST/HST. You construct multiple-unit housing to make long-term residential rentals to seniors and for which you receive government funding. You paid \$25,000 HST on the purchase of the land and \$30,000 HST on the construction of the building. You claimed ITCs to recover the total tax paid on the purchase and the construction costs.

The construction of the housing is substantially completed on May 11, 2010, and you first give possession of a unit in the housing on June 5, 2010, to an individual who will live in the unit as his or her place of residence. As the later of these two dates is the day you first gave possession of a unit in the housing, you are considered to have made a self-supply of the multiple-unit housing on June 5, 2010.

You calculate that the amount of the HST you paid on the purchase of the land and on the construction of the building and other improvements you made to the property is **greater** than the HST calculated on the fair market value of the multiple-unit housing (including the land) on June 5, 2010. This means that you are considered to have paid and collected the HST equal to the amount of the HST you paid on the land and on the construction and other improvements you made to the property.

You cannot claim an ITC for the HST you have to account for on the self-supply since you are making only exempt supplies of the complex (long-term residential rents). However, you may be entitled to claim a public service bodies' rebate for that tax if you are a qualifying non-profit organization and you meet all of the other rebate conditions, or a GST/HST new residential rental property rebate.

How do you remit the tax on the self-supply?

If you are a GST/HST registrant, you have to include the tax due on the self-supply in your calculation for **line 103** of your regular GST/HST return or, **line 105** if you are filing your return electronically, for the reporting period during which you are considered to have made the self-supply of the subsidized housing. You have to remit any positive amount of net tax due with that return.

If you are not a GST/HST registrant, you have to report the GST/HST on **line 103** of Form GST62 and remit the tax due with that return by the end of the month after the month in which you are considered to have made the self-supply of the subsidized housing. For information on a rebate that you may be entitled to claim for the GST/HST you paid on construction costs that you could not previously recover, see "Are you a non-registrant?" below.

Note

Form GST62 is only available in a pre-printed format. You can order it by going to www.cra.gc.ca/orderforms or by calling 1-800-959-2221.

Are you a non-registrant?

If you are a non-registrant, you could not claim input tax credits (ITCs) to recover any of the GST/HST paid or payable on your costs to build or substantially renovate the subsidized housing (or addition). While, as a non-profit organization, you may have been entitled to claim a public service bodies' rebate of that tax, you would not have been able to recover all of the tax payable on your construction or renovation costs.

In this case, you are generally entitled to claim a rebate to recover the tax you paid on the costs to build the housing (or addition) that you could not previously recover since you are considered to have made a self-supply of the subsidized housing and have to account for the tax on that self-supply. For more information on the rebate for a taxable sale of real property by a non-registrant, see Guide RC4033, *General Application for GST/HST Rebates*, and Form GST189, *General Application for Rebate of GST/HST*, or call 1-800-959-8287.

Example

You are a non-profit organization in Alberta and you are not registered for the GST/HST. You construct multiple-unit housing to make long-term residential rentals to seniors and for which you receive government funding. You paid \$8,000 GST on the purchase of the land and \$15,000 GST on the construction of the building. You claimed a public service bodies' rebate for that tax.

The construction of the housing is substantially completed on June 10, 2010, but you first gave possession of a unit in the housing to an individual to live in on May 24, 2010. As the later of these two dates is the day you substantially completed the multiple-unit housing, you are considered to have made a self-supply of the housing on June 10, 2010.

You calculate that the tax you paid on the purchase of the land, and to construct the housing, is greater than the tax calculated on the fair market value of the housing on June 10, 2010. Therefore, the amount of the GST that you are considered to have paid and collected is equal to the amount of the GST you paid on the purchase of the land, the construction of the building, and any other improvements you made to the property.

You report this amount of tax on **line 103** of Form GST62. You file that form and remit the tax by July 31, 2010.

As a non-registrant, you could not claim ITCs for the tax you paid to purchase the land and to construct the housing, and you were only able to recover a portion of that tax by claiming a public service bodies' rebate. Since you are considered to have made a taxable sale of the housing, you are now entitled to claim a rebate to recover the tax that you were previously unable to recover on the purchase of the land and the construction costs using Form GST189.

You may also be entitled to claim a public service bodies' rebate for the tax you had to account for on the self-supply if you are a qualifying non-profit organization and you meet all of the other conditions. For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*. In some cases, you may be entitled to claim the GST/HST new residential rental property rebate. However, you will not be entitled to claim both rebates. For more information, see Guide RC4231, *GST/HST New Residential Rental Property Rebate*.

Election for real property of a public service body

As a non-profit organization, you can elect, on a property-by-property basis, to treat certain exempt sales and leases of real property as taxable supplies. This election can apply to the following real property:

- capital real property;
- real property that you hold in inventory for the purpose of supplying it; and
- real property that you acquired by way of lease, licence, or similar arrangement to supply all of that property by way of lease, licence, or similar arrangement or for the purpose of assigning the arrangement.

This election may be available whether you are a GST/HST registrant or not. For more information, see Form GST26, *Election or Revocation of an Election by a Public Service Body to Have an Exempt Supply of Real Property Treated as a Taxable Supply*.

Note

For purposes of this election, **real property** generally means the entire estate or interest in the real property (including a leasehold interest) held by the non-profit organization and that is contained within a single **legal description** or **leasehold interest** (which includes the land and all structures and other improvements that are fixtures to the land). When the real property was acquired by way of a licence, the real property is the entire entitlement to use that property under the licence.

Effect of the election

When you make this election for real property, a supply of the property that would normally be exempt when you made it will now generally be treated as taxable and you will have to charge the GST/HST. However, certain supplies of the real property will remain exempt even when the election is in effect, for example, supplies of long-term residential rental accommodation.

As a GST/HST registrant, once the election is in effect you may also be entitled to claim ITCs for the GST/HST paid or payable for the property. For example, if you purchased or leased the property, you may be entitled to claim ITCs for the tax paid or payable on the purchase or on your lease payments and you may also be entitled to claim ITCs for the tax paid or payable on purchases and expenses that are related to the property, such as maintenance and utilities.

Note

The following sections discuss the effect of the election if you are already a GST/HST registrant when you make the election. If you become a registrant on the same day the election takes effect, see Form GST26 for information on the effect of this election and claiming ITCs upon becoming a registrant.

Election effective the day of acquisition

If the election becomes effective on the same day that you acquire the real property, and you were a GST/HST registrant before that day, you claim your ITC for the tax paid or payable on the acquisition based on the percentage of use of the property in your commercial activities (as long as it is used more than 10% in your commercial activities).

Example

You are a non-profit organization that is registered for the GST/HST. You buy a four-storey building (including the land) and you paid the GST/HST on your purchase. You will supply the building, or parts of the building, by way of lease. You will not be making supplies of accommodation and the leases will be exempt from the GST/HST.

Since the entire building will be used only for exempt activities, you cannot claim an ITC to recover the GST/HST you paid on your purchase of the building or on any purchases or expenses related to the building.

However, if you file Form GST26 and make the election effective on the day you acquire the building, you will charge the GST/HST on the lease payments you charge your tenants and you will be entitled to claim an ITC for the GST/HST you paid on your purchase of the building. You will also be entitled to claim ITCs to recover the GST/HST paid on utilities and maintenance that relate to the building.

Election effective after the day of acquisition

If the election becomes effective after the day you acquire the real property, and you were a GST/HST registrant before the election took effect, the following rules apply:

- When you acquired the real property by way of lease, licence or similar arrangement, you are entitled to claim ITCs for the tax paid or payable on your lease payments that became due on or after the effective date of the election, to the extent that you use the property in commercial activities, as long as it is used more than 10% in those activities.
- When you purchased the real property:
 - you are considered to have made a taxable sale of the property immediately before the effective date of the election and to have collected the GST/HST on the sale equal to the basic tax content of the property on the effective date of the election;
 - you are also considered to have purchased the property on the effective date of the election and to have paid the GST/HST on the purchase equal to the basic tax content of the property on the effective date of the election;
 - because you are considered to have made a taxable sale of the property, you are entitled to claim an ITC equal to the basic tax content of the property to recover any tax payable for your last acquisition of the property, and for improvements you made to it, that you were previously unable to recover;
 - you have to report the tax you are considered to have collected on your GST/HST return for the reporting period during which you are considered to have sold the property (see “Reporting the GST/HST you are considered to have collected” later on this page);
 - since you are also considered to have paid tax on the purchase of the property, you are entitled to claim an ITC for this tax based on the extent of use of the property in your commercial activities, as long as you use the property more than 10% in those activities (no public service bodies’ rebate is available). The primary use rule that you would normally use to determine your ITCs does not apply to the property while the election is in effect; and
 - you are entitled to claim ITCs for the tax paid or payable on purchases and expenses (such as maintenance and utilities) related to the real property to the extent that you use the property in your commercial activities (as long as the use is more than 10% in those activities).

Note

For information on calculating the BTC of the property, see “Calculating the basic tax content” on page 15.

Reporting the GST/HST you are considered to have collected

As a registrant, you have to include the GST/HST you are considered to have collected in your calculation for **line 103** of your regular GST/HST return, or **line 105** if you are filing your return electronically, for the reporting period in which you are considered to have made the taxable sale. You have to remit any positive amount of net tax due with that return by the due date of the return.

Example

You are a qualifying non-profit organization that is a GST/HST registrant. In 2009, you acquired a building in Alberta for \$300,000 plus \$15,000 GST. At that time, 70% of the building was used in your exempt activities that did not involve making supplies of that part of the building and 30% was leased in the course of your business for periods of at least one month (also an exempt activity). Since the primary use rule was not met (the property was not for use primarily in your commercial activities), you could not claim an ITC.

However, since you are a qualifying non-profit organization, you were entitled to claim a 50% public service bodies’ rebate ($\$15,000 \times 50\% = \$7,500$).

In March 2010, you file the election to treat the exempt leases as taxable. The building is now used 30% in commercial activities, since the leases that were exempt are now treated as taxable as a result of the election taking effect. The fair market value of the property at the time of the election is \$310,000. You did not make any improvements to the property.

You are considered to have made a taxable sale of the property immediately before the effective date of the election and to have collected the GST on the sale equal to the BTC of the property on the effective date of the election.

You are also considered to have purchased the property and to have paid the GST on that purchase.

You calculate the amount of the GST that you are considered to have collected and that you have to report on your GST/HST return, which is equal to the BTC, as follows:

$$\begin{aligned}
 \text{Basic tax content} &= (A - B) \times C \\
 &= (\$15,000 - \$7,500) \times 1 \text{ (maximum)} \\
 &= \$7,500
 \end{aligned}$$

You include \$7,500 in your calculation for **line 103** of your regular GST/HST return (or **line 105** if you are filing your return electronically) for the reporting period during which the election took effect.

You calculate your ITC for the tax you are considered to have paid when the election took effect, which is based on the BTC of the property, as follows:

$$\begin{aligned} \text{ITC} &= \$7,500 \times 30\% \text{ (use in commercial activities)} \\ &= \$2,250 \end{aligned}$$

In addition, since you are considered to have made a taxable sale of the property, you can also claim an ITC for \$7,500 (which is equal to the BTC of the property) to recover the GST you paid to originally purchase the property that you were not previously able to recover.

Therefore, the total ITCs you are entitled to claim as a result of making the election is \$9,950 (\$2,250 + \$7,500).

In addition, you can now claim ITCs for 30% of the GST paid or payable on operating expenses, such as electricity, maintenance and utilities related to the commercial use of the property.

You cannot claim a PSB rebate for any of the tax you are considered to have paid, since the BTC calculation takes the amount of the PSB rebate into account so that the amount of tax you had to report was reduced by the amount of that rebate.

Change-in-use rules when the election is in effect

The following rules apply **only** to capital real property for which you made an election to treat exempt supplies of real property as taxable supplies, if you are a GST/HST registrant.

As explained earlier, when you make the election to treat certain exempt supplies of real property as taxable supplies, ITCs are calculated based on the percentage of use in commercial activities (instead of the primary use rule). It is possible that this percentage will change over time.

If you increase the percentage of use in commercial activities, you may be able to claim additional ITCs. On the other hand, if you decrease the percentage of use in commercial activities, you may have to pay back some or all of the ITCs you previously claimed.

Increasing use in commercial activities

When you increase the percentage of use of real property in commercial activities by 10% or more, you may be able to claim an ITC equal to the basic tax content of the property multiplied by the percentage of the increase in commercial activities.

Decreasing use in commercial activities

When you decrease (without stopping) the use of real property in commercial activities by 10% or more, we consider you to have collected the GST/HST on the part you no longer use in your commercial activities. The amount of the GST/HST you have to account for in determining your net tax is equal to the basic tax content of the property multiplied by the percentage of the decrease in commercial activities.

Stopping use in commercial activities

When you stop using real property for commercial activities, or when you reduce the use in commercial activities to 10% or less, you are considered to have sold and reacquired the property.

If that sale is taxable, you will have to include the GST/HST you are considered to have collected on the sale in determining your net tax. The GST/HST you are considered to have collected is equal to the basic tax content of the property at the time of the change-in-use.

If the real property was used partially in exempt activities before the change-in-use, you would not have been entitled to claim an ITC for the part of the tax paid or payable on your last acquisition of the property that related to the exempt use of the property. Since you have to account for tax equal to the full BTC of the property for the sale you are considered to have made (if that sale was taxable), you would be entitled to claim an ITC for the tax you were previously unable to recover. In this case you could claim the ITC for the reporting period in which you are considered to have made the sale. The ITC would be calculated by multiplying the amount of the BTC you had to account for on the sale by the percentage that you were using the property in exempt or non-commercial activities immediately before the sale you are considered to have made. For more information, call 1-800-959-8287.

Filing the election

To make the election, you have to send us a completed Form GST26, *Election or Revocation of an Election by a Public Service Body to have an Exempt Supply of Real Property Treated as a Taxable Supply*, within one month after the end of the reporting period in which the election is to become effective. You have to file this election for **each** property you want to treat as taxable.

Revoking the election

You can revoke this election by filing another Form GST26. The revocation will be effective on the day that you specify on Form GST26, as long as you file the form within one month after the end of the reporting period in which the election ceases to be effective.

If you revoke your election, you are considered to have sold and purchased the property and to have collected and paid GST/HST equal to the BTC of the property on the day of revocation. You must include the tax you are considered to have collected in your net tax calculation. For more information, see Form GST26.

Appendix A – Special Quick Method rates on or after July 1, 2010

The following rates apply to purchases made in reporting periods that begin on or after July 1, 2010. For purchases that became due, or were paid without becoming due in reporting periods that began before July 1, 2010, see Appendix B on page 33.

If you are a **university** or a **public college** and the amount of supplies that you make through **vending machines** is at least 25% of the amount determined by the formula:

$$(A + B) \times 365/C$$

- A** is the total amount of revenue collected or collectible for **all** taxable supplies you made in your last fiscal year (except sales of real property, capital assets and eligible capital property, zero-rated exports, and supplies made to provincial governments that are not required to pay the tax);
- B** is the total of all GST/HST you had to collect on **all** taxable supplies you made in your last fiscal year (except on sales of real property, capital assets, and eligible capital property); and
- C** is the number of days in your last fiscal year.

Use these rates:

	University or public college located in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	4.1%	3.4%	0.8%	2.7%	3.3%	0.8%
Supplies made in British Columbia	10.1%	9.4%	7.0%	8.8%	9.4%	7.0%
Supplies made in Nova Scotia	12.4%	11.8%	9.4%	11.2%	11.8%	9.4%
Supplies made in any other participating province	10.9%	10.2%	7.8%	9.6%	10.2%	7.8%

If you are a **university** or a **public college** and the amount of supplies that you make through **vending machines** is less than 25% of the amount determined by the formula above, use these rates:

	University or public college located in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	4.4%	3.9%	2.4%	3.6%	3.9%	2.4%
Supplies made in British Columbia	10.3%	9.9%	8.5%	9.6%	9.9%	8.5%
Supplies made in Nova Scotia	12.7%	12.3%	10.9%	12.0%	12.3%	10.9%
Supplies made in any other participating province	11.1%	10.7%	9.3%	10.4%	10.7%	9.3%

If you are a **specified facility operator**, a **qualifying non-profit organization**, or a **designated charity**, use these rates:

	Permanent establishment in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	3.6%	2.3%	1.8%	1.4%	3.0%	1.8%
Supplies made in British Columbia	9.7%	8.4%	8.0%	7.6%	9.1%	8.0%
Supplies made in Nova Scotia	12.0%	10.8%	10.4%	10.0%	11.4%	10.4%
Supplies made in any other participating province	10.5%	9.2%	8.8%	8.4%	9.9%	8.8%

If you are a **school authority**, use these rates:

	Permanent establishment in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	4.4%	4.1%	2.4%	3.6%	4.2%	2.4%
Supplies made in British Columbia	10.3%	10.1%	8.5%	9.6%	10.2%	8.5%
Supplies made in Nova Scotia	12.7%	12.5%	10.9%	12.0%	12.6%	10.9%
Supplies made in any other participating province	11.1%	10.9%	9.3%	10.4%	11.0%	9.3%

If you are a **municipality**, use these rates:

	Municipality in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	4.7%	4.3%	3.9%	3.7%	4.3%	2.8%
Supplies made in British Columbia	10.7%	10.3%	9.9%	9.7%	10.3%	8.9%
Supplies made in Nova Scotia	13.0%	12.6%	12.3%	12.1%	12.6%	11.2%
Supplies made in any other participating province	11.5%	11.1%	10.7%	10.5%	11.1%	9.7%

If you are a **hospital authority**, an **external supplier**, or a **facility operator**, use these rates:

	Permanent establishment in:					
	Non-participating province	British Columbia	New Brunswick	Nova Scotia	Ontario	Newfoundland and Labrador
Supplies made in a non-participating province	4.5%	3.6%	2.1%	4.0%	4.2%	2.1%
Supplies made in British Columbia	10.5%	9.7%	8.3%	10.0%	10.2%	8.3%
Supplies made in Nova Scotia	12.8%	12.0%	10.7%	12.4%	12.5%	10.7%
Supplies made in any other participating province	11.3%	10.5%	9.1%	10.8%	11.0%	9.1%

If you are a **public service body** that provides a point-of-sale rebate on eligible goods and the supply of these goods was made in an eligible participating province, use these rates:

Public service body is:	Permanent establishment in:
	Any province
a municipality	4.7%
a university or public college with vending machine sales at least 25% of amount determined by formula	4.1%
a university or public college with vending machine sales less than 25% of amount determined by formula	4.4%
a school	4.4%
a hospital	4.5%
an NPO or charity	3.6%

Appendix B – Special Quick Method rates on or after January 1, 2008, and before July 1, 2010

For reporting periods that begin on or after January 1, 2008, and before July 1, 2010, the following rates apply to the purchase price that became due, or is paid without being due, before July 1, 2010. The rates provided in Appendix A apply to the remaining amount.

If you are a **university** or a **public college** and the amount of supplies that you make through **vending machines** is at least 25% of the amount determined by the formula in Appendix A on page 30, use these rates:

	University or public college located in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	4.1%	0.8%	3.0%	0.8%
Supplies made in a participating province	10.9%	7.8%	9.8%	7.8%

If you are a **university** or a **public college** and the amount of supplies that you make through **vending machines** is less than 25% of the amount determined by the formula in Appendix A on page 30, use these rates:

	University or public college located in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	4.4%	2.4%	3.7%	2.4%
Supplies made in a participating province	11.1%	9.3%	10.5%	9.3%

If you are a **specified facility operator**, a **qualifying non-profit organization**, or a **designated charity**, use these rates:

	Permanent establishment in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	3.6%	1.8%	1.8%	1.8%
Supplies made in a participating province	10.5%	8.8%	8.8%	8.8%

If you are a **school authority**, use these rates:

	Permanent establishment in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	4.4%	2.4%	3.7%	2.4%
Supplies made in a participating province	11.1%	9.3%	10.5%	9.3%

If you are a **municipality**, use these rates:

	Municipality in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	4.7%	3.9%	3.9%	2.8%
Supplies made in a participating provinces	11.5%	10.7%	10.7%	9.7%

If you are a **hospital authority**, an **external supplier**, or a **facility operator**, use these rates:

	Permanent establishment in:			
	Non-participating province	New Brunswick	Nova Scotia	Newfoundland and Labrador
Supplies made in a non-participating province	4.5%	2.1%	4.1%	2.1%
Supplies made in a participating provinces	11.3%	9.1%	10.9%	9.1%

Appendix C – Quick Method rates on or after July 1, 2010, for businesses that purchase goods for resale or provide services

Remittance rates for businesses that purchase goods for resale

The following tables apply to businesses that purchase goods for resale.

Remittance rates for reporting periods that began on or after July 1, 2010				
Permanent establishment in:				
	Non-participating province	British Columbia	Nova Scotia	Other participating province
Supplies made in a non-participating province	1.8%	0% (and 2.3% credit)	0% (and 4.0% credit)	0% (and 2.8% credit)
Supplies made in the participating province of British Columbia	8.0%	4.1%	2.5%	3.6%
Supplies made in the participating province of Nova Scotia	10.4%	6.6%	5.0%	6.1%
Supplies made in any other participating province	8.8%	5.0%	3.3%	4.4%

Note

For reporting periods that began before July 1, 2010, the old rates apply to the purchase price that became due, or was paid without being due, before July 1, 2010. The new rates apply to the remaining amounts.

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province on or after July 1, 2010, are entitled to a credit on those sales (see credit amounts in the chart above) as they generally pay the HST on their inputs but collect 5% GST on those sales.

Remittance rates for reporting periods that began on or after January 1, 2008, but before July 1, 2010		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	1.8%	0% (and 2.8% credit)
Supplies made in a participating province	8.8%	4.4%

Note

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province on or after January 1, 2008, but before July 1, 2010, are entitled to a 2.8% credit on those sales as they generally pay 13% HST on their inputs but collect 5% GST on those sales.

Remittance rates for reporting periods that began after June 30, 2006, but before January 1, 2008		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	2.2%	0% (and 2.5% credit)
Supplies made in a participating province	9.0%	4.7%

Note

Registrants with a permanent establishment in a participating province that use the 0% remittance rate for eligible sales in a non-participating province after June 30, 2006 but before January 1, 2008, are entitled to a 2.5% credit on those sales since they generally paid 14% HST on their inputs but collected 6% GST on those sales.

Remittance rates for businesses that provide services

The next group of remittance rates is for businesses that do not qualify to use the first group of remittance rates, mentioned in the previous section. Generally, these rates are for use by small businesses that provide services.

The following are examples of businesses that may use this group of remittance rates:

- delivery services;
- dry cleaners;
- auto repair shops;
- quick-service food outlets;
- house-cleaning services;
- campgrounds;
- caterers;
- delicatessens;
- painting contractors;
- photographers; and
- taxi drivers.

Remittance rates for reporting periods that began on or after July 1, 2010				
Permanent establishment in:				
	Non-participating province	British Columbia	Nova Scotia	Other participating province
Supplies made in a non-participating province	3.6%	2.1%	1.4%	1.8%
Supplies made in the participating province of British Columbia	9.7%	8.2%	7.6%	8.0%
Supplies made in the participating province of Nova Scotia	12.0%	10.6%	10.0%	10.4%
Supplies made in any other participating province	10.5%	9.0%	8.4%	8.8%

Note

For reporting periods that began before July 1, 2010, the old rates apply to the purchase price that became due, or was paid without being due, before July 1, 2010. The new rates apply to the remaining amounts.

Remittance rates for reporting periods that began on or after January 1, 2008 but before July 1, 2010		
Permanent establishment in:		
	Non-participating province	Participating province
Supplies made in a non-participating province	3.6%	1.8%
Supplies made in a participating province	10.5%	8.8%

For more information

Contact us if, after reading this guide, you would like to get forms or publications, or you need more help.

The following publications have more information for non-profit organizations:

- Guide RC4034, *GST/HST Public Service Bodies' Rebates*;
- Guide RC4058, *Quick Method of Accounting for GST/HST*;
- Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

To get forms or publications, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221.

For more information, go to www.cra.gc.ca/gsthst or call 1-800-959-5525.

Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

Direct deposit



Direct deposit is a safe, convenient, dependable, and time-saving method of receiving your GST/HST refunds and rebates. If you are expecting refunds or rebates when you file your GST/HST returns or rebate applications, you can send us a completed Form GST469, *Direct Deposit Request*. To get Form GST469, go to www.cra.gc.ca/dd-bus or call 1-800-959-2221.

Representatives

You can authorize a representative, such as your accountant, to get information about your GST/HST matters by using My Business Account. For more information, go to www.cra.gc.ca/mybusinessaccount.

You can also authorize a representative, by sending us a completed Form RC59, *Business Consent Form*.

You must clearly indicate that you are authorizing the representative to contact us regarding your GST/HST account. We will also accept a letter signed by an owner that provides the same information as requested on Form RC59. We will only give information to your representative after we are satisfied that you have authorized us to do so.

GST/HST electronic filing and remitting

You have several options for filing your GST/HST return or remitting an amount owing electronically. For more information, go to www.cra.gc.ca/gsthst-filing.

My Business Account

Access your business accounts online through My Business Account. With the wide range of services offered, you can:

- view your account balances and transactions;
- transfer payments;

- get additional remittance vouchers;
- calculate a future balance;
- calculate your instalment payments;
- make online requests for financial transactions;
- authorize your employees and representatives to have immediate online access;
- file a GST/HST return electronically;
- view the status of a return;
- view certain correspondence (for example, notices and letters); and
- view your banking information.

To use My Business Account, you need a user ID and password. To register for these secure online services or to check for new services, go to www.cra.gc.ca/mybusinessaccount.

My Payment

My Payment is a payment option that allows individuals and businesses to make payments online, using the Canada Revenue Agency's Web site, from an account at a participating Canadian financial institution. For more information on this self-service option, go to www.cra.gc.ca/mypayment.

Our Service Complaint process

If you are not satisfied with the **service** you have received, contact the Canada Revenue Agency (CRA) employee you have been dealing with (or call the phone number you have been given). If you still disagree with the way your concerns are being addressed, ask to discuss the matter with the employee's supervisor.

If the matter is still not resolved, you have the right to file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied with the way the CRA has handled your complaint, you can contact the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA-Service Complaints*.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5

Notes

