

GST/HST Public Service Bodies' Rebate

Includes Form GST66

Before you start

Is this guide for you?

If you are a public service body (PSB), you need to know about the goods and services tax (GST) and the harmonized sales tax (HST).

This guide provides general information about how to calculate your GST/HST rebate or GST refund and describes the different methods to use. It also includes instructions to help you complete your rebate application. Use the table of contents to find information that relates to you. Explanations of the activity types that qualify for a rebate begin on page 7.

Do you need to contact us?

This guide uses plain language to explain the most common tax situations. It is provided for information only and does not replace the law. If you need more help after you read this guide, please call us at 1-800-959-5525.

Do you need other forms or publications?

One copy of Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*, is included at the end of this guide.

Throughout this guide, we refer to forms and other publications. If you want to get copies of any of these, call us at 1-800-959-2221 or visit our Web site.

Do you have business operations in Quebec?

In Quebec, the ministère du Revenu du Québec (MRQ) administers GST/HST for us. If your organization operates in Quebec, you can contact the MRQ toll-free at 1-800-567-4692.

Do you use a teletypewriter?

If you have a teletypewriter attached to your telephone, you can call our toll-free, bilingual enquiry service at 1-800-665-0354 during regular hours of service.

Do you have access to the Internet?

If you have access, visit our new Web site at: www.ccr-aadrc.gc.ca. You may want to bookmark this address for easier access in the future.

Proposed changes

This guide includes proposed changes to the GST/HST legislation. Although these changes were not law at the time of print, we are getting ready to implement them.

Visually impaired persons can get information on services available to them, and can order publications in braille or large print, or on audio cassette or computer diskette, by calling **1-800-267-1267 weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).**

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Terms we use in this guide

Commercial activity is an activity engaged in to provide taxable goods and services.

Exempt supplies are goods and services that are not subject to GST/HST. You cannot claim input tax credits for the GST/HST paid on expenses related to such supplies. As a public service body, you may be eligible to claim a partial GST/HST rebate for tax paid or owed on these expenses.

Input tax credit (ITC) is a credit that GST/HST registrants can claim to recover the GST/HST they paid or owe to their suppliers for goods or services they acquired, imported, or brought into a participating province for use, consumption or supply in their commercial activities.

Participating province means the province of Nova Scotia, New Brunswick, or Newfoundland.

Public institution means a registered charity for income tax purposes that is a school authority, public college, university, hospital authority, or a local authority determined to be a municipality.

Public service body (PSB) means a non-profit organization, charity, municipality, school authority, hospital authority, public college, or university. These terms are explained in detail on page 7, under the heading “Explanation of activity types.”

A **qualifying non-profit organization** is one for which the percentage of government funding is at least 40% of its total revenue. Refer to page 8 for further explanation of a qualifying non-profit organization and to page 12 for an explanation of how to calculate the percentage of government funding.

Registrant means any individual or organization that has to register, or decides to register, for GST/HST because it is involved in commercial activities. Any person engaged in a commercial activity in Canada is required, subject to certain exceptions, to register within 30 days after making the first taxable supply in the course of the commercial activity. In the case of a public service body, if your total worldwide revenues, including those of your associates, are \$50,000 or less over the immediately preceding four calendar quarters, you are not required to register for or collect GST/HST. For most other types of businesses, this limit is set at \$30,000.

Selected public service body (selected PSB) includes a school authority, university, or public college that is established and operated other than for profit, or a hospital authority, or a municipality.

Self-government, for the purpose of this guide, refers to those agreements entered into with the Government of Canada that provide for a refund of GST for goods and services that are acquired for self-government activities. The terms and conditions that apply to the refund of GST are included in each agreement. For example, the Nisga’a Nation and certain Yukon First Nations have entered into such agreements and are eligible for a refund of GST for self-government activities according to the terms of their specific agreement.

Taxable supplies refer to goods and services that are subject to GST/HST at the rate of 7% or 15%, or a rate of 0%.

Zero-rated supplies refer to a limited number of goods and services that are taxable at the rate of 0%.

What is GST/HST?

GST is a 7% tax on the sale of most goods and services in Canada, except in the participating provinces. On April 1, 1997, the provincial sales tax (PST) in the three participating provinces was combined with GST to create HST. HST applies to the same base of goods and services as GST, but at the rate of 15%. Of this, 7% is the federal portion and 8% is the provincial portion.

For more information, please refer to the guide called *General Information for GST/HST Registrants*.

The Business Number

The Business Number, or BN, is a numbering system that simplifies and streamlines the way businesses deal with the Canadian government.

Your BN consists of two parts:

- nine digits to identify the organization; and
- an extension of two letters and four digits to identify the type of account(s) the organization may have.

For example, your number could be: 12345 6789 RT0001

We assign a BN with an “RT” extension to each GST/HST registrant and to non-registrant organizations eligible to claim rebates. Branches and divisions that are authorized to file separate GST/HST returns and rebates are also assigned a BN. In such cases, the first nine digits of the BN will be the same as those of the head office, but the second part of the BN, the extension, will vary. This will identify the organization as a branch. The BN is shown on all your personalized GST/HST forms and returns, or any correspondence we send you.

GST/HST public service bodies' rebate

This guide contains general information and instructions to help you complete Forms GST66 and GST284, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*. Form GST284 is the personalized version of Form GST66. This guide also contains general information about Form GST523, *Non-Profit Organizations – Government Funding*.

Use the application form in this guide to claim a rebate for part of the GST and federal portion of the HST you paid or owe on goods and services you purchased for use in your organization's activities.

This form can also be used to claim a partial rebate for the provincial portion of HST. The rebate for the provincial portion is available only if you are:

- a charity that is not a selected public service body (selected PSB) and that is resident in a participating province;
- a qualifying non-profit organization (NPO) that is not a selected PSB and that is resident in a participating province;
- a selected PSB resident in Nova Scotia; or
- a municipality resident in New Brunswick.

In addition, a selected PSB resident in Newfoundland that is also a charity, public institution, or qualifying NPO is entitled to a partial rebate for the provincial portion of HST for activities it has engaged in other than in the course of fulfilling its responsibilities as a selected PSB.

The application form can also be used by certain groups (referred to as specified persons) to claim a rebate for the GST (or federal portion of HST) paid on books. Charities and public institutions that qualify for a rebate for exported goods and services can also use this form. For more information on these subjects, please refer to page 9.

If you have an agreement that provides for a refund of GST for goods and services acquired for self-government activities, you may use the form included in this guide to claim a refund of GST.

The two-page application is divided into Parts A, B, C, D, and E. We provide instructions in this guide to help you complete each line of the rebate application. You are eligible to apply for a rebate after the first day in the year you become a charity, qualifying NPO, or selected PSB. Any GST/HST paid or owed on purchases made during your fiscal year qualify for the rebate as long as the eligibility requirements (that is, becoming a registered charity under the *Income Tax Act* or meeting the 40% funding requirement for a qualifying NPO) are met by the end of the fiscal year.

Eligible purchases and expenses

Only GST/HST paid or owed on eligible expenses qualifies for the public service bodies' rebate. Eligible purchases and expenses for the rebate may include:

- 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;
- goods and services used, consumed or supplied in your exempt activities; and
- capital property that you intended to use primarily (more than 50%) in your exempt activities at the time you purchased the property.

The following purchases and expenses are **not** eligible for the public service bodies' rebate:

- memberships in a dining, recreational, or sporting club;
- tobacco products and alcoholic beverages you buy for supply without a meal;

- goods and services you buy to provide long-term residential accommodation (one month or more), **unless** more than 10% of the accommodation is provided to seniors, youths, students, the underprivileged, or individuals with a disability or with limited financial resources who qualify under a means or income test (all purchases used to maintain a building that meets this criterion qualify for a GST/HST rebate, regardless of the percentage of the building that has been reserved for these individuals);
- goods and services used primarily (more than 50%) for the supply of a parking space made available to residential tenants **unless** more than 10% of the accommodation is provided to seniors, youths, students, the underprivileged, or individuals with a disability or limited financial resources;
- property and services acquired primarily for the purpose of 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 PSB and more than 10% of the residential property is provided to seniors, youths, students, the underprivileged, individuals with a disability, or individuals with limited financial resources who qualify under a means or income test; and
- goods and services you buy to sell or give to an officer, employee, or to another person related to that individual, if the value of the benefit would be taxable for income tax purposes.

Remember that these are examples only. Depending on your type of activity, there may be different rules. If you need clarification on whether or not an expense qualifies for a rebate, please contact us.

Example

A qualifying NPO owns an apartment building and rents 30% of the apartments to individuals with a disability, on a long-term basis. The NPO can apply for a public service bodies' rebate for part of the GST/HST paid or owed on all expenses incurred to maintain the apartment building. The NPO qualifies for the rebate because more than 10% of the apartment building is available to provide housing to individuals with a disability.

General information about the application

To file your first rebate application, use Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*, which is included in this guide.

After we process your first rebate application, we will send you Form GST284, which is a personalized version of Form GST66, for your next application. Keep this guide to help you complete future rebate applications.

If you are a **GST/HST registrant**, you can send your rebate application with your GST/HST return. You have to do this if you want to apply the rebate to a balance owing on your return.

If you have branches or divisions that complete and mail their own GST/HST returns, these branches or divisions must also file separate rebate applications. You can apply to have your branches or divisions authorized to file their own GST/HST returns and rebate applications. To do so, each branch or division has to be separately identified by its location or the nature of its activities, and must have separate books and records maintained in respect of it. Your head office must apply for this by telephoning us or by completing Form GST10, *Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions*, and sending it to us.

Rebates for branches and divisions that are not authorized to file separate GST/HST returns and rebates should be included on your head office or parent application.

Print your Business Number (BN) in the space provided on all your rebate applications, and include it on all your correspondence with us.

If you are **not a GST/HST registrant**, you can complete a rebate application for the first six months of your fiscal year and another for the last six months of your fiscal year. Mail your completed rebate application to the address on the front of the form or take it to your tax services office. File only one rebate application for your whole organization. However, if you have branches or divisions, you can apply to have the branches or divisions file separate rebate applications. To do so, each branch or division has to be separately identified by its location or the nature of its activities, and must have separate books and records maintained in respect of it. Your head office must apply for this by telephoning us or by completing Form GST10, *Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions*, and returning it to us.

We will assign a separate BN to each branch or division that we approve. We will then inform the head office or parent organization of these numbers and the date when the branches or divisions can begin filing their separate rebate applications. Branches or divisions have to use their BN on all their rebate applications and correspondence. The parent or head office should include the rebates for any branches or divisions that are not authorized to file separate rebate claims.

If you are a GST/HST registrant, you have four years from the due date of your GST/HST return for the claim period in which you incurred the expense to file a rebate application. If you are not a GST/HST registrant, you have four years from the last day of the fiscal half-year in which you incurred the expense to file a rebate application.

One exception to this four-year limitation occurs where the supplier is assessed for tax that was not collected from you during the period, and you then pay the tax after the four-year limitation. Should this situation apply to you, a separate rebate application may be made to cover that claim period. For more information, please contact us.

Do not send any documents with your rebate application.

If you need help to complete your rebate application, need more forms, or if you have questions about the status or processing of your rebate claim, call toll-free at 1-800-565-9353.

More information

The following publications have more information for public service bodies:

- *GST/HST Information for Charities*
- *GST/HST Information for Non-Profit Organizations*
- *GST/HST Information for Municipalities*

To get copies of these publications, contact us at 1-800-959-2221 or visit our Web site.

How to complete the rebate application for public service bodies

All claimants have to complete Parts A, B, D, and E of the rebate application.

If you are a GST/HST registrant and you want to apply the rebate to a balance owing on your return complete Part C also, and file your rebate application and your return together.

Incomplete or incorrect information may cause a delay in processing your application. **We will return all unsigned applications for a signature before we process them.**

If you are a non-profit organization (NPO), you have to complete and submit Form GST523, *Non-Profit Organizations – Government Funding*, on an annual basis. It is no longer necessary to submit annual reports and financial statements.

Remember that you have to keep adequate books and records, including original invoices, for six years from the end of the year to which they relate in order to support your rebate claim. As well, you have to make these books and records available to us if we ask to see them.

Part A – Identification

Business Number (BN)

Print your BN, with an “RT” extension in the space provided on all your rebate applications, and record it on all your correspondence with us.

If you do not have a BN, we will assign one to you with your first application. If you do not know whether you have a BN, contact us.

Name and address

Enter the complete legal name (and any trading name) and the mailing address of your organization. Enter your business address if it differs from the mailing address. We will send all correspondence and cheques to your mailing address.

Contact person

Enter the name, title, and telephone number of the person in your organization we can contact for more information about your rebate application.

Taxation Charity Registration Number

Enter the Taxation Charity Registration Number assigned to you as a charity under the *Income Tax Act*. This number is a Business Number with an extension starting with the letters "RR."

Fiscal year end

Enter your fiscal year end only if your organization is **not** a GST/HST registrant.

Subsequent applications

After we receive your first rebate application, we will send your organization future forms (GST284) with most of this information pre-printed on them. All you will need to fill in will be the Taxation Charity Registration Number and your fiscal year end, if applicable. However, you should review the pre-printed information to be certain it is still accurate. Make any changes on the notification of change area on the envelope your application came in.

Part B – Claim period

GST/HST registrants

Enter the claim period of your rebate application. Your claim period is the same as your reporting period for GST/HST purposes. You file your rebate applications with the same frequency as your GST/HST returns (that is, monthly, quarterly, or annually). Generally, you have up to four years after the day you have to file your return to claim a rebate.

Non-registrants

Enter the claim period for which you are filing your rebate application. Your claim period will be either your first and second fiscal quarters, or your third and fourth fiscal quarters of your fiscal year. You cannot claim a rebate more than twice a year. Generally, you can claim a rebate at any time up to four years after the last day of the claim period in which the GST/HST was paid or became payable.

Part C – Offset on GST/HST return

This part applies only to GST/HST registrants.

Check the box, "Yes" or "No", to tell us if you want to include the total rebate from line 409 of this application on line 111 of your GST/HST return. When you carry the line 409 amount from your rebate application to line 111 of your GST/HST return, you apply your rebate against any balance you owe on your return, or you add your rebate to any refund you are due on your return. Enter the period end date of that return in the space provided on the rebate application. Send us your rebate application together with your GST/HST return.

To avoid being charged penalty and interest on any balance owing, make sure we receive your return, rebate application, and any remittance by the due date.

Part D – Certification

An authorized person from your organization has to date and sign every rebate application and provide a telephone

number. We cannot process unsigned rebate applications and we will return them for a signature.

Part E – Details of claim

Explanation of activity types

Only the organizations that meet the criteria set out below are eligible to claim a public service bodies' rebate or self-government refund. To determine the rebate factor that applies to you, see the definition of each activity type.

If your organization performs more than one type of activity, see "Special rules for claimants with multiple activity types" on page 14 to find out how to calculate your rebate.

Municipality

Municipality means an incorporated city, town, village, metropolitan authority, township, district, county, or rural municipality or other incorporated municipal body, however designated. Examples of other incorporated municipal bodies include incorporated communities in Newfoundland and incorporated northern hamlets and settlements in Saskatchewan.

A municipality also includes other local authorities that we have determined to be municipalities for GST/HST purposes. For example, a para-municipal organization, such as a public library, that is a separate entity, can ask to be determined to be a municipality.

In addition, we may designate an organization to be a municipality because the organization makes supplies of municipal services. In this case, the municipal designation only applies to the supplies for which the organization has been designated and not to the organization as a whole. Once designated, the supply of the designated service will become exempt from GST/HST.

For example, we may designate an organization that is a separate entity from a municipality to be a municipality for purposes of installing, repairing, or maintaining a water distribution system if the organization operates the system. This allows the organization to exempt this supply and to claim a municipal rebate if also designated for rebate purposes as outlined below.

Also, an organization that is making exempt supplies of municipal services may be granted a municipal designation for purposes of claiming the municipal rebate. The municipal designation would allow the organization to apply for the GST/HST rebate, but only for the municipal supplies specifically listed in the designation. Therefore, only the GST/HST paid or owed on purchases used in the course of supplying the exempt municipal services would qualify for a GST/HST rebate. For example, a water hauler making exempt supplies of water may request to be designated for the purposes of claiming the municipal rebate on purchases used in the course of making this supply.

The rebate factor for municipal activities is 57.14% of the GST, or the federal portion of HST, paid or payable. Municipalities in New Brunswick and Nova Scotia also qualify for a 57.14% rebate on the provincial portion of HST. You claim this rebate on line 300 of Part E of the rebate application.

For more information about municipalities, see the guide called *GST/HST Information for Municipalities*.

University

University means a recognized degree-granting institution or an organization that operates a college affiliated with, or a research body of, such an institution. **To qualify for this rebate, the university must be established and operated on a non-profit basis.**

The rebate factor for university activities is 67% of the GST, or the federal portion of HST, paid or payable. Universities in Nova Scotia also qualify for a 67% rebate on the provincial portion of HST. You claim this rebate on line 301 of Part E of the rebate application.

School authority

School authority means an organization that operates an elementary or secondary school in which it provides instruction that meets the standards of educational instruction of the province in which it is operated. **To qualify for this rebate, the school authority must be established and operated on a non-profit basis.**

The rebate factor for school authority activities is 68% of the GST, or the federal portion of HST, paid or payable. School authorities in Nova Scotia also qualify for a 68% rebate of the provincial portion of HST. You claim this rebate on line 302 of Part E of the rebate application.

Public college

Public college means an organization that operates a post-secondary college or post-secondary technical institute:

- that receives funds from a government or a municipality to assist the organization in providing ongoing educational services to the general public; and
- that is dedicated primarily to providing programs of instruction in one or more fields of vocational, technical, or general education.

For claim periods beginning after April 23, 1996, the public college must be established and operated on a non-profit basis.

The rebate factor for public college activities is 67% of the GST, or the federal portion of HST, paid or payable. Public colleges in Nova Scotia also qualify for a 67% rebate of the provincial portion of HST. You claim this rebate on line 303 of Part E of the rebate application.

Hospital authority

Hospital authority means an organization that operates a public hospital and that we have designated to be a hospital authority for GST/HST purposes in respect of its operation of a public hospital. For more information on the designation of hospital authorities, refer to GST/HST Memoranda Series, Chapter 25.2, *Designation of Hospital Authorities*.

The rebate factor for public hospital activities is 83% of the GST, or the federal portion of HST, paid or payable. Hospital authorities in Nova Scotia also qualify for an 83% rebate of the provincial portion of HST. You claim this rebate on line 304 of Part E of the rebate application.

Charity

Charity means a registered charity or registered Canadian amateur athletic association for income tax purposes, but does not include a public institution. You will find the definition of public institution on page 4.

For GST/HST rebate purposes, a charity also includes a non-profit organization that operates, other than for profit, a health-care facility for the purpose of providing residents of the facility with nursing and personal care, assistance with the activities of daily living, and meals and accommodation. This is restricted to facilities where residents have limited physical or mental capacity for self-supervision and self-care.

The rebate factor for charity activities is 50% of the GST, or the federal portion of HST, paid or payable. Charities residing in a participating province that are **not** selected public service bodies (see page 4 for a definition) also qualify for a 50% rebate of the provincial portion of HST. You claim this rebate on line 305 of Part E of the rebate application.

If you are a **charity** and a **GST/HST registrant**, you have to use the net tax calculation for charities unless you are eligible to elect not to use it, in which case you must submit an application to us. For more information, see the guide called *GST/HST Information for Charities*.

If you are using the net tax calculation method for charities, your rebate entitlements are not affected and you still claim your rebate in the usual way. That is, you claim a rebate for the GST or federal portion of HST you paid or owe on all your purchases made during the claim period, for which you cannot claim input tax credits (ITCs). You claim a rebate for the provincial portion of HST only if you qualify (see the section called “GST/HST public service bodies’ rebate” on page 4). When using this method, you are entitled to ITCs for purchases of, and improvements to, capital property and real property used primarily in commercial activities.

If you are a charity that is also a hospital authority, school authority, university, public college, or municipality, see the section called “Special rules for claimants with multiple activity types” on page 14.

Qualifying non-profit organization

Non-profit organization (NPO) means an organization organized and operated solely on a non-profit basis. A non-profit organization cannot be an individual, estate, trust, charity, municipality, public institution, or government (see page 4 for the definition of public institution). A proprietor, member, or shareholder of the organization cannot receive or benefit from any of the income unless they are a club, society or association who promotes amateur athletics in Canada.

Your organization will be eligible for a rebate if you are a **qualifying** NPO. To be considered a qualifying NPO, at any time in a fiscal year, the percentage of government funding for the fiscal year must be at least 40% of your total revenue. The chapter called “If you are claiming a rebate as a qualifying non-profit organization” on page 11 explains how to calculate the percentage of government funding. If you are a qualifying NPO, you have to complete and submit Form GST523, *Non-Profit Organizations – Government Funding*.

The rebate factor for qualifying NPO activities is 50% of the GST, or the federal portion of HST, paid or payable. NPOs residing in a participating province that are **not** selected public service bodies (PSB) (see page 4 for a definition) also qualify for a 50% rebate of the provincial portion of HST. You claim this rebate on line 306 of Part E of the rebate application. However, an NPO residing in a participating province that is also a selected PSB is not entitled to a rebate for the provincial portion of HST.

If you are a qualifying NPO that is also a hospital authority, school authority, university, public college, or municipality, see the section called “Special rules for claimants with multiple activity types” on page 14.

Books

A rebate is available to specified persons for printed books, audio recordings of printed books, and printed versions of religious scriptures used for purposes **other than for resale**.

For the purpose of this rebate, **printed book** does not include certain items such as the following:

- newspapers;
- magazines and periodicals that are not purchased by subscription or that have more than 5% of their printed space devoted to advertising;
- books designed primarily for writing or drawing on;
- brochures or pamphlets;
- agendas;
- calendars;
- directories; and
- rate books (for example, insurance rate books).

Specified persons are municipalities, universities, public colleges, and school authorities, as well as charities, public institutions, and qualifying NPOs that operate a public lending library. A definition of public institution is provided on page 4. Public colleges, school authorities, and universities are not required to be established and operated on a non-profit basis in order to be eligible to claim the rebate for printed books.

In addition, charities and qualifying NPOs whose primary purpose is the promotion of literacy will qualify as specified persons if they are prescribed by the Minister of Finance. To be prescribed, requests should be submitted to us and must include the name of the organization, its governing documents, and a statement of its purposes and activities. NPOs that have not yet demonstrated that they are a “qualifying” NPO must submit Form GST 523, *Non-Profit Organizations – Government Funding*, for their last completed fiscal year or, if the current fiscal year is not completed, their last two completed fiscal years. Our recommendation will be passed on to the Department of Finance, who will make the final determination. For more information, see Technical Information Bulletin B-076, *Proposed Rebate for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures under the GST/HST*.

If you are a specified person, you can claim a 100% rebate of the GST that became payable after October 23, 1996. In a participating province, a rebate of the federal portion of

HST payable is available as of April 1, 1997. In either case, this rebate applies to printed books, audio recordings of printed books, and printed versions of religious scriptures that you bought or imported, but not to resell. You claim this rebate on line 307 of Part E of the rebate application.

Note

There is a point-of-sale rebate in the participating provinces for the provincial portion of HST on printed books. Therefore, you can only apply for a rebate of the federal portion of HST on this application.

Goods and services exported by a registered charity or a public institution

If you are a registered charity or a public institution, you can claim a rebate for the GST/HST paid on goods or services that you exported outside Canada. To be eligible for the rebate, you must have paid GST/HST and have exported the goods or services.

The rebate factor for exported goods and services is 100% of the GST/HST paid. You claim this rebate on line 308 of Part E of the rebate application. If you are a resident of a participating province, the federal portion and provincial portion of HST should be claimed separately in the appropriate columns.

If you export goods or services for which you previously claimed a GST/HST rebate at another line, you may still be eligible for a rebate on the amount that did not qualify. After the goods or services have been exported, the difference between the total GST/HST paid and the amount previously claimed as a rebate should be claimed at line 308. The four-year time limit to claim a rebate, as explained on page 6, still applies in this situation.

Self-Government

If you have an agreement that provides for a refund of GST for goods and services acquired for self-government activities, you may be eligible to claim a refund of 100% of the GST paid on goods and services. Please refer to your specific agreement to identify the conditions under which you may claim the refund. You claim this refund on line 309 of Part E of the application. The time limit for claiming the self-government refund is set out in your specific agreement.

Note

If you are claiming rebates at lines 307 and 308 or a refund at line 309 of Part E, do not include these amounts at any other line of Part E.

Calculating your rebate

Once you have determined which rebate factor applies to you, you have to determine the amount eligible for a rebate by calculating the GST/HST you paid or owe. The rebate is available only on the GST/HST you pay, not the full cost of the goods or services.

Remember, you do not pay GST/HST on zero-rated or exempt goods and services, such as hospital beds, meals provided to hospital patients, and admissions to certain fund-raising events of charities.

Certain purchases are not eligible for the public service bodies’ rebate. A summary of eligible and ineligible

expenses can be found on page 5. GST/HST may be included in the purchase price. If so, make sure that GST/HST was charged and calculate the amount of GST/HST included in the purchase price using one of the following calculations, depending on whether you were charged GST or HST.

Where GST is paid

Calculate the amount of GST charged as follows:

purchase price including GST $\times 7/107 =$ actual GST charged

Note

Vendors have to charge GST on the price of an item before they charge provincial retail sales tax.

Where HST is paid

If you buy goods or services in a participating province (Nova Scotia, New Brunswick, or Newfoundland) you will pay HST. When you calculate your eligible amount, you have to separate the federal portion (7%) and the provincial portion (8%). The calculation is as follows:

purchase price including HST $\times 7/115 =$ federal portion of HST

purchase price including HST $\times 8/115 =$ provincial portion of HST

When HST is shown separately from the purchase price, use the following calculations to determine the federal and provincial portions:

HST $\times 7/15 =$ federal portion of HST

HST $\times 8/15 =$ provincial portion of HST

Remember that only certain groups are eligible for a rebate of the provincial portion of HST, as explained earlier in this guide. A rebate is available where the PSB is a resident in one of the participating provinces.

GST/HST registrants

If you are a GST/HST registrant and you do not use the special quick method of accounting for PSBs, the amount eligible for a rebate is the GST or the federal portion of the HST you paid or owe on goods and services you bought during the claim period, less the following:

- any input tax credits (ITCs) to which you are entitled or have already claimed;
- any other refund or rebate to which you are entitled; and
- any credit notes issued to you.

The amount eligible for a rebate is referred to as the **non-creditable tax charged**.

Note

Charities are generally not permitted to use the special quick method of accounting for PSBs. Information on the net tax calculation method which is available to charities can be found in the guide *GST/HST Information for Charities*.

If you are using the special quick method of accounting for PSBs to determine your net tax, you are eligible for a rebate equal to the GST/HST you paid or owe on goods and

services you bought during the claim period that you cannot claim as ITCs. For example, you could claim ITCs on purchases of capital property with a fair market value of \$10,000 or more, as well as purchases of, and improvements to, real property. Then you apply for a rebate of the GST/HST you paid or owe on other purchases (no separation is required for purchases related to commercial and exempt activities).

Regardless of the calculation method you are using, multiply the non-creditable tax charged by your rebate factor. Enter the result on the appropriate line (lines 300 to 306) of Part E of the rebate application.

More information on the special quick method of accounting for PSBs is available in the following publications:

- *GST/HST Information for Non-Profit Organizations*
- *GST/HST Information for Municipalities*.

Non-registrants

If your organization is **not a GST/HST registrant** and you qualify for a rebate, the amount eligible for a rebate is the GST or federal portion of HST you paid or owe on goods and services you bought during the claim period. Multiply the amount of GST or federal portion of HST you determine as eligible for a rebate by your rebate factor. Enter the result on the appropriate line (lines 300 to 306) of Part E of the rebate application.

If you are a resident of a participating province

You may be eligible for a partial rebate of the provincial portion of HST if you are a **resident** of a participating province and you are:

- a charity or a qualifying non-profit organization (NPO) that is not a selected PSB (refer to page 4 of this guide for the definition of selected PSB);
- a selected PSB in Nova Scotia; or
- a municipality in New Brunswick.

Furthermore, if you are a selected PSB resident in Newfoundland that is also a charity, public institution, or qualifying NPO, you may be eligible for a partial rebate of the provincial portion of HST for activities engaged in other than in the course of fulfilling your responsibilities as a selected PSB. Enter this amount on the appropriate line (line 305 or 306).

If you need help in determining the place of residence of your organization, contact us.

Calculate the federal portion and the provincial portion of HST. Use the same rebate factor for the federal portion and any provincial portion of HST available for a rebate. If there is no rebate available for the provincial portion of a particular activity, the box in Part E will be blacked out on the rebate application.

Example

A municipality in New Brunswick is registered for GST/HST. It buys goods and services for use in its taxable

and exempt activities during a particular claim period. The municipality paid HST and claimed ITCs as follows:

Total HST paid in claim period	\$5,000
ITCs claimed	<u>2,100</u>
Non-creditable tax charged	\$2,900

The calculation of the municipality's rebate is as follows:

$$\begin{aligned} 57.14\% \text{ of the non-creditable federal portion of HST} \\ \text{charged: } \$2,900 \times 7/15 &= \$1,353.33 \\ \$1,353.33 \times 57.14\% &= \$773.29 \end{aligned}$$

The municipality will enter \$773.29 on line 300 in the "Federal" column of Part E of the rebate application.

$$\begin{aligned} 57.14\% \text{ of non-creditable provincial portion of HST} \\ \text{charged: } \$2,900 \times 8/15 &= \$1,546.67 \\ \$1,546.67 \times 57.14\% &= \$883.77 \end{aligned}$$

The municipality will enter \$883.77 on line 300 in the "New Brunswick" column of Part E of the rebate application.

The total rebate claimed at line 409 in Part E will therefore be \$1,657.06 (\$773.29 + \$883.77).

If you are not a resident of a participating province, but you buy goods and services in a participating province

If you are a resident of a non-participating province, you are eligible for a rebate of the **federal** portion of HST paid or owed on purchases made in participating provinces. You will continue to be eligible for a rebate of the GST paid or owed on purchases made in non-participating provinces. Since you are not a resident of a participating province, you are **not** eligible for a public service bodies' rebate of the provincial portion of HST.

However, if you bought **goods** in a participating province for consumption, use, or supply exclusively outside a participating province, you may be eligible to claim a rebate for the provincial portion of HST paid by using Form GST495, *Rebate Application for Provincial Part of Harmonized Sales Tax (HST)*. You must have paid the appropriate provincial sales tax in the province of use (a non-participating province), before claiming a rebate of the provincial portion of HST. If you bought **services** in a participating province, to the extent they are for use outside the participating provinces, you may be eligible to claim a rebate for the provincial portion of HST paid by using Form GST189, *General Application for Rebate of Goods and Services Tax (GST)/Harmonized Sales Tax (HST)*.

Refer to Technical Information Bulletin B-080, *Rebates of HST on Supplies Made from the Participating Provinces*, for more information.

Example

A charity, resident in Prince Edward Island (P.E.I.), is registered for GST/HST. It buys goods and services in Nova Scotia (a participating province) and in P.E.I. to use in its taxable and exempt activities.

During a particular claim period, the charity paid GST and HST, and claimed ITCs as follows:

Total GST/HST paid in claim period	\$3,000 GST + \$500 HST = \$3,500
Less: ITCs claimed	\$725 GST + \$275 HST = <u>1,000</u>
Non-creditable tax charged	\$2,275 GST + \$225 HST = \$2,500

The charity's rebate is calculated as follows:

50% of the non-creditable GST:	\$2,275 × 50% = \$1,137.50
50% of the non-creditable federal portion of HST:	\$225 × 7/15 = \$105.00 \$105 × 50% = \$52.50
Total rebate:	\$1,137.50 + \$52.50 = \$1,190.00

The charity will enter \$1,190 at line 305 in the "Federal" column of Part E.

The total rebate claimed at line 409 of Part E will be \$1,190.

Since the charity is not a resident of a participating province, it cannot claim a public service bodies' rebate for the non-creditable provincial portion of HST charged. However, it may be eligible for a rebate of the provincial portion using Forms GST189 and GST495.

If you are claiming a rebate as a qualifying non-profit organization

All non-profit organizations (NPOs) have to complete Form GST523, *Non-Profit Organizations – Government Funding*, for each fiscal year. We will send you a personalized version of this form if your records indicate that you have claimed a rebate as a qualifying non-profit organization in the past. If you do not have a personalized version, use the non-personalized version in the guide called *GST/HST Information for Non-Profit Organizations*.

Note

It is no longer necessary to submit annual reports and financial statements.

Your NPO qualifies for the 50% GST/HST rebate if your percentage of government funding for the year or for the two immediately preceding fiscal years is at least 40% of your revenues. This section defines the terms **grantor**, **government funding**, and **total revenue**, which are used to calculate the percentage of government funding described later.

Government funding and revenues are recorded the earlier of when they are received or became receivable. Ongoing revenue, such as sales, membership fees, and extraordinary government funding, or revenue items for activities extending over a number of years, such as a grant for capital property, should also be recorded in the same way.

Grantor

Grantor includes all three levels of government: federal, provincial, and municipal. It includes Indian bands and bodies that federal, provincial, or municipal governments establish or control to fund charitable and non-profit activities.

Grantor does not include federal and provincial Crown corporations that perform only commercial activities (for example, funding from a Crown corporation that sells oil and gasoline for profit is not considered government funding), federal and provincial Crown corporations that supply financial services, as well as Crown corporations that do not have a government mandate to fund charitable and non-profit activities.

Government funding

Government funding refers to financial payments (that is, an amount of money) from a grantor that can be measured and identified as government funding in your NPO's financial statements.

Government funding includes a payment (including a forgivable loan) from a grantor:

- to support or promote your organization's objectives (but not to pay for goods or services supplied by your organization to the grantor); or
- for an exempt sale of goods or services made by your NPO, if the goods 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 recipient (NPO) by a grantor or through another organization. For example, a national organization can allocate government funding to its provincial affiliates, and in turn, the provincial affiliates can redistribute the funds to their regional clubs. These payments can be included as government funding when:

- the funds are initially paid by a grantor;
- the funds are clearly identified as government funding in the recipient's financial statements;
- the funds do not pass through more than two organizational levels. For example, grantor organization A (national) to organization B (provincial) to organization C (regional) would be acceptable;
- the intermediate organization that provides funds to the final recipient completes Form GST322, *Certificate of Government Funding*, to confirm that the payment is government funding; and
- the funds would be considered to be government funding if they were instead paid by a grantor directly to the final recipient for the same purpose as the amounts were paid by the intermediary.

Government funding does **not** include indirect or non-financial forms of assistance, low-interest loans and loan guarantees, any goods or services supplied at a subsidized price, or a refund or rebate of, or credit in respect of, taxes, duties or fees imposed under any statute.

Total revenue

Total revenue includes the following amounts:

- income from investments (interest and dividends);
- proceeds from the issuance of equity securities;
- government funding;
- capital contributions, such as proceeds from the issuance of shares, and fund member or third party advances to an NPO as contributions to the capital of the organization (for example, a club requires its members to buy non-transferable, non-redeemable shares in return for the right to join the club);
- 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; and
- non-capital distributions from a trust to the NPO.

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

- all receipts from sponsorships;
- all receipts from taxable (including zero-rated) and exempt sales of goods and services (do not include receipts from sales of real property or capital property, benefits granted to employees or shareholders, or goods you are deemed to have sold when you cease to be a registrant);
- financial payments, such as private gifts and donations, if they are provided to an NPO in the form of financial payments that can be measured and are identified as such in the organization's financial statements;
- proceeds from gambling activities, minus prizes and winnings paid out; and
- the total of all amounts by which the fair market value of a financial instrument exceeds the consideration paid or owed for the instrument.

Deduct from your total any amounts you repaid during the year. You will then have the amount of total revenue you need to calculate your percentage of government funding.

Percentage of government funding

Calculate the percentage of government funding as follows:

Current year calculation:

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

- If this is your **first** fiscal year, use the current year calculation.
- If this is your **second** fiscal year, use the greater of the current year calculation, or:

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

- In any other case, use the greater of the current year calculation, or:

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

Simplified method to calculate your rebate

The simplified method to calculate rebates is an easier way to calculate your GST/HST rebate, whether or not you are a GST/HST registrant. If you choose to use this method, you will not have to track the GST/HST you paid on each invoice. However, you have to keep documents to support your application and, if you are a registrant, continue to invoice, collect, and remit GST/HST on your supplies as usual. You do not have to file any forms with us to start using this method, but you have to meet certain criteria.

Note

You cannot use the simplified method to calculate your rebate for real property. In such situations, the amount of tax that qualifies for the rebate should be added after you have calculated your rebate using the simplified method.

If you are a charity or public institution, you cannot use this method to calculate your rebate for exported goods and services on line 308 of Part E of the rebate application. Nor can you use the simplified method to calculate the rebate for printed books on line 307 of Part E.

You can use the simplified method to calculate your rebates if:

- your annual taxable sales of goods and services in Canada do not exceed \$500,000 in your immediately preceding fiscal year or in the previous fiscal quarter in the current fiscal year. This total includes the annual taxable sales and services of your associates, but does not include sales of financial services or capital real property; and
- your total taxable purchases were no more than \$2 million in the immediately preceding fiscal year, and it must be reasonable to expect that your taxable purchases in the current fiscal year will not be more than \$2 million. This total does not include purchases on which you did not pay any GST/HST.

Organizations that are not GST/HST registrants need to meet the second requirement only.

How to calculate your rebate with the simplified method

Step 1

Add up separately your taxable business purchases for which 7% GST was charged and those for which 15% HST was charged (these include only those purchases on which GST or HST is payable or has been paid by you). Also include in this amount purchases made by an employee or volunteer on behalf of your organization, and for use in your organization's activities. Include in this total:

- the purchase price;
- GST or HST;
- non-refundable provincial taxes (only for purchases taxed at 7% GST);
- reasonable tips;
- import duties; and
- interest and late penalty paid for supplies taxed at 7% or 15%.

Do not include:

- purchases for which you claimed or will claim input tax credits (ITCs);
- expenses on which you have not paid GST/HST, such as salaries, insurance payments, interest paid, and other exempt or zero-rated purchases;
- purchases made outside Canada that are not subject to GST/HST;
- purchases from a non-registrant;
- the part of the cost of meals and entertainment that is not eligible for an ITC;
- refundable or rebatable provincial sales taxes; and
- purchases of real property.

Note

If you are a registrant, you must remember to apportion your expenses between exempt activities and commercial activities. More information on apportionment is available in the guide called *General Information for GST/HST Registrants*.

Step 2

Multiply your total taxable business purchases (established in Step 1) by 7/107 for purchases taxed at 7% GST, and by 7/115 for purchases taxed at 15% HST.

Step 3

Total the results. Add to this total the GST or federal portion of HST that you have paid on purchases of real property, and for which you have not already claimed an ITC.

Step 4

Multiply this amount by the rebate factor for your organization. Enter the result on the appropriate line in Part E (lines 300 to 306) of the rebate application.

Step 5

If you are a resident of a participating province and you are entitled to a rebate of the provincial portion of HST, multiply your total taxable business purchases (established in Step 1) by 8/115 to calculate the amount eligible for the rebate. Multiply this amount by the rebate factor for your organization. Enter the result on the appropriate line in Part E (lines 300 to 306) of the rebate application. See the section called “If you are a resident of a participating province” on page 10.

Example

A municipality located in Ontario provides exempt arts and crafts programs to children. For this example, the provincial sales tax (PST) is 8% and is not rebatable or refundable.

Item	Amount	GST	PST	Total
Rent	\$1,500	\$ 105	–	\$1,605
Employees' salaries	\$1,000	–	–	\$1,000
Advertising	\$ 100	\$ 7	–	\$ 107
Equipment	\$ 400	\$ 28	\$ 32	\$ 460
Supplies	\$ <u>300</u>	\$ <u>21</u>	\$ <u>24</u>	\$ <u>345</u>
Total	\$3,300	\$ 161	\$ 56	\$3,517

Step 1

Taxable expenses = total expenses minus employees' salaries
= \$3,517 – \$1,000
= \$2,517

Step 2

Multiply \$2,517 by 7/107
= \$2,517 × 7/107
= \$164.66

Step 3

To calculate the municipality's rebate, multiply \$164.66 by 57.14%
= \$164.66 × 57.14%
= \$94.09 (the municipality's rebate)

Special rules for claimants with multiple activity types

There may be situations when you have to calculate your rebate by using more than one rebate factor.

You may be a charity, public institution, or qualifying NPO that is also a selected PSB, a hospital authority, school authority, university, public college, or municipality that acquires goods or services for use in different activities. If so, you have to apportion the cost of the goods and services, and claim a rebate to the extent of use in each activity.

Example

A religious order, as a charity, operated a public hospital and undertook other activities that were unrelated to operating the public hospital. Since it is a designated hospital authority, the order is entitled to an 83% rebate for the GST or the federal portion of HST paid or owed for use in its exempt activities relating to the operation of the public hospital, and a 50% rebate for the GST or the federal portion of HST paid or owed in relation to other exempt activities. The organization may also be eligible for a rebate of the provincial portion of the HST paid, depending on the type of activities performed and its location.

If you are a selected PSB (that is, a school authority, university, or public college that is established and operated otherwise than for profit, a hospital authority, or a municipality) that acquires goods or services that will be used primarily by another selected PSB, which is a separate legal entity, the rebate factor on these purchases is based on the prescribed rate for the user's activity.

Example

A university buys a computer to be used primarily by a hospital authority for use in the operation of a public hospital. The university would qualify for a rebate of the GST/HST paid on the computer at the prescribed rebate rate for hospital authorities of 83%.

Also, if you are in more than one category of selected PSBs and you acquire goods or services to be used primarily (that is, more than 50%) as one type of PSB, the rebate factor is based on the primary use of those items.

Example

An organization that is a hospital authority and a school authority acquires consulting services to be used primarily by the school authority. The organization will be eligible for the school authority rebate of 68% for the GST/HST paid on the acquisition of the consulting services.

You still file only one rebate application for the claim period. You can complete the rebate application by entering the appropriate amounts on lines 300 to 309 of Part E of the rebate application, as follows:

- Allocate the amount of GST/HST eligible for the rebate between each of the activity types.
- For each of these allocated amounts, calculate the amount of the rebate separately. Use the assigned rebate factor for each activity type, and enter the appropriate amounts on lines 300 to 309 of Part E.
- Add up all amounts recorded on lines 300 to 309, and enter the total on line 409.

Note

You have to separate the federal portion of HST and the provincial portion of HST to calculate your rebate. Some rebates are not available for the provincial portion of HST. See the section “If you are a resident of a participating province” on page 10 and “If you are not a resident of a participating province, but you buy goods and services in a participating province” on page 11.

Example

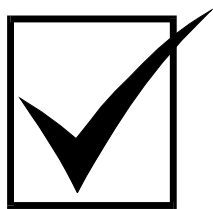
A hospital authority in Ontario establishes a school authority that operates on a non-profit basis. The hospital authority claims a rebate of 83% for the GST it paid on its eligible purchases for the public hospital and a rebate of 68% for the GST it paid on its eligible purchases for the school authority.

Category	Hospital authority	School authority
GST paid on purchases	\$2,000	\$1,000
Rebate factor	83%	68%
Multiply the GST paid by the rebate factor	\$1,660	\$ 680
Line 302		\$ 680
Line 304	\$1,660	

The total amount on line 409 of Part E will be \$2,340 (\$1,660 + \$680).

Notes

Your opinion counts!

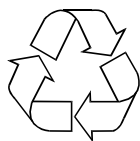


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