



GST/HST Registration for Listed Financial Institutions (Including Selected Listed Financial Institutions)

This notice explains when a listed financial institution (LFI), including a selected listed financial institution (SLFI), is required to be registered for the goods and services tax (GST)/harmonized sales tax (HST) under the *Excise Tax Act* (ETA), and when an LFI, including an SLFI, may voluntarily register for GST/HST purposes. It also explains the reporting and filing requirements for registrant and non-registrant LFIs and SLFIs.

All legislative references are to the ETA and Regulations unless otherwise specified, including the *Proposed Amendments to the GST/HST Legislation* and the proposed *Draft Regulations Amending Various GST/HST Regulations* which includes the proposed *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (draft SLFI Regulations), both announced on January 28, 2011. Any commentary in this notice should not be taken as a statement by the CRA that these proposed amendments will be enacted in their current form.

GST/HST registration for LFIs (including SLFIs)

This notice applies to LFIs, including SLFIs, resident in Canada. An LFI is defined in subsection 123(1) as a person referred to in paragraph 149(1)(a). The Appendix to this document provides further information on the meaning of listed financial institution.

A financial institution (FI) would generally be considered to be an SLFI throughout a reporting period in a fiscal year that ends in a particular taxation year of the FI if

- it is an LFI described in any subparagraphs 149(1)(a)(i) to (x) at any time during the particular taxation year, and
- the FI has a permanent establishment in a participating province and a permanent establishment in any other province, at any time during the taxation year. Note that under section 4 of the draft SLFI Regulations, the definition of what constitutes a permanent establishment in a province is being expanded.

A person that is deemed to be an FI under section 151 cannot be an SLFI because it is a person described in subparagraph 149(1)(a)(xi).

GST/HST registration

Under subsection 240(1), every person who makes a taxable supply in Canada in the course of a commercial activity is required to register for GST/HST purposes with certain exceptions (e.g., where the person is a small supplier). Certain SLFI investment plans are also required to register under proposed subsections 240(1.2) and (1.3) as discussed later. Where an LFI, including an SLFI, is not required to register, it may voluntarily apply for registration under subsection 240(3) in certain circumstances, including under paragraph 240(3)(c) if it is an LFI resident in Canada.

An LFI (including an SLFI that has not made a consolidated filing election) or its representative such as a trustee where it is an LFI trust, may request registration for GST/HST purposes using Form RC1, *Request for a Business Number (BN)* or Form RC1A, *Business Number (BN) – GST/HST Account Information* if it already has a BN. The LFI sends the form to its local tax centre.

La version française de la présente publication est intitulée *Inscription des institutions financières désignées (y compris les institutions financières désignées particulières) aux fins de la TPS/TVH*.



In order to facilitate the process for an LFI (including an SLFI) to register for GST/HST purposes, an LFI should clearly identify itself as an LFI resident in Canada on Form RC1 or Form RC1A (e.g., indicate under Part A4 “Major business activity” on Form RC1 whether the FI is an LFI or an SLFI).

Example

An employer sets up a registered pension plan for its employees that is a trust resident in Canada. The plan members' principal mailing addresses are in Manitoba (non-participating province) and in Ontario (participating province). Throughout its taxation year, more than 10% of the total number of plan members are resident in participating provinces. The plan is not a qualifying small investment plan (as defined in section 9 of the draft SLFI Regulations) and the plan has not made a reporting entity, consolidated filing or tax adjustment transfer election.

The trust wishes to voluntarily register for GST/HST purposes. As it is an SLFI resident in Canada, it is permitted to do so under paragraph 240(3)(c). Because it does not have a BN, it files Form RC1 and clearly indicates that it is an SLFI and that it is resident in Canada.

Even if the trust were not an SLFI, it would be able to register voluntarily under paragraph 240(3)(c) as it is a LFI resident in Canada.

SLFI investment plan – registration required

As described in subsection 59(1) of the draft SLFI Regulations, an SLFI investment plan that has entered into a reporting entity election under section 56 and/or a tax adjustment transfer election under section 58 of the draft SLFI Regulations, is prescribed for purposes of proposed subsection 240(1.2) and is required to register.

Under proposed subsection 240(2.1), an SLFI investment plan that is required to register under subsection 240(1.2) must apply for registration (using Form RC1 or Form RC1A if it already has a BN) before the day that is 30 days after the day the particular election comes into effect (that day is the prescribed day for the purposes of proposed paragraph 240(2.1)(a.1) as described in subsection 59(1) of the draft SLFI Regulations).

For purposes of the draft SLFI Regulations, an investment plan means a person referred to in subparagraph 149(1)(a)(vi) or (ix) (i.e. segregated funds and investment plans), other than a trust governed by a registered retirement savings plan, a registered retirement income fund or a registered education savings plan.

SLFI investment plan group – registration required

Where a group of SLFI investment plans have entered into a consolidated filing election under section 57 of the draft SLFI Regulations (in addition to the reporting entity election under section 56), it qualifies as a prescribed SLFI investment plan group under subsection 59(2) of the draft SLFI Regulations for purposes of proposed subsection 240(1.3) and the group is required to register. Each SLFI investment plan in the group is deemed to be a registrant.

The manager of the SLFI investment plan group (the prescribed person under paragraph 59(2)(b) of the draft SLFI Regulations for purposes of proposed subsection 240(2.2)) must apply for registration of the group within 30 days of the date referred to in the consolidated filing election under subsection 57(1) of the draft SLFI Regulations. The investment plan manager uses Form RC4602, *Request for a Group GST/HST Registration Number for Selected Listed Financial Institutions With Consolidated Filing* to register the consolidated group of investment plans. The form is sent to the Summerside Tax Centre.

Reporting periods and return due dates for LFIs

Specific reporting periods and return due dates apply to an LFI depending on whether:

- it is registered for GST/HST purposes,
- it has elected to file more frequently than otherwise required,
- it is an LFI as a result of an election under section 150, and
- it is an SLFI.

Registrant LFIs (subparagraphs 149(1)(a)(i) to (x)) that are not SLFIs

The reporting period of a registrant LFI is generally the fiscal year, unless it has made an election under section 246 or section 247 to have reporting periods that are fiscal months or fiscal quarters respectively.

A registrant LFI is required to file Form GST34, *Goods and Services Tax/Harmonized Sales Tax Return for Registrants*. Subparagraph 238(1)(a)(i) provides that a registrant LFI described under any of subparagraphs 149(1)(a)(i) to (x) must file Form GST34 within six months after the end of its fiscal year if its reporting period is the fiscal year. As an annual filer, it may also be required to make quarterly instalments.

Under paragraph 238(1)(b), where a registrant LFI has a monthly or quarterly reporting period, it is required to file Form GST34 within one month after the end of its reporting period.

Non-registrant LFIs that are not SLFIs

Under subsection 245(1), the reporting period of a non-registrant is a calendar month. Under subsection 238(2), a non-registrant LFI must file Form GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return (Non-personalized)* for each reporting period for which net tax is remittable within one month after the end of the reporting period.

Summary of reporting periods and return due dates for LFIs that are not SLFIs

	Non-registrant	Registrant LFI	Registrant LFI	Registrant LFI (other than a registrant deemed to be an LFI under section 151)
Reporting period	Monthly	Monthly	Quarterly	Annual
Return due date	1 month after the end of the reporting period (GST62)	1 month after the end of the reporting period (GST34)	1 month after the end of the reporting period (GST34)	6 months after the end of the fiscal year (GST34)

Registrants deemed to be FIs under section 151 (LFI – subparagraph 149(1)(a)(xi))

A person is an LFI throughout a taxation year if that person is described in subparagraph 149(1)(a)(xi) (i.e. a corporation deemed under section 151 to be an FI as a result of making an election under subsection 150(1)) at any time in that year. A person is required to be a registrant in order to make an election under subsection 150(1). As a result, a person that is an LFI as a result of section 151 must be a registrant and may have a fiscal year, fiscal quarter or fiscal month for a reporting period depending on

- its threshold amount (as determined by the formula in section 249 and shown in the following chart), or
- whether it has made an election under sections 246 or 247 to have reporting periods that are fiscal months or fiscal quarters respectively or section 248 to have a reporting period that is a fiscal year.

If a person that is an LFI as a result of section 151 has an annual reporting period, it is required to file Form GST34 within three months after the end of its reporting period. If it has a quarterly or monthly reporting period, it is required to file Form GST34 within one month after the end of its reporting period.

Summary of reporting periods and return due dates for deemed FIs under section 151

Threshold amounts	\$1,500,000 or less	More than \$1,500,000 up to \$6,000,000	More than \$6,000,000
Reporting period	Annual	Quarterly	Monthly
Return due date (GST34)	3 months after the end of the fiscal year	1 month after the end of the reporting period	1 month after the end of the reporting period

Registrant SLFIs

If a registrant SLFI's reporting period is a fiscal year (i.e. a registrant SLFI that has not made an election under section 246 or 247 for monthly or quarterly reporting periods), it is required to file Form GST494, *Goods and Services Tax/Harmonized Sales Tax Final Return for Selected Listed Financial Institutions* within six months after the end of its fiscal year, pursuant to subparagraph 238(1)(a)(i). As an annual filer, quarterly instalments may be required under section 237.

SLFIs with a monthly or quarterly reporting period (i.e. an SLFI that has made an election under section 246 or 247) is required to file

- an interim return (Form GST34) within one month after the end of the reporting period, and
- a final return (Form GST494) within six months after the end of the fiscal year.

Non-registrant SLFIs

If an SLFI is a non-registrant, its reporting period is a calendar month. It is also required to file Form GST62 as an interim return for each reporting period even if there is no net tax remittable and Form GST494 as a final return.

Summary of reporting periods and return due dates for SLFIs

	Non-registrant	Registrant	Registrant	Registrant
Reporting period	Monthly	Monthly	Quarterly	Annual
Interim return due date	1 month after the end of the reporting period (GST62)	1 month after the end of the reporting period (GST34)	1 month after the end of the reporting period (GST34)	Not required
Final return due date (GST494)	6 months after the end of the fiscal year	6 months after the end of the fiscal year	6 months after the end of the fiscal year	6 months after the end of the fiscal year

Proposed amendments to reporting periods

It is proposed that sections 246 and 247 be amended to allow LFIs to revoke a previously made reporting period election to be a monthly or quarterly filer, effective on the first day of the fiscal year of the LFI. These proposed amendments to sections 246 and 247 would apply to fiscal years of a LFI that end on or after July 1, 2010.

Under proposed section 244.1, the fiscal year of an SLFI investment plan is a calendar year for GST/HST purposes.

Appendix – Meaning of “listed financial institution”

A “listed financial institution” (LFI) is defined under subsection 123(1) and paragraph 149(1)(a) as being a person included in one of the categories set out in subparagraphs 149(1)(a)(i) through (xi).

An LFI includes the following:

- (i) *Bank* – a bank means a bank or an authorized foreign bank within the meaning of section 2 of the *Bank Act*.
- (ii) *Corporation that is licensed or authorized to carry on a business of offering services as a trustee* – A corporation that is a trust company that is regulated under either federal or provincial laws to provide services to the public as a trustee is an LFI for GST/HST purposes.
- (iii) *Person whose principal business is as a trader or dealer in, or as a broker or salesperson of, financial instruments or money* – This category includes any person who commonly acts as an agent or broker in a transaction involving a financial instrument, or who buys and sells financial instruments as principal. It generally includes a person whose principal business is that of an investment dealer, stock and bond broker, securities and commodities trader or any person dealing in or selling financial instruments such as an insurance agent.
- (iv) *Credit union* – Credit union has the meaning assigned by subsection 137(6) of the *Income Tax Act* (ITA) and includes a person described in paragraph (a) of the definition of “deposit insurance corporation” in subsection 137.1(5) of the ITA.
- (v) *Insurer or person whose principal business is providing insurance under insurance policies* – Under subsection 123(1), “insurer” means a person who is licensed or otherwise authorized under Canadian or provincial laws to carry on in Canada an insurance business or under the laws of another jurisdiction to carry on in that other jurisdiction an insurance business. Insurance companies and fraternal benefit societies that are registered federally or provincially are generally considered to be LFIs.
- (vi) *Segregated fund of an insurer* – Under subsection 123(1), “segregated fund” of an insurer means a specified group of properties that is held in respect of insurance policies, all or part of the reserves for which vary in amount depending on the fair market value of the properties.
- (vii) *Canada Deposit Insurance Corporation* – This entity is a federal Crown Corporation that provides insurance in respect of funds on deposit with its member institutions.
- (viii) *Person whose principal business is the lending of money or the purchasing of debit securities or a combination thereof* – A person that carries on business principally as a finance company, acceptance company, factor, venture capitalist, or a loan, mortgage or investment company is considered to be an LFI.
- (ix) *Investment plan* – A trust or corporation as described under subsection 149(5).
 - a) a trust governed by one of the following (each of those terms are defined for the purposes of the ITA or the *Income Tax Regulations*):
 - (i) a registered pension plan,
 - (ii) an employees profit sharing plan,
 - (iii) a registered supplementary unemployment benefit plan,
 - (iv) a registered retirement savings plan,
 - (v) a deferred profit sharing plan,

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- (vi) a registered education savings plan,
 - (vii) a registered retirement income fund,
 - (viii) an employee benefit plan,
 - (ix) an employee trust,
 - (x) a mutual fund trust,
 - (xi) a pooled fund trust,
 - (xii) a unit trust, or
 - (xiii) a retirement compensation agreement,
- b) an investment corporation (as defined in the ITA);
 - c) a mortgage investment corporation (as defined in the ITA);
 - d) a mutual corporation (as defined in the ITA);
 - e) a non-resident owned investment corporation (as defined in the ITA);
 - f) a corporation exempt from income tax by reason of paragraph 149(1)(o.1) or (o.2) of the ITA; and
 - g) a prescribed person, or a person of a prescribed class, but only where the person would be a selected listed financial institution for a reporting period in a fiscal year that ends in a tax year of the person if the person were a listed financial institution included in subparagraph 149(1)(a)(ix) during its tax year and its preceding tax year. An employee life and health trust is proposed to be a prescribed person.
- (x) *Person providing tax discounting services referred to in section 158* – This refers to a tax discounter within the meaning of the term in the *Tax Rebate Discounting Act* (Refer to GST/HST Memorandum 17.10, *Tax Discounters* for further information).
 - (xi) *A corporation deemed under section 151 to be a financial institution* – A corporation that has made the election under section 150 is deemed to be a financial institution throughout the period during which the election is in effect.

For additional information regarding LFIs, refer to GST/HST Memorandum 17.6, *Definition of “Listed Financial Institution”*.

Enquiries by telephone

Technical enquiries on the GST/HST: 1-800-959-8287

General enquiries on the GST/HST: 1-800-959-5525 (Business Enquiries)

If you are located in Quebec: 1-800-567-4692 (Revenu Québec) or visit the Revenu Québec Web site.

All technical publications on GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthstech.