

GST/HST Info Sheet

Products Commonly Described as Dietary Supplements

August 2004

This information sheet explains, for purposes of the GST/HST, how to determine when a product commonly described as a dietary supplement is not a basic grocery item.

The term “basic groceries” refers to food, beverages and ingredients that are usually consumed by an average person because they are hungry or thirsty, or simply for enjoyment. Most basic groceries are zero-rated which means taxable at 0%. This means that you should not collect the GST/HST when you sell these basic groceries.

Products labelled as “meal replacement” or as “nutritional supplement” that meet the requirements of the *Food and Drugs Act* and Regulations are considered to be basic groceries. You should not collect the GST/HST when you sell them.

Products commonly described as dietary supplements are not considered to be basic groceries and, consequently, if you are a GST/HST registrant, you are required to charge and collect the GST/HST when you sell these products.

Dietary supplements include products such as vitamins, minerals, tonics, fibre, protein powders and herbal supplements. These products are generally taken for their therapeutic or beneficial effects and are available in various forms including pill, capsule, tablet, powder, liquid, gel, wafer and concentrates. Although these products may contain some essential nutritional elements, they are not considered to be basic groceries.

The following factors may indicate that a product is not a basic grocery item. The factors are not listed in any particular order and there is no intent to weigh one more heavily than another.

- The label or marketing material refers to the product as a “dietary supplement” or “supplement”.
- The label or marketing material claims that the product has a therapeutic or preventive effect, enhances mental or physical performance, or enhances physique.
- The label or marketing material emphasizes a particular nutrient that is not commonly regarded as an ingredient to basic groceries; for example, whey protein isolate or chlorophyll. The product may also emphasize the purity or source of the nutrient.
- The label or marketing material indicates the dosage size and how often the product should be taken. There may also be warnings advising certain people such as children or pregnant women not to take the product, or that the product is to be taken only as directed by a physician.
- The product has a Drug Identification Number (DIN), a Drug Identification Number – Homeopathic Medicine (DIN-HM), or a Natural Products Number (NPN).

More Ways to Serve You!

Pour vous servir encore mieux!



Canada Revenue
Agency

Agence du revenu
du Canada

La version française de ce document est intitulée *Produits couramment appelés suppléments diététiques*.

Canada

Products Commonly Described as Dietary Supplements

- The product lists the active or medicinal ingredients.
 - The product is compared to other products that are not considered to be a food, beverage or ingredient. For example, a product in powder form may be compared to a product in pill form.
 - The label or marketing material focuses on the benefits to be derived from taking the product.
- The product is in a form not commonly associated with food, beverages or ingredients, for example, pills, capsules, tablets, gels, liquids in eye-dropper bottles, fibres, wafers, powders and concentrates.
 - In sales catalogues or stores, the product is not placed with products that are commonly recognized as foods, beverages or ingredients. The product may be placed with non-prescription drugs.

This Info Sheet does not replace the law found in the *Excise Tax Act* (the Act) and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any Canada Revenue Agency (CRA) GST/HST Rulings Centre for additional information. These centres are listed in the GST/HST Memorandum 1.2, *CRA GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in the province of Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact the Ministère du Revenu du Québec (MRQ) by calling the toll-free number 1-800-567-4692.

All GST/HST publications are available on the Internet at the CRA site <http://www.cra-arc.gc.ca/tax/technical/gsthst-e.html>.

Reference in CRA publications is made to property and services taxable at 7% or 15% (the rate of the HST). The 15% HST applies to property and services provided in Nova Scotia, New Brunswick and Newfoundland and Labrador (the "participating provinces").