

GST/HST Memoranda Series

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures

July 2002

Overview

This memorandum examines the conditions that a person must satisfy to claim a rebate under section 259.1 of the *Excise Tax Act* (the Act). The rebate provided under this section of the Act is commonly known as the federal book rebate. The memorandum presents interpretations of particular terms used in relation to the goods qualifying for the federal book rebate. These same goods are also qualifying goods for a second rebate, the point-of-sale rebate, which is available in the participating provinces: Nova Scotia, New Brunswick and Newfoundland and Labrador. The point-of-sale rebate is also covered in this memorandum.

Disclaimer

The information in this memorandum does not replace the law found in the *Excise Tax 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 a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency 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.

If you are located in the Province of Quebec, please contact Revenu Québec by calling the toll-free number 1-800-567-4692 for additional information.

Note

This memorandum supersedes and replaces 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* and Technical Information Bulletin B-085, *The Point-of-Sale Rebate on Books*.

This memorandum also incorporates Policy Statement P-234, *Meaning of "Brochure or Pamphlet" for the Purpose of Paragraph (d) of the Definition of "Printed Book" in Subsection 259.1(1) of the Excise Tax Act* as well as Policy Statement P-227, *Meaning of Terms "Warranty Booklet" and "Owner's Manual" Pursuant to Paragraph 259.1(1)(f) of the Excise Tax Act ("ETA")*.

La version française de ce mémorandum est intitulée, *Remboursements pour les livres imprimés, les enregistrements sonores de livres imprimés et les versions imprimées des Écritures d'une religion*.

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Rebates for books and other printed material, related audio recordings and scriptures

- Two rebates
1. There are two rebates that can be obtained under certain conditions for:
- para 259.1(2)(a)
- a printed book or an update of such a book,
- para 259.1(2)(b)
- an audio recording all or substantially all of which is a spoken reading of a printed book, and
 - a bound or unbound printed version of scripture of any religion.
- para 259.1(2)(c)
2. One of the rebates is for the GST or the federal component of the HST paid or payable on these goods. This rebate is known as the federal book rebate and is available under certain conditions across Canada. The other is a rebate of the provincial

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component of the HST paid or payable for these same goods. It is available to all persons in the participating provinces (Nova Scotia, New Brunswick and Newfoundland and Labrador) at the time of purchase. This rebate is known as the point-of-sale rebate. Both rebates are discussed below.

Nature of the federal book rebate

Four conditions
ss 259.1(2)

3. The rebate of 100% of the GST or the federal component of the HST will be paid
 - to a specified person (see paragraph 4),
 - for GST or the federal component of the HST paid or payable on the acquisition or importation of the goods listed in paragraph 1,
 - if these goods are acquired for purposes other than resale¹, and
- if the specified person applies for the rebate within four years after the end of the claim period in which the tax became payable.

ss 259.1(3)

Persons eligible to claim the federal book rebate

Specified persons

ss 259.1(1)

4. For the purposes of the federal book rebate provisions, specified person means:
 - (a) a municipality;
 - (b) a school authority;
 - (c) a university;
 - (d) an organization that operates a post-secondary college or post-secondary technical institute
 - i) that receives from a government or municipality funds that are paid for the purpose of assisting the organization in the ongoing provision of educational services to the general public, and
 - ii) the primary purpose of which is to provide programs of instruction in one or more fields of vocational, technical or general education;
 - (e) a charity, public institution or qualifying non-profit organization (NPO) that operates a public lending library; or
 - (f) a prescribed charity, or a prescribed qualifying non-profit organization, the primary purpose of which is the promotion of literacy. (See paragraphs 6 to 9.)

Footnote ¹

Note that a gift of property constitutes a sale. See paragraph 11.

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Public lending library 5. For the purposes of the federal book rebate, a public lending library is interpreted to mean a place where a collection of documents and other items such as films and recordings are kept and maintained and that is open to the public for its use. It includes libraries from which these documents and other items can be borrowed, as well as libraries accessible to the public for research purposes only.

Criteria for prescribed organizations

Promotion of literacy 6. A charity or a qualifying NPO whose primary purpose is the promotion of literacy is eligible to claim this rebate if it is prescribed under the *Federal Book Rebate (GST/HST) Regulations*.

7. To be prescribed, the organization must request to be prescribed and meet the following criteria:

- the organization must be a charity or a qualifying NPO as defined by subsections 123(1) and 259(2) respectively; and
- the primary purpose of the organization must be the promotion of literacy, which is interpreted as meaning the promotion of basic reading and writing skills.

8. Requests must be submitted to:

Director
Public Service Bodies and Governments Division
Excise and GST/HST Rulings Directorate
Canada Customs and Revenue Agency
Ottawa, Ontario
K1A 0L5

who will forward recommendations to the Department of Finance for final determination and inclusion in the Regulations.

9. Requests must include the following information:

Organization name • the official name of the organization (and charitable registration number in the case of a charity);

Governing documents • copies of the organization's governing documents—If the organization is incorporated, copies of certificates, memoranda or articles of incorporation, letters patent, etc. must be provided, as well as copies of any amendments made to the original incorporating documents. If the organization is not incorporated, a copy of the constitution or trust document, by-laws etc., signed by at least three of the organization's directing officers must be submitted.

Statement of activities • statement of activities—This statement should fully describe the activities and programs carried on by the organization to further the objectives or purposes set out in its governing documents. The statement should explain in full how the applicant tries to accomplish these purposes. Copies of brochures, advertising and promotional literature should be provided if available.

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- Financial statements
- financial statements for the last completed year or fiscal year of operation, unless the organization is a non-profit organization;
 - if the organization is a non-profit organization, instead of financial statements, it must submit completed Form GST523, *Non-Profit Organizations—Government Funding*.

For purposes other than resale

ss 259.1(2)

10. This rebate is available to specified persons only if the qualifying goods are acquired or imported for purposes other than resale. If a specified person acquires such goods to resell them, there is no federal book rebate for tax paid or payable on the acquisition of the goods. For example, if a school authority were to purchase textbooks to sell to its students, no rebate would be available for tax paid or payable on the acquisition of the books.

Gifts or transfers under barter excluded from book rebate

11. A sale, as defined in subsection 123(1) of the Act, includes any transfer of ownership of property. Therefore, a gift of property or a transfer under a barter transaction constitutes a sale. Consequently, if a specified person acquires or imports goods (printed books, etc.) that generally would be eligible for the federal book rebate, but acquires them to give away, there is no federal book rebate of GST or the federal component of the HST paid or payable on the acquisition or importation of the goods.

Supplies for nil consideration

12. Note that even though a federal book rebate is not available in these circumstances, selected public service bodies making supplies for nil consideration may still be entitled to claim a public service body rebate to recover a portion of the GST or the federal component of the HST. For more information about public service body rebates, see the guide, *GST/HST Public Service Bodies' Rebate*.

Shipping and handling charges

13. Where a specified person has received a shipment of goods that qualify for the federal book rebate, the person is entitled to a rebate of the full amount of the GST or the federal component of the HST that is paid or payable on shipping and handling charges related to the qualifying goods if the supplier is required to transport the goods to the recipient (e.g. to the recipient's premises) as part of the agreement terms for the supply of the goods and remains responsible for the goods until they are delivered to the recipient. The shipment in these circumstances is considered to be a single supply of qualifying goods, with the shipping and handling included in the supply. The GST or the federal component of the HST that is paid or payable on the shipping and handling charges can be included in the rebate amount even if the charges are shown separately on the supplier's invoice.

14. On the other hand, the shipping and handling is considered to be a separate supply if the supplier of the goods is not responsible for the transportation of the goods to the recipient as part of the agreement terms for the supply of the goods. If a specified person were to purchase qualifying goods in these circumstances, the federal book rebate would not apply to the shipping and handling charges.

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Example 1 A library in Saskatchewan receives a shipment of books from a supplier. The supplier invoices the library for the books and for the shipping and handling fees. Under the terms of the agreement for the supply of the goods, the supplier is required to transport the goods to the library (e.g., to the library's premises) and is responsible for the goods until they are delivered to the library. In these circumstances, the library is allowed to include the full amount of the GST paid or payable on the shipping and handling fees when calculating the rebate amount under the federal book rebate.

Example 2 A literacy promotion agency in Quebec that is a prescribed person under the *Federal Book Rebate (GST/HST) Regulations* orders a shipment of qualifying goods. The supplier is not responsible for the transportation of the goods to the agency under the terms of the agreement for the supply of the goods. The agency arranges to have a delivery service pick-up the goods and bring them to the agency's premises. In these circumstances, GST paid or payable on the delivery charges cannot be included in the amount claimed under the federal book rebate.

How to claim the federal book rebate

Form 15. Eligible persons can claim the rebate of the GST or the federal component of the HST paid for acquisition or importation of printed books, audio recordings of printed books and printed versions of religious scriptures by completing Form GST 66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*.

16. The rebate should be claimed on line 307.

17. Public service bodies who are eligible to claim rebates on other acquisitions or importations can do so on the same form. Note, however, that no amount paid or payable as tax may be claimed twice as a rebate. The GST or the federal component of the HST paid or payable on acquisitions or importations that qualify for the rebate on printed books, audio recordings of printed books and printed versions of religious scriptures cannot also be claimed under another rebate category. For example, lending libraries that are charities would separate acquisitions that qualify for the "book" rebate from other acquisitions that may be claimed under the 50% charities rebate such as office supplies or publications that are excluded from the federal book rebate.

Documentary requirements 18. While claimants need not send substantiating documents with rebate claims, sufficient documentary evidence must be retained to substantiate the claim.

Timing
ss 259.1(3) 19. Rebate claims must be submitted within four years after the end of the claim period of the person in which the GST or the federal component of the HST became payable. The definition of "claim period" currently used for the purpose of claiming rebates under section 259 also applies for the purposes of section 259.1. Thus, if the applicant is a registrant for GST/HST purposes, the claim period is the registrant's reporting period. An applicant that is not a registrant has two claim periods in a fiscal year: if the tax was payable in either of the first two quarters of the applicant's fiscal year, the claim period is the first two fiscal quarters; if the tax was payable in the last two fiscal quarters, the claim period is the last two fiscal quarters.

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Only one application
ss 259.1(4) and
ss 259.1(5)

20. Only one application for this rebate may be made for a particular claim period, unless the applicant is required under section 259 to file separate applications for rebates in respect of a branch or division. In such a case, the applicant may file only one application in respect of each branch or division for the rebate per claim period.

Nature of the point-of-sale rebate in the participating provinces

Qualifying goods

21. The governments of Nova Scotia, New Brunswick, and Newfoundland and Labrador (the participating provinces) provide to all persons a point-of-sale rebate of 100% of the provincial component of the HST on all supplies of the items listed in paragraph 1.

22. These are the same goods that qualify for the federal book rebate under section 259.1 of the Act. The Canada Customs and Revenue Agency (CCRA) administers this rebate of the 8% provincial component of the HST on behalf of the participating provinces.²

Everyone eligible, not
just specified persons

23. The rebate of the 8% provincial component of the HST is available to all persons who purchase qualifying goods if HST applies to the sale. For example, if an individual buys a book and HST applies to the purchase, the individual is eligible to receive a full rebate of the provincial component of the HST.

Supplier may pay or
credit the rebate

24. Normally, the supplier pays or credits the rebate to the purchaser when the qualifying goods are bought. Consequently, the rebate of the provincial component of the HST is known as the point-of-sale rebate.

25. Note that the point-of-sale rebate is available at any point in the distribution chain. It is not limited to sales made to consumers through retail establishments located in the participating provinces. It applies to sales by publishers, wholesalers and distributors throughout the country. For example, if a publisher in Vancouver supplies books to a store in a participating province, the publisher does not need to collect 15% tax on that supply; the publisher needs to collect only the 7% federal component of the HST.

If the supplier does not
pay or credit the rebate

26. If the supplier does not pay or credit the rebate at the time of the sale and if the recipient is a registrant acquiring the goods for use or supply in the course of a commercial activity, the recipient is entitled to claim an input tax credit (ITC) for the 8% provincial component of the HST as well as the 7% federal component.

27. If the supplier does not pay or credit the rebate at the time of the sale and if the recipient cannot claim an ITC, the recipient has up to four years from the time tax became payable to claim the rebate of the 8% provincial component from the CCRA, provided that the recipient has paid the tax at 15%. The rebate is claimed using reason code 16 on form GST 189, *General Application for Rebate of GST/HST*.

Footnote²

For the provincial legislation that provides for the point-of-sale rebate, see:

- in Nova Scotia: *Sales Tax Act Regulations*, section 8;
- in New Brunswick: *General Regulation – Harmonized Sales Tax Act*, section 12;
- in Newfoundland and Labrador: *Tax Agreement Regulations*, section 9.

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Imports
s 214.1

28. The CCRA (Customs Branch) will collect only the 7% federal component of the HST when residents of the participating provinces import goods into Canada that are eligible for the point-of-sale rebate. For example, if an individual purchases books in the United States and returns with them to Canada and if the value of the books exceeds the individual's exemption limit, Customs will collect only the 7% federal component of the HST. Similarly, where a non-resident supplier who is not registered for the GST/HST supplies goods by mail or courier that are eligible for the point-of-sale rebate, Customs will collect only the 7% GST or federal component of the HST.

Difference between
rebates

29. The rebate of the 8% provincial component of the HST is different from the rebate of the 7% GST or federal component of the HST provided on the same goods to specified persons under section 259.1 of the Act, with the difference being that the provincial rebate is available to all recipients at the time of acquisition, while the federal rebate is available only to specified persons who apply for it. Thus while all recipients are eligible for a rebate at source of the 8% provincial component of the HST, only specified persons may claim the rebate of the 7% GST or federal component of the HST.

Disclosure requirements

Disclosure requirements
s 223

30. When disclosing the HST in an invoice or receipt issued in respect of a supply of a good to which the point-of-sale rebate applies, the registrant supplier may show:

ss 223(1.2)

- the total amount of the HST payable (or the total HST rate of 15%) with the amount of the rebate shown separately,
- the total HST payable as an amount net of the provincial component of the HST, or
- the total price of the qualifying goods that includes HST at a net rate of 7%.

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Example

A bookstore in Moncton, New Brunswick, selling a book priced at \$30 has the following three options when disclosing the total HST payable:

Book price:	\$	30.00
HST @ 15% =		<u>4.50</u>
subtotal		34.50
Rebate @ 8% =		<u>2.40</u>
Amount due	\$	32.10

or

Book price:	\$	30.00
HST*		<u>2.10</u>
Amount due	\$	32.10

*This amount equals:
(HST @ 15%) — (Rebate @ 8%) =
\$4.50 — 2.40 = \$2.10.

This calculation does not need to appear on the invoice.

or

Book price:	\$	32.10
7% HST included		

Note: If the purchaser in this example were eligible to claim an ITC for tax paid or payable on the acquisition of this book, the maximum ITC would be \$2.10 — an amount that appears only on the second invoice method. In the other two cases, the purchaser would have to calculate 7% of \$30.00 or 7/107 of \$32.10 in order to determine the amount that may be claimed as an ITC.

31. A non-resident supplier who is registered for the GST/HST and who sends goods eligible for the point-of-sale rebate to Canada by mail or courier must follow the same disclosure and reporting requirements as a registrant who is a resident of Canada.

Net tax and tax adjustments

Deducting prescribed amount when computing net tax
ss 234(3)

Deduction for Provincial Rebate (GST/HST) Regulations

32. Under the provisions of subsection 234(3), a supplier who is a registrant and who has paid or credited a point-of-sale rebate of the provincial component of the HST to a recipient may deduct an amount equal to the rebate in determining the net tax for the reporting period in which the rebate was paid or credited. In the regular GST/HST return for this reporting period, the registrant supplier may account for the point-of-sale rebate by showing the total HST collected or collectible (i.e., 15%) on the supply on line 103 and claiming an adjustment for the total amount of the 8% rebate paid or credited on line 107. Alternatively, the supplier may show the net amount as the HST collected or collectible (i.e., 7%) on line 103, and not claim an adjustment on line 107.

Cannot claim as ITC, rebate or remission
ss 234(4)

33. Since by crediting the amount of the point-of-sale rebate to the recipient of the qualifying goods, the supplier has reduced the amount of tax actually paid by the recipient, the recipient is not entitled to claim the amount credited as an ITC, rebate or remission.

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No adjustment of provincial component of tax
ss 259.1(6)

34. In the event that the consideration for the supply is subsequently written off as a bad debt or adjusted by the supplier, the supplier may not claim an additional deduction from net tax and no addition to net tax is required in respect of an amount that was credited as a point-of-sale rebate in the adjustments to tax under section 231 (bad debt relief) or section 232 (refunds or adjustments of tax).

Self-assessment on eligible goods brought into a participating province

35. Although the provisions for self-assessment of the provincial component of the HST that apply to tangible personal property brought into a participating province also apply to goods that are eligible for the point-of-sale rebate, since the amount to be self-assessed in the case of goods to which the point-of-sale rebate applies would be cancelled out by the amount of the point-of-sale rebate, no tax would be payable and thus, no return needs to be filed.

Delivery of goods

36. As noted in paragraphs 13 and 14 in relation to the federal book rebate, shipping and handling charges are dealt with in one of two ways. In the first case, the supplier is required to transport the goods to the recipient under the terms of the agreement for the supply of the goods and continues to be responsible for the goods until they are delivered to the recipient. In this case, the point-of-sale rebate would apply to the amount payable for the qualifying goods, including the shipping and handling charges for the goods. In the other case, the supplier is not responsible for the transportation of the goods to the recipient (e.g., to the recipient's premises) under the terms of the agreement for the supply of the goods. Rather, the recipient is responsible for the transportation of the goods to its premises. In this case, the point-of-sale rebate would not apply to the shipping and handling charges.

Example 1

An individual in Grand Falls, Newfoundland, orders books from a book club. Under the terms of the order, the club is responsible for shipping the books to the customer. In this case, the point-of-sale rebate applies to the total HST payable on the books and the shipping and handling charges. Accordingly, the book club charges HST net of rebate, i.e., tax to be collected = 7%, on the total payable for the books and the shipping and handling charges.

Example 2

A publisher in Toronto sells books to a bookstore in Bathurst, New Brunswick. Under the terms of the agreement for the supply of the books, the bookstore is responsible for transportation of the goods. The bookstore requests that the publisher arrange for the delivery of the goods and agrees to reimburse the publisher for the transportation costs. The provider of the freight transportation service, i.e., the carrier, bills the publisher for the delivery. The publisher invoices the bookstore for the books and applies HST net of rebate, i.e., tax to be collected = 7%, to the charge for the books. In this case, the rebate does not apply to the amount of HST on the shipping charge. Accordingly, the publisher's invoice shows HST = 15% for the shipping charge.

Goods eligible for rebate: Printed books

37. If an item falls within the definition of printed book, it is eligible for the federal book rebate if a specified person purchases it for purposes other than resale. It is also eligible for the point-of-sale rebate in the participating provinces. If an item is excluded from the definition of printed book and if is not considered to be a printed version of a religious scripture or an audio recording of a printed book, it is not eligible for either rebate. For purposes of the federal book rebate and for the point-of-sale rebate, the expression “printed book” has its ordinary meaning subject to specific exclusions.

Exclusions
s 259.1

38. A printed book does not include anything that is, or the main component of which is,

- (a) a newspaper;
- (b) a magazine or periodical acquired otherwise than by way of subscription;
- (c) a magazine or periodical in which the printed space devoted to advertising is more than 5% of the total printed space;
- (d) a brochure or pamphlet;
- (e) a sales catalogue, a price list or advertising material;
- (f) a warranty booklet or an owner's manual;
- (g) a book designed primarily for writing on;
- (h) a colouring book or a book designed primarily for drawing on or affixing thereto, or inserting therein, items such as clippings, pictures, coins, stamps or stickers;
- (i) a cut-out book or a press-out book;
- (j) a program relating to an event or performance;
- (k) an agenda, calendar, syllabus or timetable;
- (l) a directory, an assemblage of charts or an assemblage of street or road maps, but not including
 - (i) a guidebook, or
 - (ii) an atlas that consists in whole or in part of maps other than street or road maps;
- (m) a rate book;
- (n) an assemblage of blueprints, patterns or stencils;
- (o) prescribed property; or

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(p) an assemblage or collection of, or any item similar to, items included in any of paragraphs (a) to (o).

These exclusions are discussed in greater detail below.

Newspapers

para 259.1(1)(a) 39. Newspapers are excluded from the definition of printed books.

Magazines and other periodicals

para 259.1(1)(b) and (c) 40. Magazines, comic books and other periodicals that are obtained by subscription and in which 5% or less of the total printed space is advertising are considered to be printed books. If more than 5% of the total printed space is devoted to advertising or if the magazines, comic books and other periodicals are purchased on a per copy basis and not by subscription, they are excluded from the definition of printed book.

41. Books published as loose-leaf series that are supplied on a subscription basis where the subscription charges include replacement pages and instruction sheets to keep the books up to date and to expand the text are not magazines or periodicals, but are considered to be printed books or updates to printed books and as such are eligible for both rebates.

Advertising

42. The term “advertising” as it is used in subsection 259.1(1) is interpreted to include the following:

- all space devoted to advertising whether sold or donated by the publisher;
- all headings, instructions and promotional material related to classified advertising, e.g., if “Classified Ads Section” appears as a heading, it is regarded as part of the advertising;
- all other space, excluding the masthead, devoted to the business of the publisher, such as subscription advertisements, coupons and other advertisements on behalf of the publishers;
- sponsored material, such as written articles and illustrations relating to the opening of a shopping centre, business or commercial enterprise, published at the request and expense of an advertiser;
- articles written to promote the use of particular products where the space for the articles is purchased by the advertiser or provided without charge by the publisher to the advertiser.

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Measuring space devoted to advertising

43. Often it is readily apparent if the space devoted to advertising in a magazine or periodical exceeds 5% of the total printed space. In such cases, it is not necessary to make a determination of this particular percentage. In other cases, any reasonable method of measuring the advertising space and total printed space of a publication will be accepted as long as it is used consistently. For example, it would be acceptable to divide pages containing advertising into fractional proportions, to total such proportions to reflect their equivalent as complete pages, and then to compare this total to the total number of pages in the publication.

44. Since non-subscription magazines or periodicals are already excluded from the definition of “printed book”, determining the percentage of space devoted to advertising applies only to magazines or periodicals purchased by subscription. Determining in advance the percentage of space devoted to advertising in subscription publications would involve publications not yet issued. Accordingly, it is acceptable to use samples of recent issues of the publication, so long as it is reasonable to assume that the samples are representative of the publication to which the subscription relates. It would also be acceptable to use information provided by the publisher or distributor of the magazine or periodical about the percentage of space devoted to advertising.

Brochures and pamphlets

para 259.1(1)(d)
Policy statement P-234

45. Brochures and pamphlets are excluded from the definition of printed books and thus are not eligible for rebate purposes. Generally, the words “brochure” and “pamphlet” are to be construed according to their ordinary meaning (i.e., would “a person in the street” regard a publication as a brochure or pamphlet).

46. Ordinarily, brochures and pamphlets are short publications containing descriptive information, which are unbound or loosely bound (e.g., bound with staples, coiled wire, or in a loose leaf binder), encased in soft covers or no covers at all, and intended for free distribution. In most cases, it is apparent if a publication is a brochure or pamphlet.

47. If it is not apparent that a particular publication is a brochure or pamphlet, apply the following factors to make a determination. There are six factors altogether, but the first three are determinative. This means that if one of the first three factors reveals that the publication is something other than brochure or pamphlet, there is no need to apply the remaining factors.

Determinative factors	Criteria	Conclusion
	1. Does the publication fall under any of the other exclusions to the definition of “printed book”?	Where a publication falls under one of the other exclusions, it is not a brochure or pamphlet.
	2. Is the publication tightly bound (e.g., with stitching or glue), loosely bound (e.g., with staples), or unbound altogether (e.g., a folded leaflet)?	A publication bound tightly with stitching or glue is not a brochure or pamphlet.

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3. Is the publication encased in a hard cover, a soft cover, or no cover at all?	A publication encased in a hard cover is not a brochure or pamphlet.
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Remaining factors

48. If the first three factors do not clearly establish that a publication is not a brochure or pamphlet, then it may be a brochure or pamphlet, and three additional factors must be considered before a proper determination can be made.

Criteria	Conclusion
4. Is this publication short in relation to other publications?	A lengthy publication is unlikely to be a brochure or pamphlet.
5. Is the publication principally intended to convey general information or does it have another function? For example, is it intended to entertain, such as a children's story?	A publication intended to perform some function other than conveying general information is unlikely to be a brochure or pamphlet.
6. Is the publication available to the end-user for a nominal charge or no charge at all?	A publication that is made available to the end-user for more than a nominal amount is unlikely to be a brochure or pamphlet.

49. Unlike the first three factors, none of the remaining factors can be the sole basis for determining if a publication is a brochure or pamphlet within the ordinary meaning of the words. Nevertheless, these factors when taken together can offer a basis for a decision. However, these factors are not exhaustive and on occasion it may be necessary to consider other factors that apply to a particular case.

Example 1

A public library orders publications describing how to use its reference services. These publications will be available to the public free of charge. Each publication consists of eight sheets of 8 ½ by 17-inch paper folded in half, encased in a soft cover, and stapled along the fold. On the cover is the title and a picture. The publication has a short table of contents but no index or bibliography. It is not printed periodically, although it may be reprinted when its contents are out of date or existing stocks are depleted.

In this case, the publication is a “brochure or pamphlet” for the purpose of the exclusion in paragraph (d) of the definition of “printed book” in subsection 259.1(1) since:

- it does not fit any of the other exclusions to the definition of a printed book;
- it is not tightly bound nor encased in a hard cover;
- it is relatively short;
- it is intended to convey general information to the public; and
- it is supplied free of charge.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

Example 2

INFO Co. provides a publication that sets out general information about the most recent lending rates, mutual fund returns, and similar information for use by its clients. The publication is updated monthly. The information is printed on both sides of an 8½ by 11-inch sheet of paper that is folded in two so that information is provided on four separate pages. The pages are numbered one through four. The publication is available free of charge.

In this case, although the publication is published monthly, it is not a “periodical” (i.e., in the sense of a newspaper, magazine or other publication offered regularly to subscribers) and it does not fit any of the other exclusions to the definition of a printed book. Further, it is not tightly bound nor encased in a cover, comprises only four pages, is quite short relative to the average publication, and is intended to provide information free of charge to its clients. Accordingly, the publication is a “brochure or pamphlet” for the purpose of paragraph (d) of the definition of “printed book” in subsection 259.1(1).

Example 3

The Queen’s Printer for a provincial government publishes all of the legislation for that province. The *Sale of Goods Act* for that province is a 28-page document with a paper cover made of the same quality paper as the pages it contains. The Act is constructed of 32 pages of 8½ by 11-inch paper, folded in half, and stapled along the fold. The Act has a two-page table of contents and a six-page index. The Act is sold by the Queen’s Printer for \$3 a copy. The Act is reprinted when it requires updating or when stocks are depleted.

This publication satisfies some of the criteria for being classified as a brochure or pamphlet: it is encased in a paper cover, loosely bound with staples; it does not fit any of the other exclusions to the definition of a printed book; it is short relative to other publications; and it is intended to convey information.

Nevertheless, the publication has a table of contents and an index, which are not typical of brochures and pamphlets. Further, the publication is sold for \$3. Although this is not a large amount, it is not nominal relative to material costs and the quality of construction. Finally, the content of the publication is provincial legislation. Legislation is technical and complex in nature. Consequently, the publication is intended to perform a function other than the mere conveyance of general information to members of the public.

Accordingly, the publication is not a “brochure or pamphlet” for the purpose of the exclusion in paragraph (d) of the definition of “printed book” in subsection 259.1(1). It is a book.

Sales catalogues, price lists or advertising material

para 259.1(1)(e)

50. A sales catalogue is considered to be a publication that lists, enumerates, describes or depicts names, titles, persons, things, properties or services, with or without explanatory or descriptive remarks, designed primarily to promote the sale of the properties or services. It is excluded from the definition of printed books. Also excluded are price lists and advertising material.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

51. On the other hand, art exhibition catalogues containing reproductions of works in an exhibit, descriptive text accompanying the reproductions and, usually, biographical information on the artists contributing to the exhibits are not excluded from the definition of printed books. Such exhibition catalogues are intended to act as a guide to and commentary on an exhibit, and normally contain little or no advertising or prices. If values are given, they are not given for sales purposes. Although referred to as “catalogues”, such art exhibit books are not considered to be “sales catalogues” for purposes of the Act, but are considered to be printed books. Other examples of publications that are considered to be printed books are coin, stamp, and antique catalogues with a similar reference function.

52. Books published by manufacturers that promote the use of the manufacturers’ products are not considered to be printed books but, instead, are regarded as advertising material. An example of this type of book is a cookbook with recipes that promote a manufacturer’s food products.

53. On the other hand, a book that is a reprint of a historical catalogue that cannot be used to purchase goods and that is published purely for historical purposes is not considered to be advertising material and is considered to be a printed book for rebate purposes.

Warranty booklets and owner's manuals

para 259.1(1)(f)
Policy statement P-227

54. Warranty booklets and owner’s manuals are excluded from the definition of printed books. The CCRA will consider publications that relate to and are provided as an accompaniment to a product for no extra consideration to be owner's manuals. Further, the publications that replace those that are provided as an accompaniment to a product will also be considered to be owner's manuals. The CCRA will consider publications that document a warranty or describe such a warranty to be warranty booklets.

55. Where a person acquires, for additional consideration, a publication that complements or provides more detail than the owner's manual that was originally provided with a product, this publication will not be considered to be an owner's manual. For example, where a person acquires a vehicle that comes with an owner's manual and also purchases a separate mechanic's guide for repairing the vehicle, this guide will not be considered to be an owner's manual. Similarly, books that are available off-the-shelf in bookstores to assist users of computer software are not considered to be owner’s manuals.

Example 1

A university purchases copies of user manuals for computer software from a bookstore for use by students in its computer labs. These manuals are sold separately by a publisher and are not provided as an accompaniment to the software.

In this case, the user manuals for computer software are considered to be printed books. These publications are not owner’s manuals for purposes of the exclusion from “printed book” in paragraph 259.1(1)(f) of the definition and are therefore eligible for both rebates.

Example 2

A qualifying non-profit organization operates a lending library. It purchases copies of car repair and tune-up guides for different makes of cars. These guides are sold separately by a publisher and are not provided as an accompaniment to the cars.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

In this case, the car repair and tune-up guides are printed books for purposes of section 259.1. These publications are not owner's manuals for purposes of the exclusion from "printed book" in paragraph 259.1(f) of the definition and are therefore eligible for both rebates

Example 3

A municipality requires extra copies of the manuals that had accompanied, for no charge, washers and dryers that the municipality purchased for its rent-geared-to-income apartment buildings. The additional manuals are available for \$5 each. In this case, the manuals are owner's manuals and, therefore, are excluded from the definition of printed book. They are ineligible for either rebate.

Books for writing on

para 259.1(1)(g)

56. Books for writing on are excluded from the definition of printed books. Examples of these include address books, diaries, journals and notebooks.

57. Crossword puzzle magazines, "find-a-word" magazines and similar publications issued on a periodic basis are considered periodicals and not books for writing on. These are considered to be printed books if 5% or less of their total space is devoted to advertising and they are acquired by subscription.

58. Books that consist primarily of practice tests with explanatory answers such as exercise books and books that are designed primarily to prepare students for certain examinations are not considered to be "books designed primarily for writing on". These books are therefore considered to be printed books for rebate purposes.

Colouring books, books for drawing on, scrapbooks and albums

para 259.1(1)(h)

59. Colouring books, books for drawing on, scrapbooks and albums are also excluded from the definition of printed books and therefore are not eligible for rebate purposes. Examples are scrapbooks for clippings, sticker books, sketchbooks, and albums for photographs, stamps or coins.

Cut-out and press-out books

para 259.1(1)(l)

60. Cut-out and press-out books are not considered to be printed books and therefore are not eligible for either rebate.

Programs

para 259.1(1)(j)

61. Programs for events or performances such as sports events, concerts, plays or assemblies, are not considered to be printed books and are not eligible for either rebate.

Agendas, calendars, syllabuses or timetables

para 259.1(1)(k)

62. All types of agendas, calendars, syllabuses and timetables are excluded from the definition of printed books. University or college calendars fall within this exclusion. Yearbooks such as school yearbooks are, however, considered to be printed books.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

Directories

para 259.1(1)(l) 63. Directories including telephone books, postal-code books, and fax directories are excluded from the definition of printed books and therefore are not eligible for either rebate. Also excluded are directories that list services available to the reader (such as municipal service directories) and books that are primarily listings of national or local goods and service providers, and manufacturing, industrial or trade directories.

Road and street maps, charts, patterns and blueprints

paras 259.1(1)(l) and (n) 64. Road and street maps, charts, patterns and blueprints are excluded from the definition of printed books. Navigational charts are also excluded. However, printed books consisting principally of maps other than street or road maps, e.g., contemporary and historical atlases are considered to be printed books.

Guidebooks

subpara 259.1(1)(l)(i) 65. Guidebooks are considered to be printed books for rebate purposes. Generally, guidebooks are designed to assist persons in discovering elements of interest at a geographic location and may include some maps. The maps are generally secondary to descriptive passages about the location.

Rate books

para 259.1(1)(m) 66. The definition of printed books does not include rate books such as insurance rate books. These books are ineligible for either rebate.

Prescribed property

para 259.1(1)(o) 67. Prescribed property is not eligible for the rebates. To date, no property has been prescribed by regulation for purposes of the rebates.

Assemblages, collections or similar goods

para 259.1(1)(p) 68. Assemblages or collections of items included in paragraphs (a) to (o) of subsection 259.1(1) or items similar to those items are excluded from the definition of printed books. If a person is uncertain about whether or not a product is considered to be a printed book for purposes of the rebates, the local CCRA tax services office may be contacted for assistance.

Products packaged together

Combined supplies 69. As noted in paragraph 37, the expression “printed book” is interpreted according to its ordinary meaning. Common dictionary definitions of the term “book” indicate that a book is essentially a number of sheets fastened together in some way. Printed books may contain printed words, printed pictures, diagrams, symbols, or other visual aids, including music and Braille. Therefore a book containing printed words and images or even one containing only printed images is a printed book.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

70. In some cases, an item that consists of a book and another product packaged together and sold for a single price will be considered to be a single supply of a new product that does not fall within the definition of a printed book.

Incidental supplies
s 138
ss 153(2)

71. In other cases, a printed book and another item packaged together and sold for a single price will be considered to be two separate items. In these cases, it is necessary to determine if the supply of one item is incidental to the supply of the other. If the supply of the other item is incidental to the supply of the printed book, then the entire product will be considered to be one supply of a printed book. Conversely, if the printed book supply is incidental to the supply of the other item, then no part of the supply will be considered to be that of a printed book. For example, when software is sold with a manual, the principal item sold is the software and the manual is incidental to the software. However, if neither supply is considered to be incidental to the other, then it will be necessary to allocate the consideration between the part attributable to the book and the part attributable to the other item. Only the part attributable to the printed book would be eligible for the rebates applicable to printed books.

72. Where items are packaged together but sold for separate prices, they are treated as separate supplies.

73. For additional information, see policy statements P-077R, *Single and Multiple Supplies* and P-159R1, *Meaning of the Phrase "Reasonably Regarded as Incidental"*.

Goods eligible for rebate: Audio recordings of printed books

Audio recording
para 259.1(2)(b)

74. An audio recording all or substantially all (90% or more) of which is a spoken reading of a printed book is eligible for the rebates. In the CCRA's view, "audio recording" should be construed according to its ordinary meaning. For rebate purposes, eligible audio recordings include recordings that are the reproduction of the text of a book in audio form, e.g., a cassette, compact disc (CD), and reel-to-reel tape. A recording that represents a summarized or abridged version of a book is also eligible if the recording reflects, even though in summary or abridged form, the contents of the book.

75. An audio version of a book that includes minimal commentary, analysis, or interpretation in addition to the text of the book, or additions that are not incorporated into the narrative (e.g., brief opening or closing comments or music) is also eligible.

76. A recording of excerpts from a published book qualifies for the rebates; a recording based on an unpublished manuscript does not.

77. Recordings of performances of published plays qualify, but recordings of performances of musical scores are not eligible.

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

CD-ROMs

78. CD-ROMs sometimes contain a combination of textual, auditory and visual information. While it is evident that they do not qualify as a printed book, the question may arise if they are sufficiently similar to an audio recording of a printed book to be eligible for the rebate. However, unlike CDs that are audio recordings of printed books, CD-ROMs do not generally contain only auditory information, they also have textual and visual information in addition to an audio component. Thus, CD-ROMs are not an “audio recording” for rebate purposes.

Goods eligible for rebate: Printed versions of religious scriptures

Religious scriptures
para 259.1(2)(c)

79. Purchases of bound or unbound printed versions of scripture of any religion are eligible for the rebates. Eligible religious scriptures are writings such as the Koran, the Bible, prayer books, missals, hymn books, and Torah scrolls, whether bound or unbound. Illustrated versions of religious scriptures, e.g., comic book versions, are also included for rebate purposes.

Appendix — Examples Used in GST/HST Memorandum 13.4

Printed books

Item	Excluded from the federal book rebate and the point-of-sale rebate	Eligible for the rebates
<i>Newspapers</i>	<ul style="list-style-type: none"> • all newspapers 	
<i>Magazines and other periodicals</i>	<ul style="list-style-type: none"> • if purchased on a per copy basis, or • if more than 5% of total printed space is devoted to advertising 	<ul style="list-style-type: none"> • if purchased by subscription and if 5% or less of the total printed space is devoted to advertising • a loose-leaf series
<i>Brochures and pamphlets</i>	<ul style="list-style-type: none"> • a library’s pamphlet describing how to use its reference service • a free brochure giving monthly updates of financial information 	<ul style="list-style-type: none"> • legislation (because not a brochure or pamphlet and not otherwise excluded)
<i>Sales catalogues, price lists and advertising materials</i>	<ul style="list-style-type: none"> • books published by manufacturers to promote their own products • mail-order catalogues 	<ul style="list-style-type: none"> • catalogues with a reference function such as art exhibition catalogues, coin catalogues, stamp catalogues and antique catalogues • reprints of historical catalogues
<i>Warranty booklets and owner’s manuals</i>	<ul style="list-style-type: none"> • additional copies of a manual that accompanied an appliance 	<ul style="list-style-type: none"> • a mechanic’s guide for car repairs sold separately by a publisher • books on computer software purchased off-the-shelf in bookstores • manuals sold separately from software
<i>Books for writing on and drawing on</i>	<ul style="list-style-type: none"> • address books • diaries • journals • notebooks 	<ul style="list-style-type: none"> • periodicals such as crossword puzzle magazines and find-a-word magazines (if obtained through subscription and if 5% or less of the total space is devoted to advertising) • exercise books consisting of practice tests • exam preparatory books

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

Item	Excluded from the federal book rebate and the point-of-sale rebate	Eligible for the rebates
<i>Colouring books, scrapbooks and albums</i>	<ul style="list-style-type: none"> • scrapbooks for clippings • sticker books • sketchbooks • albums for photographs, stamps or coins 	
<i>Programs</i>	<ul style="list-style-type: none"> • sports events • concerts • plays • assemblies 	
<i>Agendas, calendars, syllabuses or timetables</i>	<ul style="list-style-type: none"> • all types including university or college calendars 	<ul style="list-style-type: none"> • school yearbooks
<i>Directories</i>	<ul style="list-style-type: none"> • telephone books • postal-code books • fax directories • service directories such as municipal service directories • books that are primarily listings of national or local goods and services providers • manufacturing, industrial or trade directories 	
<i>Road and street maps, charts, patterns and blueprints</i>	<ul style="list-style-type: none"> • navigational charts 	<ul style="list-style-type: none"> • books of maps other than street or road maps such as contemporary and historical atlases
<i>Rate books</i>	<ul style="list-style-type: none"> • insurance rate books 	
<i>Prescribed property</i>	<ul style="list-style-type: none"> • no prescribed property to date 	

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

Audio recordings of printed books		
Item	Excluded from the federal book rebate and the point-of-sale rebate	Eligible for the rebates
<i>Audio recordings of printed books</i>	<ul style="list-style-type: none"> • recordings based on unpublished manuscripts • recordings of performances of musical scores • CD-ROMs 	<ul style="list-style-type: none"> • recordings that reproduce the text of a book in audio form, including summary or abridged form • recordings that also include minimal commentary, analysis or interpretation • recordings of excerpts from a published book • recordings of performances of published plays
Religious scriptures		
Item	Excluded from the federal book rebate and the point-of-sale rebate	Eligible for the rebates
<i>Printed version of scripture of any religion</i>		<ul style="list-style-type: none"> • bound or unbound versions of scripture • the Koran • the Bible • prayer books • missals • hymn books • Torah scrolls • illustrated versions of scripture, e.g., comic book versions

13.4 Rebates for Printed Books, Audio Recordings of Printed Books, and Religious Scriptures

Enquiries

If you wish to make a **technical enquiry** on the GST/HST by telephone, please call one of the following toll-free numbers:

1-800-959-8287 (English service)
1-800-959-8296 (French service)

General enquiries about the GST/HST should be directed to Business Enquiries at one of the following toll-free numbers:

1-800-959-5525 (English service)
1-800-959-7775 (French service)

If you are in the Province of Québec, please call the following toll-free number:
1-800-567-4692 (Ministère du Revenu du Québec)

All GST/HST memoranda and other Canada Customs and Revenue Agency publications are available on Internet at the CCRA site <http://www.ccradrc.gc.ca/> under the heading "Technical Information" in "Tax".