



Canada Revenue
Agency

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du Canada

GST/HST Rebate for Partners

Includes Form GST370

Is this guide for you?

This guide contains information on how to apply for the goods and services sales tax/harmonized sales tax (GST/HST) partner rebate for members of a partnership that is a GST/HST registrant.

If you are a member of a partnership that is a GST/HST registrant, this rebate may be available to you for the GST/HST you paid on certain expenses that you deducted from your share of the partnership income on your income tax return. The rebate may also apply to GST/HST paid on motor vehicles, musical instruments, and aircraft for which you deducted capital cost allowance for income tax purposes.

If you are an employee and want to claim a rebate for the GST/HST you paid on employment expenses that you deducted on your income tax return, see Guide T4044, *Employment Expenses*. It also includes Form GST370, *Employee and Partner GST/HST Rebate Application*.

Note

If you are employed as a tradesperson (including apprentice mechanics), and you deducted expenses for **tools** on your income tax return, you may be eligible to claim a rebate for the GST/HST you paid on these expenses. For more information, see Guide T4044.

GST/HST and Quebec

In Quebec, Revenu Québec administers the GST/HST. If the physical location of your business is in Quebec, contact Revenu Québec, at **1-800-567-4692**. Also see the Revenu Québec publication IN-203-V, *General Information Concerning the QST and the GST/HST*, available at www.revenu.gouv.qc.ca.

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

La version française de cette publication est intitulée *Remboursement de la TPS/TVH à l'intention des associés*.

What's new?

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

Harmonized sales tax for Ontario

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

Harmonized sales tax for British Columbia

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

Harmonized sales tax rate change for Nova Scotia

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

GST/HST rebate

Recent GST/HST changes have resulted in major changes to Form GST370, *Employee and Partner GST/HST Rebate Application*. For more information, see "How to complete Form GST370" on page 8.

Mandatory electronic filing

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

Place of supply rules

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

My Business Account

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

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

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Definitions

Allowance – means any payment, periodic or otherwise, which you as a member of a partnership receive from the partnership, in addition to your partnership income, without having to account for its use. A reasonable allowance is not included in your income for income tax purposes. For example, you usually do not include an allowance for a motor vehicle in your income when it is based solely on a reasonable per-kilometre rate.

Note

If your partnership pays you an allowance, special rules apply with respect to this rebate. For details, see “Allowances” on page 7.

Exempt supplies – are supplies of property and services that are not subject to the GST/HST. GST/HST registrants cannot claim input tax credits to recover the GST/HST paid or payable on expenses related to making such supplies.

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

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

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

Reimbursement – means a payment you receive from your partnership as a repayment for amounts you spent in connection with your partnership’s business. Generally, you complete an expense report detailing the amounts you spent. Usually, a reimbursement is not taxable for income tax purposes, unless it is for payment of your personal expenses.

For purposes of the GST/HST rebate, if you receive an allowance or reimbursement from the partnership, we will treat that allowance or reimbursement the same way we would if you were an employee. For more information on allowances and reimbursements, see Interpretation Bulletin IT-522R, *Vehicle, Travel and Sales Expenses of Employees*.

Registrant – means a person who is registered, or has to be registered, for GST/HST purposes.

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

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

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

What is the GST/HST?

The goods and services tax (GST) is a tax that applies to most supplies of property and services made in Canada. The GST also applies to supplies of real property (for example, land, buildings and interests in such property) and intangible property such as trademarks, rights to use a patent, and digitized products downloaded from the Internet and paid for individually.

The participating provinces harmonized their provincial sales tax with the GST to implement the harmonized sales tax (HST) in those provinces. Generally, the HST applies to the same base of property and services as the GST.

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

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

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

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

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

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

GST/HST rebate for partners

This rebate may be available to you if you are an individual who is a member of a partnership that is a GST/HST registrant. The rebate is for the GST/HST you paid on expenses you deducted from your share of the partnership income on your income tax return. However, special rules apply if your partnership paid you an allowance in respect of those expenses. For more information, see “Allowances” on the next page.

The GST/HST rebate is limited to the amount of the input tax credit (ITC) that would have been available to your partnership if the partnership had incurred the expenses directly. Normally, the partnership can claim an ITC for the GST/HST paid or payable on business expenses it incurs for consumption, use, or supply in the course of its commercial activities (that is, in making GST/HST taxable supplies). In effect, the rebate allows an individual partner, who personally pays the GST/HST on expenses related to the partnership, to recover that GST/HST in a way similar to the way the partnership recovers the GST/HST it pays on its expenses.

The rebate is calculated as a fraction of those expenses you deducted from your share of the partnership income on your income tax return, and on which you paid the GST/HST. The fractions are:

- 5/105 for expenses on which you paid 5% GST;
- 12/112 for expenses on which you paid 12% HST;
- 13/113 for expenses on which you paid 13% HST; and
- 15/115 for expenses on which you paid 15% HST.

You may also be entitled to a rebate if you purchased property or services outside a participating province and brought them into a participating province. An additional calculation may be required in this case. For more information, see “Situation 5 – Property and services brought into a participating province” on page 11.

Do you qualify for the rebate?

As an individual who is a member of a partnership, you qualify for the GST/HST partner rebate if the following two conditions are met:

- the partnership is a GST/HST registrant; and
- you personally paid the GST/HST on expenses that:
 - you did not incur on the account of the partnership; and
 - you deducted from your share of the partnership income on your income tax return.

As a partner, you can only claim a rebate to the extent that the partnership could have otherwise claimed an input tax credit (ITC) if it had incurred the expense directly. This means that if your partnership provides only exempt supplies, and therefore cannot claim any ITCs (for example, doctors providing exempt medical services), you would not be eligible to claim a GST/HST partner rebate for the expenses you deducted from your share of the partnership income.

The rebate is limited to the amount that would qualify for an ITC if the partnership had incurred the expenses and paid the GST/HST in the last reporting period of its last fiscal year that ended in the calendar year for which you are claiming the rebate.

Eligible expenses

Your partnership agreement may identify expenses you are required to pay personally. Some examples include:

- office expenses;
- travelling expenses;
- food, beverage, and entertainment expenses;
- lodging;
- some motor vehicle expenses;
- leasing costs;
- parking costs; and
- miscellaneous supplies (such as, street maps, stamps, pens, pencils, and paper clips).

In addition, to be eligible for the rebate, you must have paid the GST/HST on the expense or acquisition and the partnership must use it to make taxable supplies.

Note

For information on when a GST/HST rebate may be available if you personally pay the GST/HST on such items, see “Capital cost allowance on motor vehicles, musical instruments, and aircraft” on the next page.

Non-eligible expenses

Non-eligible expenses include the following:

- expenses on which you did not pay the GST/HST, such as:
 - most expenses you incurred outside Canada;
 - acquisitions of zero-rated goods and services (goods and services that are subject to the GST/HST, but at a rate of 0%), including basic groceries, prescription drugs, medical devices, most agriculture and fish products, and certain expenses that farmers and fishers incur;
 - acquisitions of exempt goods and services (goods and services that are not subject to the GST/HST) including most health and dental care services, most educational services, medical underwriting fees, insurance premiums, bonding premiums, mortgage interest, residential rents, interest, motor vehicle licence and registration fees; and
 - salaries;

- expenses you incurred when your partnership was not a GST/HST registrant;
- expenses for which your partnership paid you an allowance that is not reported in Area C of Form GST370, *Employee and Partner GST/HST Rebate Application*. For more information, see “Allowances” later on this page;
- any personal-use portion of an eligible expense;
- 50% of the GST/HST paid on eligible expenses for food, beverages, and entertainment;
- an eligible expense or part of an eligible expense, for which you received, or are entitled to receive, a reimbursement from your partnership; and
- expenses of a partner that relate to the **supply** of exempt goods or services. If you are a member of a partnership that sells exempt goods or services as well as taxable goods or services, subtract the amount of expenses relating to the exempt sales from the total expenses.
- expenses relating to supplies of exempt goods or services may be calculated on a percentage basis (for example, by estimating the percentage of the expenses that relate to exempt goods or services) or by specifically identifying those expenses that relate to exempt goods or services supplied by the partnership.

Capital cost allowance on motor vehicles, musical instruments, and aircraft

You can claim a rebate of the GST/HST you paid on the acquisition of a motor vehicle, musical instrument, or an aircraft, **based on the amount of capital cost allowance (CCA) you deducted on that property for a tax year**. If you deduct CCA on more than one property of the same class, you have to separate the portion of the CCA for the property that qualifies for the rebate from the CCA for the other property.

If you deduct an amount of CCA on a motor vehicle, musical instrument, or aircraft on your income tax return, you can claim a rebate of:

- 5/105 of the eligible portion of the CCA, if you paid 5% GST when you bought the property;
- 12/112 of the eligible portion of the CCA, if you paid 12% HST;
- 13/113 of the eligible portion of the CCA, if you paid 13% HST; and
- 15/115 of the eligible portion of the CCA if you paid 15% HST.

The eligible portion of CCA is the part of the CCA you deducted for income tax purposes in a tax year that relates specifically to the motor vehicle, musical instrument, or aircraft on which you paid the GST/HST and that is eligible for the rebate, to the extent that the partnership uses that property to make taxable supplies. For more information on calculating the eligible portion of CCA and the rebate, see the example on page 13.

Note

Special rules apply if your partnership paid you an allowance in respect of the property. For more information, see “Allowances” below.

You may also be entitled to a rebate if you purchased your motor vehicle, musical instrument, or aircraft outside a participating province and brought the property into a participating province. An additional calculation may be required in this case. For more information, see “Situation 5 – Property and services brought into a participating province” on page 11.

Allowances

You cannot claim a GST/HST partner rebate for the GST/HST you paid on expenses for which your partnership paid you a reasonable allowance. If your partnership paid you an unreasonable allowance, you can claim the rebate **only** if the partnership reports it in Area C of the rebate application.

This rule also applies when your partnership pays you an allowance relating to motor vehicles, musical instruments, or aircraft. You cannot claim the rebate based on the CCA you deducted for these properties if the partnership pays you a reasonable allowance. You can claim the rebate **only** if the partnership pays you an unreasonable allowance and reports it in Area C of the rebate application.

A **reasonable allowance** is not included in your income for income tax purposes. An **unreasonable allowance**, however, is generally included in your income for income tax purposes. For more information, see “Area C – Declaration by claimant’s employer or partnership” on page 12.

Filing your rebate application

To file your rebate application, complete Form GST370, *Employee and Partner GST/HST Rebate Application*. You will find a copy of this form in the middle of this guide. If you are claiming a GST/HST rebate for both employee and partner expenses, use only one application form and combine your expenses.

Note

The version of Form GST370 that is included in this guide applies to 2010 and later tax years. If you need a form for a previous tax year, go to www.cra.gc.ca/gsthstpub, or call 1-800-959-2221.

Filing deadline

You should file your rebate application with your income tax return for the year in which you deduct the corresponding expenses for income tax purposes.

However, if you file your rebate application separately from your income tax return, send it along with a letter to your tax centre. Include details such as your social insurance number and the tax year to which the rebate application relates. For the addresses of our tax centres, go to www.cra.gc.ca/tso, or call 1-800-959-8281.

If you do not file your rebate application when you file your income tax return, you have up to four years from the end of the year to which the expenses relate to file an application. We use the calendar year in which you take your income tax deduction to calculate the filing deadline. For example, if you incur an eligible expense and deduct it from your share of the partnership income in the 2010 tax year, you have until December 31, 2014, to file the GST/HST rebate application relating to that expense.

Rebate restriction

You can only file one GST/HST rebate application for each calendar year.

You cannot receive a rebate of an amount if:

- the amount was previously rebated, credited, refunded, or remitted to you;
- you are entitled to obtain a rebate (other than this type of rebate), refund, or remission of the amount;
- you received a credit note, or you issued a debit note, for an adjustment, refund or credit that includes the amount; or
- the deadline for filing the rebate has passed.

Overpayment of a rebate

If you receive an overpayment of a GST/HST rebate, you have to repay the excess. You can find payment methods by going to www.cra.gc.ca/payments and selecting “GST/HST payments and instalments.”

Interest will be charged on an overdue amount equal to the basic rate plus 4%.

The basic rate is based on the rate charged on 90-day Treasury Bills, adjusted quarterly, and rounded up to the nearest whole percentage. To get the current interest rate, go to www.cra.gc.ca/interestrates or call 1-800-959-8281.

How a rebate affects your income tax

If you receive a GST/HST partner rebate, you have to include it in your income for the tax year in which you receive it. For example, if in 2010 you receive a GST/HST rebate relating to the 2009 tax year, you have to include the amount of the rebate in your income tax return for 2010. Report the amount of the rebate you receive that relates to eligible expenses, **other than capital cost allowance (CCA)**, on line 8230 of form T2125, *Statement of Business or Professional Activities*.

If you are an employee and want to claim a rebate for the GST/HST you paid on employment expenses that you deducted on your income tax return, see Guide T4044, *Employment Expenses*. It also includes Form GST370.

If any part of the rebate relates to the CCA deduction for a motor vehicle, a musical instrument, or an aircraft, you have to reduce the undepreciated capital cost (UCC) of the related property by that part of the rebate.

Example

In 2010, Myriam, who is a partner in a partnership, received an \$85 GST/HST partner rebate. Of the rebate, \$56.28 relates to a CCA deduction for her motor vehicle. At the **end** of 2009, the UCC for her vehicle was \$21,652. Her UCC for the **beginning** of 2010 will be \$21,595.72 (\$21,652 – \$56.28). The remaining \$28.72 (\$85 – \$56.28) will be reported on line 8230 as self-employed income on Form T2125.

Keeping records

You have to keep adequate books and records to support your claim for a GST/HST rebate. Generally, these are the same records you need to support your deductions for income tax purposes. They include receipts, invoices, credit card statements, cancelled cheques, and written agreements. The records to support your claim should contain the information we need to determine the GST/HST you paid on each purchase you made (for example, they should provide the amount of the GST/HST you paid, or indicate the amount you paid including the GST/HST).

A person who sells taxable goods and services to you and charges you the GST/HST has to provide, when you request it, enough information to allow you to support your GST/HST rebate claim.

You do not have to send us these records with your GST/HST rebate application. However, you have to keep them for six years after the end of the year to which they relate, in case we ask to see them.

How to complete Form GST370

You have to complete areas A, B, and D of Form GST370, *Employee and Partner GST/HST Rebate Application*. If applicable, an authorized officer of your partnership has to complete Area C (see page 12 for information on when Area C applies). Use a separate application form for each tax year.

If you are claiming a GST/HST rebate for both employee and partner expenses, use only one application form and combine your expenses.

If you have to make claims using different HST rates (see the chart on page 5), you will have to calculate the expenses and the rebates separately on the back of Form GST370 in the appropriate columns of Chart 1 and Chart 2 and then enter the totals in area B of Form GST370. **Do not** group all the expenses together at the lower rate. Use the appropriate rate for the participating province.

Note

The version of Form GST370 that is included in this guide applies to 2010 and later tax years. If you need a form for a previous tax year, go to www.cra.gc.ca/gsthstpub, or call 1-800-959-2221.

Area A – Identification

If you are the claimant, enter your name and social insurance number in the boxes provided. The “Tax year of claim” should be the same year as the income tax return for which you are claiming the GST/HST rebate. You can only file one rebate application per calendar year. Also, enter the name of the partnership (include the trading or operating name, if applicable), and the business number (BN). The BN consists of two parts—the registration number and the account identifier. The entire number has 15 characters:

- nine digits to identify the business; and
- two letters and four digits to identify each account a business may have.

For more information, see Booklet RC2, *The Business Number and Your Canada Revenue Agency Program Accounts*.

Area B – Rebate calculation

Calculate your rebate based on the expenses you deducted from your share of the partnership income on your income tax return. **These expenses include the GST/HST, provincial sales tax, and tips (if the tips are included in your bill and you paid the GST/HST on them).**

You can claim a rebate of 5/105 of the eligible expenses on which you paid the GST and a rebate for the applicable fraction of the eligible expenses on which you paid the HST (12/112, 13/113 or 15/115).

You may also be entitled to a rebate if you purchased property and services outside a participating province and brought them into a participating province. You may have to do an additional calculation in this case. For more information, see “Situation 5 – Property and services brought into a participating province” on page 11.

See the following situations to determine how to calculate your rebate. For your rebate calculation, use only the expenses you deducted on your income tax return.

Situation 1 – The only expenses you deducted for income tax purposes are union, professional, or similar dues

Not all union, professional, or similar dues that you claimed on line 212 of your tax return are subject to GST/HST. Your receipt for these dues should show whether GST/HST was charged. If these dues are the **only** expense you deducted, do not complete the charts on the back of the form.

If you paid the GST, enter on lines 1 and 3 of Area B the amount of the expense minus any amount you were reimbursed. Multiply the amount on line 3 by 5/105 and enter the result on line 4.

If you paid HST, enter in column 3B, 3C and/or 3D of lines 5 and 7 of Area B the amount of the expense minus any amount you were directly reimbursed. Add the amounts from columns 3B, 3C and 3D of line 7 and enter the total on line 8. Multiply the amounts from columns 3B, 3C, and 3D of line 7 by the applicable HST rate and enter the results on lines 9, 10 and 11 respectively. Finally, add the amounts from lines 9, 10 and 11 and enter the result on line 12.

Note

Columns 3B, 3C and 3D represent the HST rates for the participating provinces applicable to your situation.

Add lines 4 and 12 and enter the result on line 21. The amount on line 21 is your total rebate claim. Enter this amount on line 457 of your income tax return. Do not forget to sign and date your rebate application in Area D.

Situation 2 – You deducted only GST expenses on your income tax return

Before completing Area B, complete Chart 1 and Chart 2, if applicable, on the back of the form to determine your total expenses eligible for the GST rebate.

Enter in column 1A of Chart 1 the employment expenses you deducted on your tax return. You calculated these amounts on the following forms and other documents that you filed with your income tax return:

- Form T2125, *Statement of Business or Professional Activities*;
- Form T2042, *Statement of Farming Activities*;
- Form T1163, *Statement A, AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals*;
- Form T2121, *Statement of Fishing Activities*; and
- Form T776, *Statement of Real Estate Rentals*.

Also, if applicable, enter in column 1A the union, professional, or similar dues you claimed on line 212 of your tax return and on which you paid GST, minus any amount you were reimbursed. Your receipt for these dues should show whether the GST was charged.

Do not enter any amount in the black areas of Chart 1 since these expenses are not eligible for the rebate.

Enter in column 2A the part of any expenses included in column 1 that is not eligible for the rebate. You will find a list of non-eligible expenses on page 6. For each expense, subtract the amount in column 2A from the amount in column 1A, and enter the result in column 3A. Total the expenses in column 3A and enter the result in the “Total eligible expenses” box of column 3A.

If you deducted CCA for a motor vehicle or musical instrument or aircraft on which you paid GST, enter the total amount of this CCA in column 1A of Chart 2. If you claimed CCA for a motor vehicle or musical instrument, subtract any non-eligible CCA in column 2A from your total CCA in column 1A. Enter the result in column 3A.

Enter the “Total eligible expenses” amount from Column 3A of Chart 1 and column 3A of Chart 2 to lines 1 and 2 respectively of Area B on the front of the form. Add line 1 and line 2 in Area B, and enter the result on line 3. Multiply line 3 by 5/105, and enter the result on line 4.

If Situation 5, described on page 11, does not apply to you, copy the amount from line 4 to line 21. This is your total rebate claim. Enter this amount on line 457 of your income tax return. Do not forget to sign and date your rebate application in Area D.

Situation 3 – You deducted only HST expenses on your income tax return

Before completing Area B, complete Chart 1 and Chart 2, if applicable, on the back of the form to determine your total expenses eligible for the HST rebate.

Enter in column 1B, 1C and/or 1D of Chart 1 (depending on the HST rate(s) applicable to you) the expenses you deducted on your tax return. You calculated these amounts on the following forms or other documents that you file with your income tax return:

- Form T2125, *Statement of Business or Professional Activities*;
- Form T2042, *Statement of Farming Activities*;
- Form T1163, *Statement A, AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals*;
- Form T2121, *Statement of Fishing Activities*; and
- Form T776, *Statement of Real Estate Rentals*.

Also, if applicable, enter in column 1B, 1C and/or 1D of Chart 1 the union, professional, or similar dues you claimed on line 212 of your tax return, and for which you paid HST, minus any amount you were reimbursed. Your receipt for these dues should show whether HST was charged.

Do not enter any amount in the black areas of Chart 1, since these expenses are not eligible for the rebate.

Enter in column 2B, 2C and/or 2D the part of any expenses included in the applicable box of column 1 that is not eligible for the rebate. You will find a list of non-eligible expenses on page 6. For each expense, subtract the amount in column 2 from the corresponding amount in column 1. Enter the results in column 3B, 3C and/or 3D. Total the expenses and enter the result(s) in the appropriate “Total eligible expenses” box(es) of column 3.

If you deducted CCA for a motor vehicle, musical instrument or aircraft on which you paid HST, enter the total amounts of the CCA in column 1B, 1C and/or 1D of Chart 2. If you claimed CCA for a motor vehicle, musical instrument or aircraft, subtract any non-eligible CCA in column 2B, 2C and/or 2D as applicable from your total CCA in the corresponding row of column 1. Enter the results, in column 3B, 3C and/or 3D as applicable.

Enter the “Total eligible expenses” amounts from column 3B, 3C and/or 3D of Chart 1 to column 3B, 3C and/or 3D of line 5 (depending on the HST rates applicable to your situation) of Area B on the front of the form. Enter the amounts from column 3B, 3C and/or 3D of Chart 2 to column 3B, 3C and /or 3D of line 6 (depending on the HST rates applicable to your situation) of Area B on the front of the form. Add columns 3B, 3C, and/or 3D of line 5 and line 6 of Area B, and enter the results on the applicable column of line 7. Add the totals from the applicable columns on line 7 and enter the result on line 8.

Multiply column 3B of line 7 by 12/112 and enter the result on line 9. Multiply column 3C of line 7 by 13/113 and enter the result on line 10. Multiply column 3D of line 7 by 15/115 and enter the result on line 11. Total lines 9, 10 and 11 and enter the result on line 12.

If Situation 5, described on the next page, does not apply to you, copy the amount from line 12 to line 21. This is your total rebate claim. Enter this amount on line 457 of your income tax return. Do not forget to sign and date your rebate application in Area D.

Situation 4 – You deducted both GST and HST expenses on your income tax return

Before completing Area B, complete Chart 1 and Chart 2, if applicable, on the back of the form to determine the total expenses eligible for the GST and HST rebate. You calculated these expenses on the following forms or other documents that you file with your income tax return:

- Form T2125, *Statement of Business or Professional Activities*;
- Form T2042, *Statement of Farming Activities*;
- Form T1163, *Statement A, AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals*;
- Form T2121, *Statement of Fishing Activities*; and
- Form T776, *Statement of Real Estate Rentals*.

Separate the expenses on which you paid the GST from those expenses on which you paid the HST. Enter the GST expenses in column 1A of Chart 1, and the HST expenses in column 1B, 1C and/or 1D (depending on the HST rate(s) applicable to you) of Chart 1.

Also, if applicable, enter in column 1A, 1B, 1C and/or 1D of Chart 1 the union, professional, or similar dues that you claimed on line 212 of your tax return and on which you paid the GST/HST, minus any amount you were reimbursed. Your receipt for these dues should show whether the GST/HST was charged.

Do not enter any amount in the black areas of Chart 1, since these expenses are not eligible for the rebate.

Enter in column 2A, 2B, 2C and/or 2D of Chart 1 the part of any expenses included in the applicable box of column 1 that is not eligible for the rebate. You will find a list of non-eligible expenses on page 6. For each expense subtract the amount in column 2 from the corresponding amount in column 1, and enter the result in column 3A, 3B, 3C and/or 3D. Enter the total of each column 3A, 3B, 3C or 3D in the appropriate “Total eligible expenses” box(es) of column 3.

If you deducted CCA for a motor vehicle, musical instrument or aircraft on which you paid the GST/HST, enter the total amount of the CCA in column 1A, 1B, 1C and/or 1D of Chart 2. If you claimed CCA for a motor vehicle, musical instrument, or aircraft, subtract any non-eligible CCA in column 2A, 2B, 2C and/or 2D as applicable from your total CCA in the corresponding row of column 1.

Enter the “Total eligible expenses” amount from Column 3A of chart 1 and column 3A of Chart 2 to lines 1 and 2 respectively of Area B on the front of the form. Add line 1 and line 2 in Area B, and enter the result on line 3. Multiply line 3 by 5/105, and enter the result on line 4.

Enter the “Total eligible expenses” amount from column, 3B, 3C and/or 3D of Chart 1 to column 3B, 3C and/or 3D of line 5 (depending on the HST rates applicable to your situation) of Area B on the front of the form. Enter the amount from column 3B, 3C, and /or 3D of Chart 2 to column 3B, 3C and/or 3D of line 6 (depending on the HST rates applicable to your situation) of Area B on the front of the form. Add columns 3B, 3C, and 3D of line 5 and line 6 of Area B and enter the result on the corresponding columns of line 7. Add the totals from the applicable columns on line 7 and enter the result on line 8.

Multiply column 3B of line 7 by 12/112 and enter the result on line 9. Multiply column 3C of line 7 by 13/113 and enter the result on line 10. Multiply column 3D of line 7 by 15/115, and enter the result on line 11. Total lines 9, 10 and 11 and enter the result on line 12.

If Situation 5, described below, does not apply to you, add lines 4 and 12 and enter the result on line 21. This is your total rebate claim. Enter this amount on line 457 of your income tax return. Do not forget to sign and date your rebate application in Area D.

Situation 5 – Property and services brought into a participating province

You may be able to claim a rebate of 7/107, 8/108 or 10/110 for eligible expenses (discussed on page 6) on which you paid the provincial part of the HST separately, and which you deducted from your share of the partnership income on your income tax return. **This excludes any expenses for which you paid the HST.**

You may have paid the provincial part of the HST separately in situations where:

- you purchased goods in a non-participating province and brought them into a participating province;
- you imported commercial goods into a participating province from outside Canada; or
- you had goods delivered or made available to you in a participating province, or sent by mail or courier to you at an address in a participating province from a non-registered non-resident of Canada.

If you were not a GST/HST registrant, and one of the situations above applies, you had to pay the provincial part of the HST by filing Form GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*.

In the case of a **motor vehicle**, you may have paid the provincial part of the HST separately in situations where:

- you paid the GST when you purchased the vehicle from a registrant in a non-participating province and brought the vehicle into a participating province; or
- you purchased your vehicle from someone who was outside Canada and we collected the GST at the border.

The provincial part of the HST was payable when you registered your vehicle at a provincial motor vehicle registry office in a participating province.

Note

If you did not pay the GST/HST when you purchased the vehicle, you may have paid a provincial motor vehicle tax when you registered your vehicle in a participating province. **The provincial motor vehicle tax is imposed and administered by provincial governments and is separate from the GST/HST. Provincial governments determine the rate of this tax. Since it is not a federal tax, it is not eligible for any GST/HST rebate.**

For more information on property and services brought into participating provinces, see Guide RC4022, *General Information for GST/HST Registrants* or Form GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*.

Enter, in column A, B and/or C, of line 13 of Area B (depending on the HST rates applicable to your situation), the total amounts of the expenses you deducted on your income tax return (excluding CCA and the non-eligible portion of the expenses, if applicable). You will find a list of non-eligible expenses on page 6.

If you deducted CCA on your income tax return for a motor vehicle, a musical instrument, or an aircraft (on which you paid the provincial part of HST separately), enter the amounts of the CCA, minus the portion that is not eligible for the rebate, directly in column A, B and/or C of line 14 of Area B (depending on the HST rates applicable to your situation). You will find a list of non-eligible expenses on page 6. For more information on CCA, see “Capital cost allowance on motor vehicles, musical instruments, and aircraft” on page 7.

Add lines 13 and 14 and enter the result in column A, B and/or C of line 15.

Add the amounts from columns A, B, and C of line 15 and enter the total on line 16. Multiply the amounts from columns A, on line 15, by 7/107, the amount from line B by 8/108 and the amount from column C by 10/110, and enter the results on lines 17, 18, and 19 respectively. Finally, add the amounts from lines 17, 18, and 19 and enter the result on line 20.

Add any amounts you have on lines 4, 12, and 20 and enter the result on line 21. This is your total rebate claim.

Enter this amount on line 457 of your income tax return. Do not forget to sign and date your application in Area D.

Area C – Declaration by claimant’s employer or partnership

You may want to claim a rebate for expenses for which you received an unreasonable allowance (discussed in “Allowances” on page 7). If so, an authorized officer of your partnership has to complete Area C of the rebate application. An authorized officer includes an immediate supervisor, controller, office manager, or another partner. If Area C is not completed, you cannot claim a rebate for the GST/HST you paid on the expenses.

Note

When the partnership completes Area C, it is certifying that it did not consider the allowance to have been reasonable for purposes of subparagraphs 6(1)(b)(v), (vi), (vii), or (vii.1) of the *Income Tax Act* at the time it was paid and that it will not include an amount in respect of the allowance in determining its input tax credits or rebates.

Area D – Certification

Sign the certification area. If you do not, it may delay or invalidate your GST/HST rebate claim.

After completing your rebate application

After completing Form GST370, attach a copy to your income tax return and enter the amount of your claim on line 457 of your income tax return. Keep a copy of the completed form for your records.

Questions and answers

This section provides some questions and answers, as well as an example, to help you understand how to calculate the rebate.

Q1. For the 2010 tax year, I incurred eligible automobile leasing expenses of \$5,500. My partnership paid me a reasonable motor vehicle allowance of \$3,100 for the use of my automobile. Can I claim a GST/HST rebate for the leasing costs?

A1. Since you received a reasonable allowance for your automobile, you cannot claim a GST/HST rebate for the leasing cost. In addition, you cannot claim the rebate for any other automobile expenses you incurred, including gasoline and repairs.

Q2. I am a member of a partnership that is a GST/HST registrant, and I have incurred total expenses of \$1,070 (including GST) for which I was not reimbursed or paid an allowance. For the last fiscal year, ending in 2010, the partnership was involved in commercial activities 60% of the time. The partnership spent the remaining 40% of the time providing exempt goods and services. Can I claim the rebate on all my expenses?

A2. You can only claim the GST/HST rebate on the portion of expenses that relate to commercial activities. Since your partnership was involved 40% of the time in providing exempt goods and services, you have to enter a total of \$428 ($\$1,070 \times 40\%$) in column 2 of Chart 1 on the back of Form GST370. This amount represents the non-eligible portion of your expenses as a member of a partnership.

Example

Ian is a partner of the partnership called *ABC Canada Wide Contracting*. The partnership is registered for the GST/HST and has a December 31 year-end. Under the partnership agreement, Ian is required to personally pay his motor vehicle expenses. For 2010, Ian did not receive any allowance or reimbursement for these expenses. His expenses were incurred in many provinces across Canada. For 2010, Ian’s motor vehicle expenses were as follows:

Expenses:

Licence and registration fees	\$ 260
Fuel (Ontario at 13% HST)	\$ 1,000
Fuel (British Columbia at 12% HST).....	\$ 560
Fuel (Manitoba at 5% GST)	\$ 670
Fuel (Nova Scotia at 15% HST).....	\$ 1,000
Total Fuel	\$ 3,230
Insurance	\$ 750
Interest expenses	\$ 1,500
Maintenance and repairs (British Columbia at 12% HST).....	\$ 467
Maintenance and repairs (Manitoba at 5% GST)	\$ 533
Total Maintenance and repairs	\$ 1,000
Car washes (Nova Scotia at 15% HST).....	\$ 84
Capital cost allowance (CCA) (Ontario, first 6 months of the year at 5% GST)...	\$ 3,060
Capital cost allowance (CCA) (Ontario, last 6 months of the year at 13% HST) .	<u>\$ 3,060</u>
Total car expenses	<u>\$ 12,944</u>
Kilometres driven to earn his share of partnership income	25,000
Personal kilometres driven	5,000
Total kilometres driven	30,000

Ian is now ready to calculate his GST/HST rebate. To claim the rebate, he has to complete Form GST370.

He completes Area A. Before he can complete Area B, he has to complete Chart 1 and Chart 2 on the back of Form GST370 to calculate his GST/HST eligible expenses. (Make sure you review your expenses and your capital cost allowance (CCA) and place them on Chart 1 and Chart 2 under the GST/HST rate that is applicable for the expense or CCA.)

Using the information in this guide, he calculates and reports the expenses not eligible for the rebate in column 2. To calculate the personal-use portion of his motor vehicle expenses, Ian uses the fraction 5,000/30,000, which represents the personal-use kilometres driven divided by the total kilometres driven. He completes Chart 1 as follows:

Chart 1 – Eligible expenses on which you paid GST/HST												
Type of expenses	(1) Total expenses				(2) Non-eligible portion of expenses				(3) Eligible expenses (col. 1 minus col. 2)			
	5% GST A	12% HST B	13% HST C	15% HST D	5% GST A	12% HST B	13% HST C	15% HST D	5% GST A	12% HST B	13% HST C	15% HST D
Accounting and legal fees												
Advertising and promotion												
Food, beverages, and entertainment												
Lodging												
Parking												
Supplies												
Office expenses (please specify)												
Transportation tools expenses (for employees)												
Apprentice/mechanic tools expenses (for employees)												
Musical instrument expenses (other than CCA)												
Artist's employment expenses												
Union, professional, or similar dues												
Motor vehicle expenses: 1. use	670.00	560.00	1,000.00	1,000.00	112.00	94.00	167.00	167.00	558.00	466.00	833.00	833.00
Maintenance and repairs	533.00	467.00			89.00	78.00			444.00	389.00		
Insurance, licence, registration, and interest												
Loading												
Other expenses				84.00				14.00				70.00
Work space in home												
Lodging, food, and water												
Maintenance												
Insurance and property taxes												
Office expenses (please specify)												
Total eligible expenses (in each of columns 3A, 3B, 3C and 3D)									1,002.00	855.00	833.00	903.00

Chart 2 – Capital Cost Allowance (CCA) on which you paid GST/HST												
Capital cost allowance (CCA) on motor vehicles, musical instruments, and aircraft	(1) Total expenses				(2) Non-eligible portion of expenses				(3) Eligible expenses (col. 1 minus col. 2)			
	5% GST A	12% HST B	13% HST C	15% HST D	5% GST A	12% HST B	13% HST C	15% HST D	5% GST A	12% HST B	13% HST C	15% HST D
	3,060.00		3,060.00		510.00		510.00		2,550.00		2,550.00	

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Ian did not enter any amounts in the black areas of the chart, as these expenses were not subject to the GST/HST, and are therefore not eligible for the rebate.

Ian enters the amounts from Chart 1 (Columns 3A, 3B, 3C, and 3D) and Chart 2 (Columns 3A, and 3C) to Area B on the front of Form GST370. He completes it as follows:

Area B – Rebate calculation (to be completed by claimant)				
GST rebate for eligible expenses on which you paid GST				
Eligible expenses, other than CCA , on which you paid GST (total of column 3A of Chart 1 on the back of this form)		1,002	00	1
Eligible CCA on motor vehicles, musical instruments, and aircraft for which you paid GST (from column 3A of Chart 2 on the back of this form)	+	2,550	00	2
Total eligible expenses for the GST rebate (line 1 plus line 2)		6485	= 3,552	3
Eligible GST – multiply line 3 by 5/105				169 00 4
HST rebate for eligible expenses on which you paid HST				
		3B – 12% HST	3C – 13% HST	3D – 15% HST
Eligible expenses, other than CCA , on which you paid HST (totals of each of columns 3B, 3C, and 3D of Chart 1 on the back of this form)		855	00	833 00 903 00 5
Eligible CCA on motor vehicles, musical instruments, and aircraft for which you paid HST (3B, 3C, and 3D of Chart 2 on the back of this form)	+		2,550 00	6
Total (add lines 5 and 6 in each of columns 3B, 3C, and 3D)	=	855 00	3,383 00	903 00 7
Total eligible expenses for the HST rebate (add the totals of column 3B, 3C, and 3D together from line 7)		6487		5,141 00 8
Multiply Column 3B line 7 by 12/112				92 00 9
Multiply Column 3C line 7 by 13/113				389 00 10
Multiply Column 3D line 7 by 15/115				118 00 11
Total (add lines 9, 10, and 11). For more information to complete this section, see Guide RC4091 or Guide T4044.				599 00 12
Rebate for property and services brought into a participating province. Do not include any expenses for which you paid HST.				
For more information, see Situation 5 in Guide RC4091.				
		A – 7% HST	B – 8% HST	C – 10% HST
Eligible expenses, other than CCA , on which you paid the provincial part of HST separately				
Eligible CCA on motor vehicles, musical instruments, and aircraft for which you paid the provincial part of HST separately	+			
Total (add lines 13 and 14 in each of columns A, B, and C)	=			
Total expenses eligible for the HST rebate (add the totals of columns A, B, and C together from line 15)		6486		
Multiply Column A line 15 by 7/107				
Multiply Column B line 15 by 8/108				
Multiply Column C line 15 by 10/110				
Total (add lines 17, 18, and 19). For more information to complete this section, see Guide RC4091.				
Employee and partner GST/HST rebate (add lines 4, 12, and 20). Enter the result on line 21, and enter that amount on line 457 of your income tax return.				768 00 21

Ian does not have to complete Area C of Form GST370 as he did not receive an allowance for the use of his motor vehicle. Ian enters \$768 on line 457 of his 2010 income tax return. He also attaches Form GST370 to his income tax return and keeps a copy for his records.

Ian will include \$346.55 (the amounts from the line “Total eligible expenses” on Chart 1 as follows $(1002 \times 5/105) + (855 \times 12/112) + (833 \times 13/113) + (903 \times 15/115)$) on his 2011 income tax return. This amount is the part of the rebate he will receive in 2010 that relates to eligible expenses other than CCA. He will then reduce his undepreciated capital cost (UCC) for the beginning of 2011 by \$414 (the amounts from the line Capital cost allowance (CCA) on motor vehicles, musical instruments, and aircraft on Chart 2 as follows $(2,550 \times 5/105) + (2,550 \times 13/113)$).

Publications and forms

The following is a list of elections, application forms, returns, guides, and technical publications that are mentioned throughout this guide. To get copies of these publications, go to www.cra.gc.ca/gsthstpub, or call 1-800-959-2221.

Forms

GST370, *Employee and Partner GST/HST Rebate Application*

GST469, *Direct Deposit Request*

GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*

RC193, *Service-Related Complaint*

T776, *Statement of Real Estate Rentals*

T1163, *Statement A, AgriStability and AgriInvest Programs Information and Statement of Farming Activities for Individuals*

T2042, *Statement of Farming Activities*

T2121, *Statement of Fishing Activities*

T2125, *Statement of Business or Professional Activities*

Guides

RC4022, *General Information for GST/HST Registrants*

T4044, *Employment Expenses*

Interpretation Bulletin

IT-522R, *Vehicle, Travel and Sales Expenses of Employees*

Booklets

RC2, *The Business Number and Your Canada Revenue Agency Program Accounts*

RC4420, *Information on CRA-Service Complaints*

GST/HST Memoranda Series

1.4, *Excise and GST/HST Rulings and Interpretations Service*

For more information

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

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

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

Teletypewriter (TTY) users

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

Direct deposit



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

GST/HST rulings and interpretations

You can request a ruling or interpretation on how the GST/HST applies to a specific transaction for your operations. This service is provided free of charge. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, available at www.cra.gc.ca/gsthstrulings or call 1-800-959-8287.

My Business Account

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

- view your account balances and transactions;
- transfer payments;
- get additional remittance vouchers;
- calculate a future balance;
- calculate your instalment payments;
- make online requests for financial transactions;
- authorize your employees and representatives to have immediate online access;

- file a GST/HST return electronically;
- view the status of a return;
- view certain correspondence (for example, notices and letters); and
- view your banking information.

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

My Payment

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

Our Service Complaint process

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

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

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

Your opinion counts

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



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Canada Revenue Agency
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Ottawa ON K1A 0L5