Phasing out of Recaptured Input Tax Credits in Ontario

This info sheet explains the phasing out of the requirement for certain large businesses to recapture specified provincial input tax credits (RITCs) in Ontario, starting July 1, 2015.

A harmonized sales tax (HST) came into effect in Ontario on July 1, 2010. The HST rate in Ontario is 13%, of which 5% is the federal part and 8% is the provincial part. Under the HST, Ontario has temporarily restricted input tax credits (ITCs) for the provincial part of the HST in respect of the acquisition, importation, or bringing into Ontario of a specified property or service.

The rules governing RITCs in Ontario are set out in section 236.01 of the *Excise Tax Act* (the Act) and Part 6 of the *New Harmonized Value-added Tax System Regulations, No. 2.* Unless otherwise indicated, all references to RITCs in this info sheet are to RITCs in Ontario.

It is important to note that there are RITC rules specific to selected listed financial institutions (SLFIs). For more information on RITC reporting requirements for SLFIs, refer to the GST/HST Guide RC4050, *GST/HST Information for Selected Listed Financial Institutions.* The information in this info sheet does not include these RITC rules that are specific to SLFIs.

Large businesses subject to the RITC requirement must separately report any RITCs in determining their net tax for a reporting period when filing their GST/HST NETFILE returns. RITCs are required to be reported in Schedule B – *Calculation of Input Tax Credits*, (Schedule B) of the GST/HST NETFILE return and are reflected in the calculation of Line 108 (Total ITCs and Adjustments) on the return. The appendix to this info sheet includes illustrations of Schedule B.

Large businesses may not forego reporting RITCs in their calculation of net tax by not claiming all or a part of the related ITCs. Failure to account for recaptured ITCs in the proper manner generally results in interest and penalties.

Meaning of significant terms used in this publication

Large business
Generally, a person is considered a "large business" during a particular recapture period if the person is a GST/HST registrant and

- the person has total revenues from taxable supplies (RITC threshold amount) of more than $10 million in its last fiscal year that ended before the recapture period;
- the person is one of the following financial institutions, or a person that is related (for purposes of the GST/HST) to one of the following financial institutions:
  - a bank;
  - a credit union;
  - a corporation that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as a trustee;
  - an insurer or any other person whose principal business is providing insurance under insurance policies;
  - a segregated fund of an insurer, or
  - an investment plan, or
  - the Canada Deposit Insurance Corporation.

Public service bodies such as municipalities, hospital authorities, universities, public colleges, school authorities, charities, and non-profit organizations are not considered large businesses.

The following government entities are also not considered large businesses:

- an entity of the government of Canada that is not listed in Schedule I of the *Federal Provincial Fiscal Arrangements Act*,
- a department (as defined in section 2 of the *Financial Administration Act*), or
- an entity of the government of a province, that is eligible, pursuant to a provision of a sales tax harmonization agreement with that province, for a rebate of the GST/HST.

Therefore, this info sheet does not apply to public service bodies or these government entities.

Specified property and service
Generally, for purposes of RITCs for the province of Ontario, "specified property and services" include the following if they are acquired or brought into Ontario by a large business for consumption or use (in whole or in part) in Ontario by that business:

- electricity, gas, steam, and fuel (other than fuel for use in a propulsion engine) together with incidental delivery charges or regulatory fees;
- certain telecommunication services, other than certain supplies including access to the Internet and toll-free telephone services such as 1-800 telephone services;
- food, beverages and entertainment, to the extent that they are already subject to the existing input tax credit (ITC) repayment requirements (generally 50%);
- qualifying motor vehicles (whether purchased or acquired by way of lease, licence or similar arrangement), along with parts and services acquired within 12 months of the vehicle's acquisition or bringing into Ontario (e.g., acquisition and installation of a vehicle anti-theft system), other than parts and service for routine repair and maintenance; and
- fuel (other than diesel fuel) that is for the engine of a qualifying motor vehicle described above even if the vehicle was acquired or brought into Ontario prior to July 1, 2010.

Qualifying motor vehicle
Generally, a "qualifying motor vehicle" is a road vehicle weighing less than 3,000 kilograms that is required to be licensed for use on a public highway under the laws of Ontario, but does not include:

- a power-assisted bicycle;
- a snow vehicle;
- an all-terrain vehicle;
- an electrically propelled wheelchair;
- a street car;
- a vehicle that runs only on rails; or
- a farm tractor, or other farm machinery, acquired, or brought into a province, exclusively for use in farming activities.

Specified meals and entertainment
"Specified meals and entertainment" refers to food, beverages, and entertainment that are specified property and services.

Specified provincial input tax credit
"Specified provincial input tax credit" generally means the portion of an input tax credit of a large business in respect of a specified property or service that is attributable to tax under subsection 165(2), section 212.1 or 218.1 or Division IV.1 in respect of the acquisition in, importation or bringing into, a participating province (Ontario, for purposes of this info sheet) of the specified property or service.

When to report RITCs

Generally, large businesses are required to report RITCs for the provincial part of the HST paid or payable in respect of a specified property or service in the GST/HST return for the reporting period in which the tax becomes payable, or is paid without having becomes payable[1] in respect of the property or service. This is generally the time at which entitlement to an ITC for the tax in respect of the specified property or service arises. Certain exceptions to this general rule allow the RITC to be reported in a return for a subsequent reporting period.

[1] In certain circumstances, an amount is considered to be an RITC, even though no provincial part of the HST is payable on the taxable supply of the specified property or service. Refer to GST/HST Technical Information Bulletin B – 104 - *Harmonized Sales Tax– Temporary Recapture of Input Tax Credits in Ontario and British Columbia* for a description of these circumstances and the timing rules of when the provincial part of the HST is deemed to be payable on these supplies. The information contained in this info sheet also applies to these RITCs.

Although the RITC that relates to a specified property or service may be reported in a GST/HST return for another reporting period, the recapture rate that applies to that RITC is the rate that applied at the time the tax first became payable, or was paid without having become payable, in respect of the property or service.

Generally, tax becomes payable in respect of a taxable supply by the recipient on the earlier of the day the consideration for the supply is paid and the day the consideration for the supply becomes due.

Generally, the consideration, or a part thereof, for a taxable supply shall be deemed to become due on the earliest of

- the earlier of the day the supplier first issues an invoice in respect of the supply for that consideration or part and the date of that invoice,
- the day the supplier would have, but for an undue delay, issued an invoice in respect of the supply for that consideration or part, and
- the day the recipient is required to pay that consideration or part to the supplier pursuant to an agreement in writing.

Detailed information on the time of liability is available in GST Memorandum 300-6, *Time of Liability*.

Phase-out of RITCs in Ontario

The recapture rate is 100% for the first five years that the HST is in effect in Ontario. As shown in the table below, the RITC requirement will then be gradually phased out by reducing the recapture rate over the following three years:

Day on which the provincial part of the HST becomes payable without having been paid or is paid without having become payable	Ontario RITC recapture rate
July 1, 2010 to June 30, 2015	100%
July 1, 2015 to June 30, 2016	75%
July 1, 2016 to June 30, 2017	50%
July 1, 2017 to June 30, 2018	25%
July 1, 2018 and beyond	0%

RITCs are required to be reported in Schedule B of the GST/HST NETFILE return. RITCs at multiple recapture rates may be required to be reported in a return for a reporting period to the extent that the reporting period straddles the periods shown in the above table. For example, for reporting periods that end as early as July 1, 2015, including an annual reporting period that begins on July 2, 2014, there could be a requirement to report RITCs at two different recapture rates in Schedule B of the GST/HST NETFILE return. Also, for quarterly reporting periods that end as early as July 1, 2016, there could be a requirement to report RITCs at three different recapture rates.

The appendix to this info sheet includes examples of Schedule B showing the different recapture rates that may apply for different reporting periods during the phase out period of RITCs in Ontario.

During the phase-out of RITCs in Ontario, large businesses will continue to report their RITCs in a return for a reporting period by completing Schedule B. The total amount of the provincial part of the ITC subject to recapture is to be reported in the appropriate field corresponding to the applicable recapture rate under “Gross RITCs (Line 1401)”. The amount reported in this field will be automatically multiplied by the applicable recapture rate shown to the right of this field. The result will then be automatically entered in the field “Net RITCs (Line 1402)”.

Reporting of RITCs at multiple recapture rates for a reporting period

Circumstances in which a large business may be required to report RITCs in a GST/HST return for one reporting period using different recapture rates include where:

- the reporting period straddles July 1;
- the RITCs are deferred one reporting period for monthly and quarterly filers;
- the RITCs are for certain qualifying motor vehicles acquired by lease;
- the RITCs are for specified meals and entertainment; and
- there are RITC deductions for the sale or removal from Ontario of qualifying motor vehicles.

Reporting periods that straddle July 1

If a large business is required to report RITCs in a GST/HST return for a reporting period that straddles a date on which the recapture rate is reduced, the large business will be required to report the RITCs using more than one recapture rate. This will occur when a reporting period begins:

- before July 1, 2015, and ends on or after that date;
- before July 1, 2016, and ends on or after that date;
- before July 1, 2017, and ends on or after that date; and
- before July 1, 2018, and ends on or after that date.

Example 1

A large business has an annual reporting period that ends July 15, 2015. It has $12,000 of Gross RITCs (i.e., before applying the recapture rate) for Ontario that are to be reported in the GST/HST return for the reporting period. Gross RITCs of $11,500 relate to HST that became payable without having been paid, during the period July 16, 2014, to June 30, 2015.These Gross RITCs would be reported at the recapture rate of 100%. Gross RITCs of $500 relate to HST that became payable without having been paid after June 30, 2015 in respect of a taxable supply of a service made in Ontario that was performed in June 2015. These Gross RITCs are to be reported at the recapture rate of 75%.

The large business would report the Gross RITCs in Schedule B to the GST/HST return for the reporting period ending July 15, 2015, as follows:

Reporting period July 16, 2014 to July 15, 2015

CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$ 500	× 75% =	$ 375
	$ 11,500	× 100% =	$ 11,500
Prince Edward Island	$	× 100% =	$
		Total Net RITCs	$ 11,8750

Deferred RITCs – quarterly or monthly filers

Large businesses that have monthly or quarterly reporting periods may have an additional reporting period to account for their RITCs.

If the earlier of the day that the HST became payable, or the day the HST is paid without having become payable, on specified property or services is:

- in a reporting period that is a fiscal month,; or
- in the last fiscal month of a quarterly reporting period;

and, in the GST/HST return for that reporting period,

- the ITC for the provincial part of the HST paid or payable has not been claimed; or
- the corresponding RITC has not been reported;

then the large business is required to report the RITC for that tax in the return for the following reporting period.

Example 2

A large business is a quarterly filer. For the fiscal quarter ending June 30, 2015, $1,000 of Gross RITCs for specified property and services acquired in Ontario relate to tax that was paid without having become payable, during the month of June 2015. If the large business has not claimed ITCs or reported Gross RITCs for that tax in the GST/HST return for the reporting period ending June 30, 2015, the large business would report these Gross RITCs in the GST/HST return for the July 1, 2015 to September 30, 2015 reporting period. However, these Gross RITCs are to be reported at the 100% recapture rate which is the recapture rate that applied at the time the tax was paid without becoming payable.

If the large business has $5,000 of other Gross RITCs that are to be reported in the GST/HST return for that July 1, 2015 to September 30, 2015 reporting period using the 75% recapture rate, the large business would report its Gross RITCs in Schedule B as follows:

Reporting period July 1, 2015 to September 30, 2015

CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$ 5,000	× 75% =	$ 3,750
	$ 1,000	× 100% =	$ 1,000
Prince Edward Island	$	× 100% =	$
		Total Net RITCs	$ 4,750

Qualifying motor vehicles acquired by lease

For passenger vehicles acquired by lease, where the amounts of lease expenses deducted are subject to the

Income Tax Act (ITA) restriction, there is a requirement for the large business to add an amount to its net tax, in its GST/HST return, for the appropriate reporting period, as follows:

- if the large business ceases to be registered for the GST/HST during that taxation year, the last reporting period in that year;
- if the reporting period of the large business in that taxation year is that taxation year, that reporting period; and
- in any other case, the reporting period of the large business that begins immediately after that taxation year.

If that passenger vehicle is also a qualifying motor vehicle, the RITCs in relation to that qualifying motor vehicle are to be reported in that reporting period. However, the applicable recapture rate(s) that applied at the time the HST first became payable or was paid without having become payable, on those lease payments apply to the calculation of each of the RITCs in respect of the lease payments.

Example 3

A large business in Ontario is a monthly filer with a December 31, 2018 year end. During the 2018 taxation year, it makes monthly lease payments for a passenger vehicle that is also a qualifying motor vehicle. The lease payments exceed the maximum amount allowable under the ITA. The large business is required to add an amount to its net tax in relation to this vehicle in the GST/HST return for the January 2019 reporting period. It is also required to report the Gross RITCs in relation to this vehicle in the same GST/HST return. The large business is required to report the Gross RITCs in respect of the lease payments at the 25% recapture rate for the tax that became payable, or was paid without becoming payable, during the period January 1, 2018 to June 30, 2018. The tax that first became payable, or was paid without becoming payable, during the period July 1, 2018 to December 31, 2018, is subject to the recapture rate of 0%.

For more information on the restrictions for claiming ITCs in respect of leases of passenger vehicles and the requirement to add an amount to net tax, refer to the GST/HST Guide RC4022, *General Information for GST/HST Registrants*.

Example 4

A large business in Ontario is a quarterly filer with a May 31, 2016 year end. For the taxation year of June 1, 2015 to May 31, 2016, it claims ITCs for the HST paid or payable on monthly passenger vehicle lease payments. These lease payments exceed the maximum allowable under the ITA. As a result, the large business is required to add an amount to its net tax in the return for its first reporting period following the taxation year end.

This passenger vehicle is also a qualifying motor vehicle. The provincial parts of the HST payable on these lease payments are subject to RITCs, which are to be reported in the return for the same reporting period that the addition to net tax is required to be reported (i.e., the return for the reporting period of June 1, 2016 to August 31, 2016). Although the Gross RITCs are to be reported in that reporting period, the RITC calculation is based on the rate of recapture at the time the provincial part of the HST on the lease payments becomes payable or is paid without having become payable.

If the large business determines that its RITCs in respect of the provincial part of the HST paid or payable on the lease payments during the 2015-2016 taxation year are $768[2], it would report $64 Gross RITCs at the rate of 100% for the period from June 1, 2015 to June 30, 2015, ($768 × 1 month/12 months) and Gross RITCs of $704 at the rate of 75% for the qualifying motor vehicle lease payments for the period from July 1, 2015 to May 31, 2016 ($768 × 11 months/12 months).

The large business would report the amount of RITCs on Schedule B to the GST/HST return for the June 1, 2016 to August 31, 2016 reporting period as follows:

[2] For an example of how to calculate both the addition to net tax amount and the RITC amount, refer to the example under the paragraph “Exception” in the section “When to account for recaptured ITCs” of the GST/HST Technical Information Bulletin B-104, *Harmonized Sales Tax – Temporary Recapture of Input Tax Credits in Ontario and British Columbia*.

Reporting period June 1, 2016 to August 31, 2016

CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario			
	$	× 50% =	$
	$ 704	× 75% =	$ 528
	$ 64	× 100% =	$ 64
Prince Edward Island			
	$	× 100% =	$
		Total Net RITCs	$

In the GST/HST return for this reporting period, the large business would also be required to report Gross RITCs for the provincial part of the HST that became payable or was paid in respect of specified property or services on or after July 1, 2016, (other than the exceptions discussed in this info sheet) at the recapture rate of 50%. In addition, the large business would be required to report the amount that is to be added to net tax with respect to the lease payments.

Specified meals and entertainment

For meals and entertainment expenses that are subject to the 50% deduction under the ITA, and for which a registrant has claimed ITCs for the tax paid or payable on these expenses, there is a requirement to add to the registrant's net tax for the appropriate reporting period, an amount equal to 50% of the ITCs claimed in respect of these expenses. This requirement also applies to allowances and reimbursements paid for these expenses for which the registrant has claimed ITCs.

Similarly, there is a requirement for a large business to report RITCs equal to 50% of the ITCs claimed for the provincial part of the HST on these specified meals and entertainment expenses in that same reporting period.

For these meals and entertainment expenses that the large business incurred during a fiscal year, the appropriate reporting period for which to report both the ITCs and RITCs is:

- if the large business ceases to be registered for the GST/HST in a reporting period ending in that fiscal year, that reporting period;
- if that fiscal year is the large business's reporting period, that reporting period; and
- in any other case, the first reporting period of the large business following that fiscal year.

However, in the GST/HST return for that reporting period, the applicable recapture rate(s) that applied at the time the provincial part of the HST became payable or was paid in respect of these expenses will be used to calculate the amount of Net RITCs. (i.e., Gross RITCs multiplied by the recapture rate).

Example 5

A large business in Manitoba is a quarterly filer with an April 30 year end. In its quarterly GST/HST returns for the 2016 fiscal year, it had claimed ITCs of $1,560 for the HST paid or payable on specified meals and entertainment expenses that were acquired in Ontario.

During the time period of May 1, 2015 to June 30, 2015, the amount of HST paid or payable on these meals and entertainment expenses was $520, while during the period of July 1, 2015 to April 30, 2016, the amount of HST paid or payable on these meals and entertainment expenses was $1,040.

The RITCs and the amounts required to be added to net tax must be included in the return for the quarterly reporting period of May 1, 2016, to July 31, 2016.

Since the maximum deduction allowed under the ITA is 50% of the meals and entertainment expenses, the large business will need to add $780 [($1,560 × 50%)] to its net tax in its GST/HST return for that reporting period.

The large business is also required to report Gross RITCs of $400 in the GST/HST return for that period as follows:

- for the two months of May 1, 2015 to June 30, 2015, $160 [($520 × 8/13 × 50%) at the 100% recapture rate], and
- for the ten months of July 1, 2015 to April 30, 2016, $240 [$320 = ($1,040 × 8/13 × 50%) at the 75% recapture rate].

The large business would report the Gross RITCs on Schedule B to the GST/HST return for the reporting period of May 1, 2016 to July 31, 2016 as follows:

Reporting period May 1, 2016 to July 31, 2016

CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario			
	$	× 50% =	$
	$ 320	× 75% =	$ 240
	$ 160	× 100% =	$ 160
Prince Edward Island			
	$	× 100% =	$
		Total Net RITCs	$

In the GST/HST return for this reporting period, the large business would also be required to report RITCs for the provincial part of the HST that became payable or was paid in respect of other specified property or services on or after July 1, 2016, (other than the exceptions discussed in this info sheet) at the recapture rate of 50%. In addition, the large business would be required to report the amount that is to be added to net tax with respect to the meal and entertainment expenses.

Administrative policy

Administratively, the Canada Revenue Agency allows GST/HST registrants to add an amount to net tax with respect to passenger vehicle leases and meals and entertainment expenses in the GST/HST return for the reporting period in which the tax became payable or was paid on these supplies. Large businesses may also report the RITCs in respect of those leases and meals and entertainment expenses in that same reporting period. However, the large business is still required to report the RITCs at different recapture rates, if any, applicable in that reporting period.

Example 6

A large business is a monthly filer. In its reporting period of June 16, 2017 to July 15, 2017, it paid $370 of HST on meals and entertainment expenses incurred in Ontario:

- $240 of the HST was paid or payable before July 1, and
- $130 of the HST was paid or payable on or after July 1.

The large business is entitled to claim full ITCs for these expenses. These expenses are subject to the 50% expense deduction under the ITA, and are subject to the requirement to add to net tax 50% of the ITCs claimed. As these expenses are also specified meals and entertainment, they are subject to RITCs equal to 50% of the ITCs claimed for the provincial part of the HST.

If the large business chooses to report these RITCs in the reporting period in which the tax became payable or was paid without having become payable, the large business would report the Gross RITCs in Schedule B of the GST/HST return as follows:

- $73.85 ($240 × 8/13 × 50%) at the recapture rate of 50%, and
- $40 ($130 × 8/13 × 50%) at the recapture rate of 25%.

Reporting period June 16, 2017 to July 15, 2017

CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario			
	$ 40	× 25% =	$ 10.00
	$ 73.85	× 50% =	$ 36.93
	$	× 75% =	$
Prince Edward Island			
	$	× 100% =	$
		Total Net RITCs	$

Deduction for sale or removal from Ontario of a qualifying motor vehicle

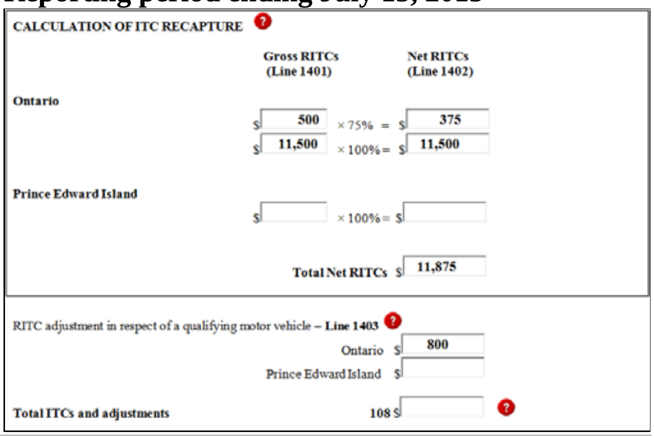
If a large business has reported an RITC in respect of the acquisition of a qualifying motor vehicle and subsequently either sells the vehicle to a person not related to the large business or removes it from Ontario, and registers it in another province, the large business is allowed a deduction from net tax. The deduction amount is a total value which is claimed in the reporting period in which the sale is made or the vehicle is removed from Ontario. If this reporting period is one in which the recapture rate is less than 100%, the amount of the deduction remains 100% of the amount. For information on how to calculate this deduction, refer to the information under the heading "Deduction from net tax – for qualifying motor vehicles sold or removed from the province" in GST/HST Technical Information Bulletin B-104, *Harmonized Sales Tax – Temporary Recapture of Input Tax Credits in Ontario and British Columbia*.

Example 7

The large business, from Example 1, has an annual reporting period that ends July 15, 2015. On July 10, 2015, the large business sells a qualifying motor vehicle to an unrelated person. The large business had previously reported an RITC for this vehicle in the GST/HST return for the reporting period ending July 15, 2013.

The large business calculates its deduction from net tax upon the sale of this vehicle as $800. The large business would report this RITC deduction, along with the other RITCs it is required to report in Schedule B to the GST/HST return for the reporting period ending July 15, 2015, as follows:

Reporting period ending July 15, 2015


CALCULATION OF ITC RECAPTURE

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario			
	$ 500	× 75% =	$ 375
	$ 11,500	× 100% =	$ 11,500
Prince Edward Island			
	$	× 100% =	$
		Total Net RITCs	$ 11,875

RITC adjustment in respect of a qualifying motor vehicle – **Line 1403**

Ontario	$ 800
Prince Edward Island	$
Total ITCs and adjustments 108	$

Estimation/Reconciliation Method

In order to help simplify compliance with the RITC requirements, in certain circumstances, a large business may elect to use the Estimation/Reconciliation Method to account for RITCs. See Form RC4531, *Election or Revocation of an Election to Use the Estimation and Reconciliation Method to Report the Recapture of Input Tax Credits* for further information.

After the end of its fiscal year, a large business using the Estimation/Reconciliation Method reviews its financial records and determines the actual amounts of ITCs that it is required to recapture. This is the portion of ITCs attributable to the provincial part of the HST paid or payable on specified property and services for each applicable specified province, such as Ontario, for each reporting period ending during that fiscal year multiplied by the applicable recapture rates (the Actual Net RITCs). The exceptions discussed in this info sheet also apply to the calculation of the Actual Net RITCs.

Books and Records

Generally, every person who carries on a business or is engaged in a commercial activity in Canada, every person who is required to file a GST/HST return, and every person who makes an application for a rebate or refund is required to keep records in English or in French in Canada in such form and containing such information as will enable the determination of the person's liabilities and obligations (including an obligation to report RITCs), or the amount of any rebate or refund to which the person is entitled. The person may also retain the records at another place provided they are kept under the terms and conditions specified in writing by the Minister.

Although Schedule B requires a large business to report the total amount of the provincial part of the ITCs subject to recapture, the large business may record either this total amount, or the Net RITC amount, in its books and records. The large business is, however, required to maintain sufficient information in its books and records to substantiate the Gross RITC amounts reported in its GST/HST returns.

How to adjust GST/HST returns for misreported RITCs

If a registrant incorrectly reports RITCs in a particular reporting period and wishes to correct the error, the following two options are available:

- The registrant may send a letter to its local tax centre requesting that its GST/HST return for that reporting period be adjusted to report the correct amount of RITCs.
- The registrant may adjust its GST/HST return electronically using the My Business Account (MyBA) portal, and the "Adjust a return" option. Information on how to register to use MyBA is available at www.cra.gc.ca/mybusinessaccount.

The incorrect reporting of an RITC in a return filed for a previous reporting period, including where RITCs were reported at a higher recapture rate than was required, may not be corrected in a return for a subsequent reporting period.

Assessments and reassessments of net tax for a reporting period to allow for adjustments to RITCs are subject to the legislative four-year time limit, which is not more than four years after the later of the due date of the return for the reporting period and the day the return is filed.

Further information

All **GST/HST technical publications** are available on the CRA website at **www.cra.gc.ca/gsthsttech**.

To make a GST/HST **enquiry** by **telephone**:

- for **general GST/HST enquiries**, call the **Business Enquiries** line at **1-800-959-5525**;
- for **technical GST/HST enquiries**, call **GST/HST Rulings** at **1-800-959-8287**.

If you are located in **Quebec**, contact **Revenu Québec** at **1-800-567-4692** or visit their website at **www.revenuquebec.ca**.

Since January 1, 2013, the CRA has been administering the GST/HST and the Quebec sales tax (QST) for listed financial institutions that are selected listed financial institutions (SLFIs) for GST/HST and/or QST purposes whether or not they are located in Quebec. If you wish to make a technical enquiry on the GST/HST related to SLFIs by telephone, please call 1-855-666-5166.

The information in this publication does not replace the law found in *the Excise Tax Act* (the Act) and its regulations; it is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any GST/HST rulings centre for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*, explains how to obtain a ruling and lists the GST/HST rulings centres.

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 14% in Prince Edward Island and 15% in Nova Scotia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.

APPENDIX – Samples of online form Schedule B

Sample 1 Schedule B calculation of input tax credits

Schedule B must be completed by businesses required to recapture input tax credits (ITCs) for the provincial portion of the HST on specified property or services.

Line 1400 is required. Line 1401 is required for at least one province.

For more information, see Guide RC4022, General Information for GST/HST Registrants.

Business Name
ABC Inc.

Business Number
1234567898RT0001

Reporting period
From: 2014-07-01 To: 2014-07-31

Gross ITCs and adjustments (before recapture) (Line 1400) $________

Calculation of ITC Recapture

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$______________	× 100%	= $ ________________
Prince Edward Island	$______________	× 100%	= $ ________________
		Total Net RITCs	= $________________

RITC adjustment in respect of a qualifying motor vehicle – Line 1403

Ontario			$ __________________
Prince Edward Island			$ __________________

Total ITCs and adjustments (Line 108) $ _______________

Sample 2 Schedule B calculation of input tax credits

Schedule B must be completed by businesses required to recapture input tax credits (ITCs) for the provincial portion of the HST on specified property or services.

Line 1400 is required. Line 1401 is required for at least one province.

For more information, see Guide RC4022, General Information for GST/HST Registrants.

Business Name
ABC Inc.

Business Number
1234567898RT0001

Reporting period
From: 2015-06-15 To: 2015-07-14

Gross ITCs and adjustments (before recapture) (Line 1400) $________

Calculation of ITC Recapture

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$______________	× 75%	= $ ________________
Ontario	$ _____________	× 100%	= $ ________________
Prince Edward Island	$______________	× 100%	= $ ________________
		Total Net RITCs	= $_________________

RITC adjustment in respect of a qualifying motor vehicle – Line 1403

Ontario			$ __________________
Prince Edward Island			$ __________________

Total ITCs and adjustments (Line 108) $ _______________

Sample 3 Schedule B calculation of input tax credits

Schedule B must be completed by businesses required to recapture input tax credits (ITCs) for the provincial portion of the HST on specified property or services.

Line 1400 is required. Line 1401 is required for at least one province.

For more information, see Guide RC4022, General Information for GST/HST Registrants.

Business Name
ABC Inc.

Business Number
1234567898RT0001

Reporting period
From: 2016-07-01 To: 2016-07-31

Gross ITCs and adjustments (before recapture) (Line 1400) $________

Calculation of ITC Recapture

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$______________	× 50%	= $ ________________
Ontario	$______________	× 75%	= $ ________________
Ontario	$ _____________	× 100%	= $ ________________
Prince Edward Island	$______________	× 100%	= $ ________________
		Total Net RITCs	= $_________________

RITC adjustment in respect of a qualifying motor vehicle – Line 1403

Ontario			$ __________________
Prince Edward Island			$ __________________

Total ITCs and adjustments (Line 108) $ ________________

Sample 4 Schedule B calculation of input tax credits

Schedule B must be completed by businesses required to recapture input tax credits (ITCs) for the provincial portion of the HST on specified property or services.

Line 1400 is required. Line 1401 is required for at least one province.

For more information, see Guide RC4022, General Information for GST/HST Registrants.

Business Name
ABC Inc.

Business Number
1234567898RT0001

Reporting period
From: 2017-07-01 To: 2017-07-31

Gross ITCs and adjustments (before recapture) (Line 1400) $________

Calculation of ITC Recapture

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$________	× 25%	= $ ________
Ontario	$________	× 50%	= $ ________
Ontario	$ ________	× 75%	= $ ________
Prince Edward Island	$________	× 100%	= $ ________
		Total Net RITCs	= $________

RITC adjustment in respect of a qualifying motor vehicle – Line 1403

Ontario			$ ________
Prince Edward Island			$ ________

Total ITCs and adjustments (Line 108) $ ________

Sample 5 Schedule B calculation of input tax credits

Schedule B must be completed by businesses required to recapture input tax credits (ITCs) for the provincial portion of the HST on specified property or services.

Line 1400 is required. Line 1401 is required for at least one province.

For more information, see Guide RC4022, General Information for GST/HST Registrants.

Business Name
ABC Inc.

Business Number
1234567898RT0001

Reporting period
From: 2018-07-01 To: 2018-07-31

Gross ITCs and adjustments (before recapture) (Line 1400) $________

Calculation of ITC Recapture

	Gross RITCs (Line 1401)		Net RITCs (Line 1402)
Ontario	$______________	× 0%	= $ _________________
Ontario	$______________	× 25%	= $ _________________
Ontario	$ _____________	× 50%	= $ _________________
Prince Edward Island	$______________	× 75%	= $ _________________
Prince Edward Island	$______________	× 100%	= $ _________________
		Total Net RITCs	= $_________________

RITC adjustment in respect of a qualifying motor vehicle – Line 1403

Ontario			$ __________________
Prince Edward Island			$ __________________

Total ITCs and adjustments (Line 108) $ ________________