



Point-of-Sale Rebate on Children's Goods

This version replaces the one dated July 2010.

This info sheet explains the point-of-sale rebate (rebate) available for the provincial part of the harmonized sales tax (HST) payable on qualifying children's goods.

The participating provinces of Ontario, Nova Scotia, and Prince Edward Island provide a rebate for the provincial part of the HST payable on qualifying children's goods sold, imported, or brought into these provinces.

The following table lists the rate of the provincial part of the HST for each of these participating provinces:

Participating Province	Provincial Part of HST
Ontario	8%
Nova Scotia	10%
Prince Edward Island	9%

The Canada Revenue Agency (CRA) and the Canada Border Services Agency (CBSA) administer the rebate on behalf of these provinces.

Qualifying children's goods

Qualifying children's goods are goods designated by Ontario, Nova Scotia, and Prince Edward Island as children's car seats, children's clothing, children's diapers and children's footwear, qualifying for the rebate.

The following table lists the children's goods on which the rebate is available for each of those provinces:

Participating Province	Qualifying children's goods
Ontario	children's clothing, footwear, diapers, and car seats and booster seats
Nova Scotia	children's clothing, footwear, and diapers
Prince Edward Island	children's clothing and footwear

Children's car seats

The following children's car seats qualify for the rebate:

- restraint systems or booster cushions that conform to the *Canada Motor Vehicle Safety Standards 213 (Child Restraint Systems)*, 213.1 (*Infant Restraint Systems*), 213.2 (*Booster Seats*) or 213.5 (*Restraint Systems for Infants with Special Needs*), as described under the federal *Motor Vehicle Restraint Systems and Booster Seats Safety Regulations*.

Non-qualifying children's car seats

The following goods do not qualify for the rebate:

- children's car seats and car booster seats that do not meet the *Canada Motor Vehicle Safety Standards*; and
- travel systems, which are a combination of stroller, carrier and car seat sold as a single package.

Children's clothing

The following goods are children's clothing that qualify for the rebate:

- garments designed for babies, including baby bibs, bunting blankets and receiving blankets;
- children's garments in sizes up to and including girls' Canada Standard Size 16 and boys' Canada Standard Size 20, or garments designed for girls or boys in sizes extra small, small, medium or large if the garment does not have a designated Canada Standard Size; and
- hosiery or stretchy socks, hats, ties, scarves, belts, suspenders, gloves, and mittens in sizes and styles designed for children or babies.

La version française de la présente publication est intitulée *Remboursement au point de vente pour les produits pour enfants*.



Children's clothing such as sports jerseys, scout uniforms, and snowboarding pants and jackets that can reasonably be worn for use outside of sports or recreational activities, qualify for the rebate.

Dancewear such as dance skirts, pants, shorts, leg warmers, leotards, unitards, bodysuits, and tights that can reasonably be worn for use outside of dance activities, qualify for the rebate.

Similarly, dual purpose traditional swimwear that can be worn by children outside of a swimming environment, like boys' swimming trunks and girls' one or two piece swimsuits, qualify for the rebate.

However, specialized swimwear like wetsuits, is considered to be designed exclusively for sports or recreational activities and therefore, does not qualify for the rebate.

Non-qualifying children's clothing

The following goods do not qualify for the rebate:

- adult sized garments even if acquired for a child (see qualifying children's sizes under the heading "Children's clothing");
- costumes; and
- garments of a class used exclusively in sports or recreational activities.

Children's diapers

Children's diapers that qualify for the rebate are diapers that are designed for babies or children, and that are:

- cloth or disposable diapers;
- diaper inserts or liners;
- training pants; or
- rubber pants designed for use with any of the above items.

Non-qualifying children's diapers

The following goods do not qualify for the rebate:

- adult sized diapers even if acquired for a child; and
- children's diapers provided as part of a diaper service.

Incontinence products specially designed for use by individuals with a disability are zero-rated (subject to the GST/HST at the rate of 0%).

Children's footwear

The following goods are children's footwear that qualify for the rebate:

- footwear designed for babies; and
- footwear designed for girls or boys with an insole length of 24.25 centimetres or less.

Footwear such as tennis shoes that can reasonably be worn outside of sports or recreational activities, qualifies for the rebate.

Non-qualifying children's footwear

The following goods do not qualify for the rebate:

- footwear with styles designed for girls or boys that have an insole length greater than 24.25 centimetres;
- footwear labelled and sold for adults that have an insole length of 24.25 centimetres or less, even if acquired for a child; and
- footwear such as soccer cleats, bowling shoes, skates, inline skates, diving flippers, or ski boots, that is used exclusively in sports or recreational activities.

Footwear that is specially designed for use by an individual who has a crippled or deformed foot or other similar disability is zero-rated (i.e., subject to the GST/HST at the rate of 0%) when sold on the written order of a person that is entitled under the laws of a province to practise the profession of medicine, physiotherapy or occupational therapy, or a registered nurse. See GST/HST Memorandum 4.2, *Medical and Assistive Devices*, for more information.

Who qualifies for the rebate

The rebate is available at any point in the distribution chain of the qualifying children's goods. The rebate is available to wholesalers, retailers or consumers who:

- are recipients of qualifying children's goods in the participating province;
- are residents in the participating province and that import qualifying children's goods where the

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- provincial part of the HST will be payable on the importation; or
 - receive delivery or possession of qualifying children's goods in, or bring qualifying children's goods into, the participating province in circumstances where the provincial part of the HST will be payable on the qualifying children's goods.

Note: In this case, a “recipient” of qualifying children's goods means the person who is liable to pay for the children's goods. A recipient could be a wholesaler, retailer, or consumer.

If you are not sure whether you are eligible for a rebate or whether a particular good is a qualifying children's good, you may call a GST/HST rulings centre at 1-800-959-8287 or request a written ruling or interpretation. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*.

How to claim the rebate

Wholesalers, retailers and consumers who purchase qualifying children's goods will receive the rebate by:

- being paid or credited the rebate amount by the supplier (e.g., a manufacturer, producer, wholesaler or retailer) at the point of sale;
- in the case of an importation having the rebate amount deducted by the CBSA from the HST payable; or
- filing a rebate claim with the CRA using Form GST 189, *General Application for Rebate of GST/HST*.

Rebate amount paid or credited by a registrant supplier

Wholesalers, retailers or consumers should automatically have their rebate amount paid or credited to them at the point of sale by the supplier.

The rebate amount paid or credited is equal to the amount of the provincial part of the HST payable on the qualifying children's goods.

A supplier that pays or credits the rebate amount will collect only the 5% federal part of the HST. Information on how a supplier shows the rebate

amount paid or credited is provided under the heading “How suppliers show the rebate on their invoices”.

Example 1

A retailer in Ontario sells a bunting blanket to a consumer.

Bunting blankets are qualifying children's clothing for purposes of the rebate. As a result, the retailer collects only the 5% federal part of the HST and pays or credits the rebate equal to the 8% provincial part of the HST to the consumer at the point of sale.

Example 2

A retailer in Ontario sells a Halloween costume to a consumer.

Costumes are not qualifying children's goods for purposes of the rebate. As a result, the retailer collects the 13% HST. In this case, there is no point-of-sale rebate.

Example 3

A wholesaler in Nova Scotia sells disposable children's diapers to a retailer in Nova Scotia.

Disposable children's diapers are qualifying children's goods for purposes of the rebate. Because the rebate applies to sales at any point in the distribution chain, the wholesaler collects only the 5% federal part of the HST and pays or credits the rebate equal to the 10% provincial part of the HST to the retailer at the point of sale.

Example 4

A wholesaler in Prince Edward Island sells disposable children's diapers to a retailer in Prince Edward Island.

As the province of Prince Edward Island does not provide a rebate on children's diapers, the wholesaler collects the 14% HST from the retailer.

Example 5

A consumer in Ontario purchases children's car seats from a retailer. The car seats conform to *the Canada Motor Vehicle Safety Standard (CMVSS) 213*, as

described under the federal *Motor Vehicle Restraint Systems and Booster Seats Safety Regulations*.

As the car seats conform to the CMVSS 213 as described under the *federal Motor Vehicle Restraint Systems and Booster Seats Safety Regulations*, they are qualifying children's goods for purposes of the rebate. As a result, the retailer collects only the 5% federal part of the HST and pays or credits the rebate equal to the 8% provincial part of the HST to the consumer at the point of sale.

Filing rebate claims with the CRA

If the supplier does not pay or credit the rebate amount at the point of sale and the recipient pays the HST to the supplier, the recipient of the qualifying children's goods can file a rebate claim with the CRA using Form GST 189, *General Application for Rebate of GST/HST* and using reason code 16.

The claim must be made within four years after the day the provincial part of the HST became payable.

The rebate amount that the CRA will pay is equal to the amount of the provincial part of the HST that was paid on the sale of the qualifying children's goods. However, the CRA will not pay a rebate where the total amount of the rebate is \$2 or less.

Example 6

On December 15, 2013, a retailer in Nova Scotia sells a pair of girls' medium-sized mittens to a consumer. The mittens are qualifying children's goods for purposes of the rebate.

The retailer collects the 15% HST and does not pay or credit the rebate equal to the 10% provincial part of the HST at the point of sale. The consumer can file a rebate claim with the CRA for an amount equal to the 10% provincial part of the HST paid to the retailer.

The consumer has until December 15, 2017, to file this rebate claim. Where the rebate application is filed on time, the CRA will pay the rebate amount to the consumer provided that the total amount claimed is more than \$2.

Example 7

On August 1, 2013, a wholesaler in Ontario sells a hundred pairs of boys' shoes to a retailer in Ontario.

Both the wholesaler and retailer are registrants. The boys' shoes are qualifying children's goods for purposes of the rebate.

The wholesaler collects the 13% HST and does not pay or credit the rebate equal to the 8% provincial part of the HST at the point of sale. The retailer can file a rebate claim with the CRA for an amount equal to the 8% provincial part of the HST paid to the wholesaler.

The retailer has until August 1, 2017, to file this rebate claim. As a registrant, the retailer can also claim an input tax credit (ITC) to recover the 5% federal part of the HST paid to the wholesaler to the extent that the boys' shoes are for use or supply in the course of the retailer's commercial activities.

Persons importing qualifying children's goods

Persons who are residents in a participating province and who import qualifying children's goods where the provincial part of the HST is payable on the importation should automatically have their rebate deducted by the CBSA from the HST payable.

The rebate amount that the CBSA deducts equals the amount of the provincial part of the HST that would be payable by the person on the imported qualifying children's goods. As a result, the CBSA collects only the 5% federal part of the HST on the imported qualifying children's goods.

Where a non-resident supplier (e.g., a non-resident producer, wholesaler, or retailer) that is not registered for GST/HST purposes sends qualifying children's goods by mail or courier to an address in a participating province, the CBSA automatically deducts the rebate amount from the HST payable on the importation and collects only the 5% federal part of the HST.

Example 8

An internet-based company located in New York (USA) sells and ships a children's scarf to a consumer that is resident in Ontario. The company is not registered for GST/HST purposes. The scarf is a qualifying children's good for purposes of the rebate.

The CBSA automatically deducts the rebate amount equal to the 8% provincial part of the HST on the

imported scarf and will only collect the 5% federal part of the HST on the importation of the scarf.

How suppliers show the rebate on their invoices

On the invoices or receipts issued for the sale of qualifying children's goods, a supplier may choose the following options to show the rebate amount paid or credited at the point of sale.

The following examples show HST at the rate of 13%.

Option 1

The supplier can show the total amount of the HST payable (or the total HST rate) and the amount of the rebate separately.

Price of babies' footwear	\$40.00
HST @ 13%	<u>\$5.20</u>
Subtotal	\$45.20
Rebate @ 8%	<u>\$3.20</u>
Amount due	\$42.00

Option 2

The supplier can show only the federal part of the HST payable.

Price of babies' footwear	\$40.00
HST	<u>\$2.00</u>
Amount due	\$42.00

Option 3

The supplier can show the total price of the qualifying children's goods including only the federal 5% part of the HST.

Price of babies' footwear	\$42.00
5% HST included	

For sales to GST/HST registrants, additional information may be required to support claims for input tax credits. For more information on these invoicing requirements, see Guide RC4022, *General Information for GST/HST Registrants*.

How suppliers account for the rebate on their GST/HST returns

A supplier that pays or credits the rebate amount at the point of sale has two options to account for the rebate on its GST/HST return.

The following examples show HST at the rate of 13%.

Option 1

The supplier can account for the total amount of HST collected or collectible on line 103 of the return and claim an adjustment for the rebate amount paid or credited on line 107.

Sales and other revenue (line 101)	\$40.00	
GST/HST collected or collectible (line 103)	\$5.20	
Adjustments (line 104)	\$0.00	
Total GST/HST/adjustments (line 105)		\$5.20
ITCs (line 106)	\$0.00	
Adjustment (line 107)	\$3.20	
Total ITCs/adjustments (line 108)		\$3.20
Net tax (line 109)		\$2.00

Option 2

The supplier can show the net amount as the HST collected or collectible on line 103 and not claim an adjustment for the rebate amount paid or credited on line 107.

Sales and other revenue (line 101)	\$40.00	
GST/HST collected or collectible (line 103)	\$2.00	
Adjustments (line 104)	\$0.00	
Total GST/HST/adjustments (line 105)		\$2.00
ITCs (line 106)	\$0.00	
Adjustment (line 107)	\$0.00	
Total ITCs/adjustments (line 108)		\$0.00
Net tax (line 109)		\$2.00

For information on completing a GST/HST return, see Guide RC4022, *General Information for GST/HST Registrants*.

Additional Information

Please refer to the following publications for additional information on other point-of-sale rebates:

- Info Sheet GI-060, *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Newspapers*;
- Info Sheet GI-062, *Harmonized Sales Tax for British Columbia – Point-of-Sale Rebate on Motor Fuels*;
- Info Sheet GI-064, *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Prepared Food and Beverages*;
- Info Sheet GI-065, *Point-of-Sale Rebate on Books*;
- Info Sheet GI-169, *Point-of-Sale Rebate on Heating Oil*;
- GST/HST Memorandum 13.4, *Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures*.

Further information

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

To make an enquiry on the GST/HST by telephone, call one of the following numbers:

- for general enquiries, call the Business Enquiries line at 1-800-959-5525;
- for technical enquiries, call 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.

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*.