



## Returnable Containers Other than Beverage Containers

**Note:** This Technical Information Bulletin replaces the version dated January 1991.

The information in this bulletin 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 its Regulations, or contact a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST Memorandum 1.2, **Canada Revenue Agency GST/HST Rulings Centres**. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287.

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

### Introduction

This bulletin outlines the GST/HST treatment of separate charges for returnable containers. These types of "returnable containers" include wooden pallets used to transport goods, oil drums, and helium and oxygen cylinders.

**Note:** The information contained in this bulletin does not apply to returnable beverage containers (e.g., soft drink bottles and cans). Section 226 of the Act pertains to returnable beverage containers. Please refer to GST/HST Technical Information Bulletin B-089, **Returnable Containers**, for more information on returnable beverage containers.

### General

Pursuant to section 137 of the Act, where a good is sold in a container which is usual for that type of good, the container will be considered to form part of that good. Any charge for the container will have the same tax status as the good.

Where the good is not sold in a container usual for that type of good, the GST/HST treatment of such a container will depend on the manner in which the container is provided. When a separate charge is made by the supplier of such a returnable container, the container is being sold, with ownership and all rights to that container transferred to the purchaser (i.e., this is not a "deposit" for GST/HST purposes). As such, the amount paid to purchase the container will generally be subject to GST/HST.

When these containers are "returned" to the person who supplied them, there are two possible treatments.

- The person "returning" the container can be considered to be "selling" that container back to the supplier who sold it. The person "returning" the container will collect and remit the GST/HST and the person paying for the container will be entitled to claim a corresponding input tax credit for the GST/HST paid or payable.
- Alternatively, payment of an amount equal to the container charge upon the container's return can be treated as a refund paid by the supplier to the customer.

If both the supplier and the purchaser are registered for the GST/HST, and they have already accounted (i.e., remitted tax or claimed an input tax credit) for the GST/HST paid or payable in their GST/HST returns, both parties may wish to avoid the refund mechanism (described below). In this case, the supplier would provide the refund without including the GST/HST that was initially paid by the purchaser.

La version française du présent document est intitulée *Contenants retournables autres que les contenants de boisson*.



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However, if the supplier gives the purchaser a refund or a credit of the tax previously paid, the supplier must issue a credit note or the purchaser must issue a debit note. In addition, both the supplier and the purchaser, if registered, will have to adjust their GST/HST returns for the reporting period in which the credit note was issued. The supplier will be able to make a deduction for the amount of tax refunded or credited in calculating the net tax, while the purchaser will be required to add that amount in determining the net tax for that reporting period. Section 232 of the Act sets out the rules for refund or adjustment of tax in such circumstances. More information will be available in GST/HST Memorandum 12.2, *Refund, Adjustment, or Credit of the GST/HST under Section 232 of the Excise Tax Act*.

### **Enquiries**

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

1-800-959-8287 (English service)

1-800-959-8296 (French service)

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

1-800-959-5525 (English service)

1-800-959-7775 (French service)

If you are located in Quebec, please call the following toll-free number:

1-800-567-4692 (Revenu Québec)

All technical publications related to the GST/HST are available on the CRA Web site at [www.cra.gc.ca/gsthstech](http://www.cra.gc.ca/gsthstech).