



# **GST/HST Public Service Bodies' Rebate**

Includes Form GST66

## Is this guide for you?

This guide gives general information about how to calculate your goods and services tax/harmonized sales tax (GST/HST) public service bodies' (PSB) rebate or GST self-government refund and describes the different calculation methods you may use. It also explains how to complete your rebate application.

### GST/HST and Quebec

In Quebec, Revenu Québec administers 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 *General Information Concerning the QST and the GST/HST*.

## What's new?

Effective January 1, 2008, the GST rate was reduced from 6% to 5%, and the HST rate from 14% to 13%.

If you have a visual impairment, you can get our publications in braille, large print, or etext (CD or diskette), or MP3. For more information, visit our Web site at **[www.cra.gc.ca/alternate](http://www.cra.gc.ca/alternate)** or call **1-800-959-2221**.

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## Definitions

**Charity** means a registered charity or registered Canadian amateur athletic association for income tax purposes, but does not include a public institution.

**Commercial activity** means any business or adventure or concern in the nature of trade carried on by certain persons, **but does not include:**

- the making of exempt supplies; or
- any business or adventure or concern in the nature of trade carried on without a reasonable expectation of profit by an individual, a personal trust, or a partnership where all of the members are individuals.

However, commercial activity includes a supply of real property, other than an exempt supply, by any person whether or not there is a reasonable expectation of profit, and anything done in the course of making the supply or in connection with the supply.

**Exempt supplies** are supplies of goods and services that are not subject to GST/HST. You cannot claim input tax credits for the GST/HST paid on expenses you incur to make such supplies. However, as a public service body, you may be eligible to claim a full or partial GST/HST rebate for the tax paid or owed to make exempt supplies.

**Input tax credit (ITC)** is a credit that GST/HST registrants can claim to recover the GST/HST they paid or owe for goods 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 Nova Scotia, New Brunswick, or Newfoundland and Labrador.

**Person** means an individual, a partnership, a corporation, the estate of a deceased individual, a trust, or any organization such as a society, a union, a club, an association, or a commission.

**Public institution** means a registered charity for income tax purposes that is also a school authority, a public college, a university, a hospital authority, or a local authority determined to be a municipality.

**Public service body (PSB)** means a non-profit organization, a charity, a municipality, a school authority, a hospital authority, a public college, or a university. For more information on these types of organizations, see “Rebates factors and explanation of activity types” on page 9.

**Qualifying non-profit organization (qualifying NPO)** means an NPO whose percentage of government funding is at least 40% of its total revenue. For information on qualifying NPOs, see page 10. To find out how to calculate the percentage of government funding, see “Claiming a rebate as a qualifying non-profit organization” on page 16.

**Registrant** means a person that is registered or has to be registered for GST/HST.

**Selected public service body (selected PSB)** means:

- a school authority, university, or public college that is established and operated other than for profit;
- a hospital authority;
- a municipality;
- a facility operator; or
- an external supplier.

### Note

The **health care rebate** enables certain charities, public institutions, and qualifying non-profit organizations to claim a rebate of 83% of the GST or federal part of HST they pay or owe if they are a **hospital authority, facility operator, or an external supplier** and they provide certain health care services or operate a facility in which these specific services are provided. To find out more, visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca).

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

**Zero-rated supplies** are supplies of goods and services that are taxable at the rate of 0%.

## What is GST/HST?

Goods and services tax/harmonized sales tax (GST/HST) is a tax that applies on most supplies of goods and services made in Canada. The three participating provinces (Nova Scotia, New Brunswick, and Newfoundland and Labrador) harmonized their provincial sales tax with GST to create the harmonized sales tax (HST). HST applies to the same base of goods and services as GST. The GST rate is 5%, and the HST rate is 13%. Before January 1, 2008, the GST rate was 6% and the HST rate was 14%.

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

## The Business Number

The Business Number (BN) identifies an organization and simplifies the way it deals with the Canadian government. Under a BN, an organization can have any accounts it may need, such as the following:

- corporate income tax;
- payroll deductions;
- GST/HST; and
- import/export.

An organization's GST/HST number is its nine-digit BN with the account identifier "RT" at the end. It will use this number when it claims its GST/HST rebates and files any GST/HST returns, if returns are required.

If an organization does not already have a GST/HST number when it claims a rebate, we will assign a BN with an "RT" account identifier to process any GST/HST rebates it may be entitled to.

Branches and divisions that are authorized to file separate GST/HST returns and rebates will have the same BN as the head office; however the account identifier at the end will be different. For example, the head office may have the account identifier "RT0001" at the end of its BN and a branch could have "RT0002."

## Can I claim the public service bodies' (PSB) rebate?

You may be able to claim this rebate for the GST or federal part of HST you pay on **eligible** purchases and expenses if you are any of the following (see the previous page for definitions of the following terms):

- a charity;

- a qualifying non-profit organization (qualifying NPO); or
- a selected public service body (selected PSB).

### Note

In some cases, you may also be able to claim a rebate for the **provincial** part of HST. For more information, see "Rebate for the provincial part of HST" on the next page.

You have to be a charity, qualifying NPO, or selected PSB before sending us a rebate application. Any GST/HST you pay or owe on eligible purchases made during your fiscal year qualify for the rebate as long as you meet all requirements for doing so (for example, becoming a registered charity under the *Income Tax Act* or meeting the 40% government funding requirement for a qualifying NPO) on the **last** day of the fiscal year.

### Note

The **health care rebate** enables certain charities, public institutions, and qualifying non-profit organizations to claim a rebate of 83% of the GST or federal part of HST they pay or owe. To qualify, the organization must be a hospital authority, a facility operator, or an external supplier and must provide certain health care services or operate a facility where such services are provided. For more information about the health care rebate, visit our Web site at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst).

## Other situations when a rebate may be available

You may also qualify for a rebate if you are:

- a specified person claiming a rebate of the GST or federal part of HST you paid on books (to find out more, see "Books" on page 11);
- a charity or a public institution claiming a rebate for the GST or federal part of HST you paid on goods or services you exported outside of Canada (to find out more, see "Goods and services exported by a registered charity or a public institution" on page 11); or
- an entity that has a self-government agreement that allows you a refund of GST on goods and services you acquire for self-government activities (to find out more, see "Self-government refund" on page 12).

## What can I claim?

You can claim a percentage of the amount of GST or federal part of HST that you pay or owe on **eligible** purchases and expenses used in your organization's activities. The percentage you use depends on the type of organization you are and the activities you perform.

### Note

To find out when this rebate may be available for the **provincial** part of HST, see "Rebate for the provincial part of HST" on the next page.

## Eligible purchases and expenses

The GST or federal part of HST paid or owed on the following purchases and expenses may be eligible for the rebate:

- general operating expenses, such as rent, utilities, and administration expenses, for which you **cannot** claim input tax credits (ITCs);
- most allowances and reimbursements you pay to employees involved in your exempt activities;
- goods and services used, consumed, or supplied in your exempt activities; and
- capital property. However, you cannot claim the rebate when you change the use of capital property from primarily commercial activities to primarily non-commercial activities. This is because you have to calculate the basic tax content (BTC) of the property with such a change in use and the BTC formula already takes the PSB rebate into account.

## Non-eligible purchases and expenses

The GST or federal part of HST paid or owed on the following purchases and expenses is **not** eligible for the PSB rebate:

- memberships in a dining, recreational, or sporting club;
- tobacco products and alcoholic beverages you supply and for which you are not required to collect GST/HST (except when the alcohol or tobacco is included in the price of a meal);
- goods and services you buy to provide long-term residential accommodation (one month or more), **unless** more than 10% of the accommodation is restricted to seniors, youths, students, or individuals with a disability or with limited financial resources who qualify for occupancy or reduced rents under a means or income test;
- goods and services used primarily (more than 50%) for the supply of a parking space made available to residential tenants **unless** more than 10% of the accommodation is restricted to seniors, youths, students, or individuals with a disability or limited financial resources who qualify for occupancy or reduced rents under a means or income test;
- property and services acquired primarily for making a supply of real property to another person for use by that person in leasing residential property on an exempt basis (including incidental parking), **unless** that other person is a PSB and more than 10% of the residential property is restricted to seniors, youths, students, individuals with a disability, or individuals with limited financial resources who qualify for occupancy or reduced rents under a means or income test; and
- goods and services you buy to sell or give to an officer, employee, or to another person related to that individual, if the value of the benefit would be taxable for income tax purposes.

These are examples only. Depending on your type of activity, the rules may be different. If you need clarification on whether or not a purchase or expense qualifies for the rebate, contact us at **1-800-959-5525**.

### Example

A qualifying NPO owns an apartment building and rents 30% of the apartments on a long-term basis to individuals with a disability. As more than 10% of the apartment building is used as housing that is restricted to individuals with a disability, the NPO can claim a PSB rebate for a percentage of the GST or federal part of HST it pays or owes on all eligible expenses incurred to maintain the apartment building.

## Rebate for the provincial part of HST

You may be eligible for a rebate of some of the provincial part of HST you paid or owe if you are:

- a charity that is **not** a selected PSB and you are resident in a participating province;
- a qualifying NPO that is **not** a selected PSB and you are resident in a participating province;
- a hospital authority, school authority, university, public college, or a municipality resident in Nova Scotia; or
- a municipality resident in New Brunswick.

A selected PSB resident in Newfoundland and Labrador that is also a charity, public institution, or qualifying NPO can claim a rebate of 50% of the provincial part of HST it pays or owes on purchases it uses in activities that **are not** in the course of fulfilling its responsibilities as a selected PSB.

If you have a permanent establishment in a province, you are considered to be resident in that province. This means that you may be considered a resident of a participating province and a non-participating province if you have permanent establishments in both. If you need help to determine your organization's place of residence, contact us at **1-800-959-5525**.

### Note

A point-of-sale rebate is already available in the participating provinces for the provincial part of HST on printed books. Therefore, you can only apply for a rebate of the **federal** part of HST on eligible books. For more information, see "Books" on page 11.

## How do I claim the PSB rebate?

To file your first rebate application, use Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*, which is included in this guide. After we process your first rebate application, we will send you Form GST284, which is a personalized version of Form GST66, for your next application.

The rebate form is divided into Parts A, B, C, D, and E. For more information, see “Completing the application” on the next page. Keep this guide to help you complete future rebate applications.

## GST/HST registrants

If you are a GST/HST registrant, you can complete one rebate application for each reporting period.

If you are claiming the amount of your rebate on line 111 of your GST/HST return, send your rebate application with that GST/HST return. Otherwise, mail your rebate application to the address on the rebate form.

### Do you have a branch or division that files separate GST/HST returns?

If you have a branch or division that files its own GST/HST returns, it also has to file separate rebate applications using the same filing frequency as the head office or parent.

If a branch or division is not authorized to file separate GST/HST returns and rebate applications, include its rebate claims on the head office or parent application.

To find out how to apply for authorization to file separate rebate applications and returns, see “Branches and divisions” below.

## Non-registrants

If you are not a GST/HST registrant, you can complete up to two rebate applications each fiscal year, one for the first six months of your fiscal year and another for the last six months of your fiscal year.

Mail your completed rebate application to the address indicated on the form. File only one rebate application for your whole organization **unless** you have received authorization for a branch or division to file separate rebate applications. An authorized branch or division has to file its own rebate applications. To find out more about branches and divisions, see the next section.

## Branches and divisions

If your organization has a branch or division, the head office can apply for authorization to allow the branch or division to file its own rebate applications, separate from the head office.

To be eligible, the branch or division has to be identified separately from the head office by its location or the nature of its activities, and it must have its own separate books and records. To apply for authorization, the head office has to complete Form GST10, *Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions*, or call us at **1-800-959-5525**.

### Note

If your organization receives this authorization and is a GST/HST registrant, the authorized branch or division also has to file its own GST/HST returns, separate from the head office.

Each branch or division that we approve will use the head office’s BN when it applies for its rebate, however the account identifier at the end of the BN will be different to identify it as a branch. For example, the head office may have the account identifier “RT0001” at the end of its BN and a branch or division may have the account identifier “RT0002.”

We will inform the head office or parent organization of these numbers and the date when the branches or divisions can begin filing their separate rebate applications. Branches or divisions have to use their BN on all their rebate applications and correspondence. If a branch or division is not authorized to file separate GST/HST rebate applications, include its rebate claims on the head office or parent application.

## Filing deadline

**If you are a GST/HST registrant**, you have up to four years from the due date of your GST/HST return for the claim period in which you incurred the expense to file a rebate application.

**If you are not a GST/HST registrant**, you have up to four years from the last day of the claim period in which you incurred the expense to file a rebate application. As a non-registrant, your claim period can be either the first six months of your fiscal year or the last six months of your fiscal year.

### Note

An exception to this four-year limitation is when the supplier is assessed for tax that was not collected from you during the period, and you then pay the tax after the four-year limitation. If this situation applies to you, you can complete a separate rebate application to cover that claim period. For more information, call us at **1-800-959-5525**.

## How do I make changes to a rebate application I already filed?

If you need to make changes to a rebate claim you already filed, send us a letter indicating the change and the reason for the change, or call us at **1-800-565-9353**.

## Required documents

**Do not send any documents** with your application (unless you are an NPO sending Form GST523-1, *Non-profit organizations – Government Funding*, to update your eligibility as a qualifying NPO). However, you have to keep adequate books and records, including original invoices, for six years from the end of the year they relate to. You have to make these books and records available to us if we ask to see them.

## Completing the application

All claimants have to complete Parts A, B, D, and E of the application.

Complete Part C only if you are a GST/HST registrant and you want to claim your rebate on line 111 of your GST/HST return to reduce the amount owing on that return. File your rebate application together with that return.

Incomplete or incorrect information may cause a delay in processing your application.

### Part A – Identification

#### Business Number (BN)

Print your full BN, including the complete “RT” account identifier at the end, in the space provided on all of your applications. Also print it on all of your correspondence with us.

If you do not have a BN, we will assign one to you with your first application. If you do not know whether you have a BN, call us at **1-800-959-5525**.

#### Name and address

Enter the complete legal name (and any trading name) and the mailing address of your organization. Enter your business address if it is different from the mailing address. We will send all correspondence and cheques to your mailing address.

#### Contact person

Enter the name, title, and telephone number of the person in your organization who we can contact if we need more information about your application.

#### Taxation Charity Registration Number

Enter the Taxation Charity Registration Number assigned to you as a charity under the *Income Tax Act*. This number is your BN plus an account identifier that starts with “RR.”

#### Fiscal year-end

Enter your fiscal year-end only if your organization is **not** a GST/HST registrant. If your organization is a non-registrant, its fiscal year end determines its claim periods for filing rebate applications. For more information, see the non-registrant information in “Claim period” later on this page.

#### Future applications

After we receive your first PSB rebate application, we will start sending you Form GST284, *GST/HST Rebate Application for Public Service Bodies*, which is a personalized rebate application, for all of your future claims.

The personalized form will have most of the Part A information preprinted. You will only need to enter the Taxation Charity Registration Number and your fiscal year-end, if applicable. However, you should review the preprinted information to be sure it is accurate. To tell us about changes, use the notification of change area on the envelope in which we send your application.

### Part B – Claim period

#### GST/HST registrants

Enter the claim period of your application. Your claim periods are the same as your reporting periods for your GST/HST returns. You file your applications with the same frequency as your GST/HST returns (that is, monthly, quarterly, or annually).

#### Non-registrants

Enter the claim period of your application. Your claim period has to be a six-month period covering either the first six months or the last six months of your fiscal year. You cannot claim a rebate more than twice a year. For example, a non-registrant organization with a December 31 fiscal year end can file one rebate application for the period ending June 30 and another for the period ending December 31 in each fiscal year.

### Part C – Offset on GST/HST return

#### Part C applies only to GST/HST registrants.

Tick the “Yes” box or the “No” box to show whether you want to include the total rebate from line 409 of this application on line 111 of your GST/HST return. When you transfer the line 409 amount from your application to line 111 of your GST/HST return, you use your rebate to reduce any amount you owe on your return, or to increase any refund.

Enter the period end date of that return in the space provided on the rebate application. Send us your rebate application with that GST/HST return.

#### Note

If you have an amount owing on a GST/HST return, even after using your rebate to reduce the amount you owe, make sure we receive the return, rebate application, and remittance by the due date of the return to avoid being charged a penalty for late-filing and interest on the amount owing.

### Part D – Certification

An authorized person from your organization has to date and sign every application and provide a telephone number.

### Part E – Details of claim

Complete the table in Part E by entering the amount of the rebate you are claiming for each activity you perform on the applicable line(s). The line(s) that apply to you depends on your activity type. See the next section for information on the different activity types and the corresponding rebate factors.



## Rebate factors and explanation of activity types

To find out whether your organization is eligible to claim a PSB rebate and the rebate factor that applies, see the following information for your organization type. If your organization performs more than one type of activity, see “Special rules for claimants with multiple activity types” on page 18 to determine how to calculate your rebate.

If you are a First Nation, see “Self-government refund” on page 12 to find out how to claim this refund.

### Municipality

Municipality means an incorporated city, town, village, metropolitan authority, township, district, county, or rural municipality or other incorporated municipal body, however designated. Examples of other incorporated municipal bodies include incorporated communities in Newfoundland and Labrador, incorporated northern hamlets, and incorporated northern settlements in Saskatchewan.

#### Determined municipality

If we determine an organization to be a municipality, it has the benefit of municipal status for all GST/HST purposes. For example, a paramunicipal organization, such as a public library that is a separate entity by itself, can ask to be determined to be a municipality.

#### Designated municipality

We may also designate an organization to be a municipality for certain municipal services that it supplies. This means that the organization is considered to be a municipality for GST/HST purposes, **but only for those activities for which it was designated**. The designation does not apply to the organization as a whole.

The designation allows the organization to apply for a rebate of the GST or federal part of HST using the municipality rebate factor, but only for the tax paid or owed on purchases used in the course of supplying the exempt municipal services for which the organization was designated.

For example, we may designate an organization **that is not a municipality** to be a municipality if it installs, repairs, and maintains a water distribution system that it operates. Once designated, the organization’s supplies of those services are exempt from GST/HST. It can also claim a PSB rebate using the municipality rebate factor for the GST or federal part of HST it pays or owes on purchases used to provide those services.

**The rebate factor for municipal activities is 100%** of the GST or federal part of HST.

#### Note

The four-year time limit to claim a rebate still applies.

Municipalities resident in New Brunswick or Nova Scotia also qualify for a **57.14%** rebate on the **provincial** part of HST.

If you are eligible to claim a rebate as a municipality, claim the amount on line 300 of Part E of the application.

To find out more about how GST/HST applies to municipalities, see Guide RC4049, *GST/HST Information for Municipalities*.

### University

University means a recognized degree-granting institution or an organization that operates a college affiliated with, or a research body of, such an institution.

**To qualify for this rebate, the university must be established and operated on a non-profit basis.**

**The rebate factor for university activities is 67%** of the GST or federal part of HST paid or payable. Universities in Nova Scotia also qualify for a **67%** rebate on the **provincial** part of HST.

If you are eligible to claim a rebate as a university, claim the amount on line 301 of Part E of the application.

### School authority

School authority means an organization that operates an elementary or secondary school in which it provides instruction that meets the standards of educational instruction of the province in which it is operated.

**To qualify for this rebate, the school authority must be established and operated on a non-profit basis.**

**The rebate factor for school authority activities is 68%** of the GST or federal part of HST paid or payable. School authorities in Nova Scotia also qualify for a **68%** rebate of the **provincial** part of HST.

If you are eligible to claim a rebate as a school authority, claim the amount on line 302 of Part E of the application.

### Public college

Public college means an organization that operates a post-secondary college or post-secondary technical institute that:

- receives funds from a government or a municipality to help the organization to continuously provide educational services to the general public; and
- is dedicated primarily to providing programs of instruction in one or more fields of vocational, technical, or general education.

**To qualify for this rebate, the public college must be established and operated on a non-profit basis.**

**The rebate factor for public college activities is 67%** of the GST or federal part of HST paid or payable. Public colleges in Nova Scotia also qualify for a **67%** rebate of the **provincial** part of HST.

If you are eligible to claim a rebate as a public college, claim the amount on line 303 of Part E of the application.

## Hospital authority

Hospital authority means an organization that operates a public hospital and that we have designated to be a hospital authority for GST/HST purposes. An organization that we designate as a hospital authority can claim a rebate for the GST or federal part of HST paid or payable on its purchases **to the extent that they are acquired for use in its activities of operating a public hospital**. For more information, see GST/HST Memoranda Series, Chapter 25.2, *Designation of Hospital Authorities*.

**The rebate factor for hospital authority activities is 83%** of the GST or federal part of HST paid or payable. Hospital authorities resident in Nova Scotia also qualify for an **83%** rebate of the **provincial** part of HST for activities of operating a public hospital.

If you are eligible to claim a rebate as a hospital authority, claim the amount on line 304 of Part E of the application.

### Note

The **health care rebate** expands the scope of the PSB rebate already available to a hospital authority on expenses incurred to provide certain health care services. If entitled to claim the health care rebate, a hospital authority claims this amount on line 310 of the rebate application. It still uses line 304 to claim its rebate for activities of operating a public hospital. For more information about the health care rebate, visit our Web site at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst).

There is no health care rebate for the provincial part of HST. However, certain hospital authorities resident in Newfoundland and Labrador may be able to claim a **50%** PSB rebate for the **provincial** part of HST. For more information, see “Rebate for the provincial part of HST” on page 6.

## Charity

Charity means a registered charity or registered Canadian amateur athletic association for income tax purposes, but does not include a public institution (see the definition on page 4).

For the PSB rebate, a charity also includes a non-profit organization that operates, other than for profit, a health-care facility for the purpose of providing residents of the facility with nursing and personal care, assistance with the activities of daily living, and meals and accommodation. This is restricted to facilities where residents have limited physical or mental capacity for self-supervision and self-care.

**The rebate factor for charity activities is 50%** of the GST or federal part of HST paid or payable. Charities resident in a participating province that **are not** selected public service bodies (see the definition on page 4) also qualify for a **50%** rebate of the **provincial** part of HST.

If you are eligible to claim a rebate as a charity, claim the amount on line 305 of Part E of the application.

### Note

The **health care rebate** allows certain charities and public institutions to claim an **83%** rebate of the GST or federal part of HST paid or owed on expenses incurred to provide certain health care services. This rebate may also be available to such an organization if it operates a facility in which these health care services are provided.

If you are eligible to claim the health care rebate, you have to use line 311 or line 312, whichever applies. You still claim your usual PSB rebate for your other activities on the same line as before.

There is no health care rebate for the provincial part of HST. However, certain selected PSBs resident in Newfoundland and Labrador may be able to claim a **50%** PSB rebate for the provincial part of HST. For more information, see “Rebate for the provincial part of HST” on page 6.

For more information about the health care rebate, visit our Web site at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst).

If you are a charity that is also a hospital authority, school authority, university, public college, or municipality, see “Special rules for claimants with multiple activity types” on page 18.

## Are you a charity that is a GST/HST registrant?

As a charity that is a GST/HST registrant, you have to use the net tax calculation for charities when you file your GST/HST return, unless you are eligible to elect not to use it and you file the appropriate application with us.

Using the net tax calculation method for charities does not affect your PSB rebate entitlements and you still claim your rebate in the usual way. That is, you claim a rebate for the GST or federal part of HST you paid or owe on all of the eligible purchases you made during the claim period for which you cannot claim input tax credits (ITCs).

Also, if you qualify for a rebate of the provincial part of HST, claim it in the usual way. For more information, see “Rebate for the provincial part of HST” on page 6.

### Note

For more information about the net tax calculation method for charities, see Guide RC4082, *GST/HST Information for Charities*.

## Qualifying non-profit organization

Non-profit organization (NPO) means a person organized and operated solely not for profit. A non-profit organization cannot be an individual, estate, trust, charity, municipality, public institution (see the definition on page 4), or a government. A proprietor, member, or shareholder of the organization cannot receive or benefit from any of the income unless they are a club, society, or association who promotes amateur athletics in Canada.

An organization will be eligible for a rebate if it is a **qualifying NPO**. To be considered a qualifying NPO, at any time in a fiscal year, the NPO's percentage of government funding for the fiscal year must be at least **40%** of its total revenue. See "Claiming a rebate as a qualifying non-profit organization" on page 16 to find out how to calculate the percentage of government funding and what form to send us to prove that you qualify.

**The rebate factor for qualifying NPO activities is 50%** of the GST or federal part of HST paid or payable. An NPO that is resident in a participating province and **is not** a selected PSB (see the definition on page 4), also qualifies for a **50%** rebate of the **provincial** part of HST.

If you are eligible to claim a rebate as a qualifying NPO, claim the amount on line 306 of Part E of the application.

#### Note

The **health care rebate** allows certain qualifying NPOs to claim an **83%** rebate of the GST or federal part of HST paid or owed on expenses incurred to provide certain health care services. This rebate may also be available to such an organization if it operates a facility in which these health care services are provided.

If you are eligible to claim the health care rebate, you have to use line 311 or line 312, whichever applies. You still claim your usual PSB rebate for your other activities on the same line as before.

There is no health care rebate for the provincial part of HST. However, certain selected PSBs resident in Newfoundland and Labrador may be able to claim a **50%** PSB rebate for the provincial part of HST. For more information, see "Rebate for the provincial part of HST" on page 6.

For more information about the health care rebate, visit our Web site at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst).

If you are a qualifying NPO that is also a hospital authority, school authority, university, public college, or municipality, see "Special rules for claimants with multiple activity types" on page 18.

## Books

**Specified persons** can claim a rebate for the GST or federal part of HST paid or payable on printed books, audio recordings of printed books, and printed versions of religious scriptures purchased **other than for resale**. For this rebate, **printed book** does not include certain items such as the following:

- newspapers;
- magazines and periodicals that are not purchased by subscription or that have more than 5% of their printed space devoted to advertising;
- books designed primarily for writing or drawing on;
- brochures or pamphlets;
- agendas and calendars;
- directories; and
- rate books (for example, insurance rate books).

**Specified persons** are municipalities, universities, public colleges, and school authorities, as well as charities, public institutions (see the definition on page 4), and qualifying NPOs that operate a public lending library. Public colleges, school authorities, and universities do not have to be established and operated on a non-profit basis to be eligible to claim the rebate for printed books.

In addition, charities and qualifying NPOs whose primary purpose is to promote literacy will qualify as specified persons if they are prescribed by the Minister of Finance. To become prescribed, send your request, including the name of the organization, its governing documents, and a statement of its purposes and activities, to the following address:

Director  
Public Service Bodies and Governments Division  
Excise and GST/HST Rulings Directorate  
320 Queen Street, Tower A, 15th floor  
Ottawa ON K1A 0L5

We will pass our recommendation on to the Department of Finance, which will make the final determination. For more information, see GST/HST Memoranda 13.4, *Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures*.

**The rebate factor for a specified person is 100%** of the GST or federal part of HST paid or payable on printed books, audio recordings of printed books, and printed versions of religious scriptures that you bought or imported, but not to resell.

If you are eligible to claim a rebate for books, claim the amount on line 307 of Part E of the application. Do not include this amount on any other line of Part E.

#### Note

A point-of-sale rebate is already available in the participating provinces for the provincial part of HST on printed books. Therefore, you can only apply for a rebate of the federal part of HST on this application.

## Goods and services exported by a registered charity or a public institution

If you are a registered charity or a public institution, you can claim a rebate for the GST/HST that you paid on goods or services that you exported outside Canada. To be eligible for the rebate, you must have paid GST/HST and have exported the goods or services.

#### Note

You cannot claim a rebate for tax you paid to export goods. The rebate is only for tax paid to buy the goods.

The rebate factor for exported goods and services is 100% of the GST/HST **paid**. Claim this rebate on line 308 of Part E of the application. Do not include this amount on any other line of Part E.

If you are a resident of a participating province, claim the federal part and provincial part of HST separately in the appropriate columns.

If you export goods or services for which you previously claimed a PSB rebate at another line, you may still be eligible for a rebate on the amount that did not qualify. After the goods or services have been exported, the difference between the total GST/HST paid and the amount previously claimed as a PSB rebate should be claimed on line 308. The four-year time limit to claim a rebate, as explained under “Filing deadline” on page 7, still applies in this situation.

## Self-government refund

**S**elf-government refund, in this guide, refers to a refund available to a First Nation or Inuit Government that has entered into an agreement with the Government of Canada that provides for a refund of GST for goods and services that are acquired for self-government activities. The terms and conditions that apply to the refund of GST are included in each agreement. First Nations and Inuit Governments that have entered into such agreements include those Yukon First Nations with final agreements, the Nisga’a Nation, the Tlicho First Nation, and the Labrador Inuit (Nunatsiavut Government).

If you are a First Nation that has an agreement that provides for a refund of GST for goods and services acquired for self-government activities, you may be eligible to claim a refund of 100% of the GST paid on goods and services. See your agreement to identify the conditions under which you may claim the refund.

Claim the refund on line 309 of Part E of the application. The time limit for claiming the self-government refund is stated in your agreement.

### Note

If you are claiming a refund on line 309 of Part E, do not include this amount on any other line of Part E.

## How do I calculate the PSB rebate?

There are two possible methods to calculate your rebate:

- The regular method (explained in the next section); or
- The simplified method (explained on page 14).

### Note

The rebate is available only on the GST/HST that you pay or owe, not on the full cost of the goods or services. Remember that you do not pay GST/HST on zero-rated or exempt goods and services, such as hospital beds, meals provided to hospital patients, or admissions to certain fund-raising events of charities.

Certain purchases are not eligible for the public service bodies’ rebate. For examples of eligible and ineligible purchases and expenses, see “What can I claim?” on page 5.

## Using the regular method to calculate your rebate

To use the regular method, do the following calculation and enter the result on the appropriate line (lines 300 to 306) of Part E of the application:

### Non-creditable

**tax charged** × **your rebate factor** = **PSB rebate**

To find out your rebate factor, see “Rebate factors and explanation of activity types” on page 9.

## What is non-creditable tax charged?

In general, non-creditable tax charged is the GST/HST that you paid or owe on eligible expenses that you cannot recover in any way, other than by claiming the PSB rebate. You need to know this amount if you are using the regular method to calculate your rebate.

### How do I calculate non-creditable tax charged?

Use the following instructions to find out the amount of your non-creditable **GST** charged. To find out the non-creditable **HST** charged, use HST amounts instead of GST.

### Note

If you paid HST at different rates on your purchases (for example, if you paid 13% HST on some purchases and 14% or 15% on others), follow these instructions separately for the purchases taxed at 13%, 14% or 15%.

Non-creditable **GST** charged for a claim period is equal to the total GST that you paid, or that became payable in the period, **minus** the following amounts:

- any ITCs you claimed or are entitled to claim for any of that GST. (This does not apply to a non-registrant, as non-registrants cannot claim ITCs.);
- any rebate, refund, or remission of any of that GST that it is reasonable to expect you received or are entitled to receive; and
- any amount of that GST that is refunded, credited, or adjusted in your favour and for which you have either received a credit note from the supplier or you have issued a debit note to the supplier.

The result is your non-creditable GST. Use this amount to calculate your rebate for GST using the regular method.

If you use HST amounts, the result is your non-creditable HST, which includes both the federal and provincial parts of HST. To find out how to calculate your rebate for the federal part of HST and for any provincial part of HST, see “Are you claiming a rebate for HST?” on the next page.

### Note

If you paid a GST/HST-included amount and need to know the amount of tax that was included, see “How do I calculate the amount of GST/HST included in a purchase price?” on page 14.

## Are you claiming a rebate for HST?

To calculate your rebate for the federal and/or provincial part(s) of HST, first calculate your non-creditable HST for the claim period. To find out how to calculate this amount, see the previous section, “What is non-creditable tax charged?”

Next, complete the following calculation(s) that apply to you. If you have some purchases that were taxed at 13% and others that were taxed at 14% or 15%, make sure to keep these purchases separate.

### Calculating your rebate for the federal part of HST

Multiply your non-creditable HST by:

- 5/13 for those purchases taxed at 13%;
- 6/14 for those purchases taxed at 14%; or
- 7/15 for those purchases taxed at 15%.

Then multiply this result by your rebate factor to find out the amount of your rebate for the federal part of HST. To find out your rebate factor, see “Rebate factors and explanation of activity types” on page 9.

If you are also claiming a PSB rebate for GST, add this amount to the GST you are claiming and enter the total on the appropriate line (lines 300 to 306) in the “Federal” column of Part E of the application.

### Calculating your rebate for the provincial part of HST

Only certain organizations can claim a rebate for the provincial part. To find out if you are eligible to claim a rebate for the provincial part, see “Rebate for the provincial part of HST” on page 6.

If you are eligible for a rebate of the provincial part of HST, multiply your non-creditable HST by:

- 8/13 for those purchases taxed at 13%;
- 8/14 for those purchases taxed at 14%; or
- 8/15 for those purchases taxed at 15%.

Then multiply this result by your rebate factor to find out the amount of your rebate for the provincial part of HST.

Enter this amount on the appropriate line in the provincial column that applies to you in Part E of the rebate application.

#### Note

If you are eligible for a rebate of the provincial part of HST, your rebate factor for the provincial part will generally be the same as your rebate factor for the federal part. However, if you are:

- a municipality resident in New Brunswick or Nova Scotia, use the rebate factor of 57.14%; or
- a selected PSB resident in Newfoundland and Labrador that is also a charity, public institution, or qualifying NPO, use the rebate factor of 50%. This rebate factor applies to the provincial part of HST you pay or owe on purchases you use in activities that **are not** in the course of fulfilling your responsibilities as a selected PSB.

To find out your rebate factor, see “Rebate factors and explanation of activity types” on page 9.

### Example

A municipality in New Brunswick is registered for GST/HST. It buys goods and services for use in its taxable and exempt activities during the claim period of April 1, 2008, to June 30, 2008. The municipality paid 13% HST on all of its taxable purchases and claimed the following ITCs:

Total HST paid in claim period	\$5,000
ITCs claimed	<u>2,100</u>
Non-creditable HST charged	\$2,900

### Rebate for the federal part of HST

Calculate the federal part of the non-creditable HST as follows:

$$\$2,900 \times 5/13 = \$1,115.38$$

The federal rebate factor for municipalities is 100%. The rebate for the federal part of HST is:

$$\$1,115.38 \times 100\% = \$1,115.38$$

The municipality enters \$1,115.38 on line 300 in the “Federal” column of Part E of the application.

### Rebate for the provincial part of HST

Calculate the provincial part of the non-creditable HST as follows:

$$\$2,900 \times 8/13 = \$1,784.62$$

The provincial rebate factor for municipalities is 57.14%. Calculate the rebate for the provincial part of HST as follows:

$$\$1,784.62 \times 57.14\% = \$1,019.73$$

The municipality enters \$1,019.73 on line 300 in the “New Brunswick” column of Part E of the application.

The total rebate claim on line 409 in Part E will therefore be \$2,135.11 (\$1,115.38 + \$1,019.73).

#### Note

In this example, the rebate factors for the federal and provincial parts of HST are different because it is a municipality resident in New Brunswick.

## Are you a resident of a non-participating province that buys goods and services in a participating province?

As a resident of a non-participating province, you can claim a rebate for the **federal** part of HST you pay or owe on purchases made in participating provinces and for the GST you pay or owe on purchases made in non-participating provinces. To find out how to calculate your rebate for the federal part, see “Are you claiming a rebate for HST?” on this page.

Since you are not a resident of a participating province, you are **not** eligible for a PSB rebate of the provincial part of HST. However, if you bought **goods** in a participating province for consumption, use, or supply exclusively outside a participating province, you may be eligible to claim a rebate for the provincial part of HST paid by using Form GST495, *Rebate Application for Provincial Part of Harmonized Sales Tax (HST)*. You must have paid the appropriate provincial sales tax in the province of use (a non-participating province), before claiming a rebate of the provincial part of HST.

If you bought **services** in a participating province, to the extent they are for use outside the participating provinces, you may be eligible to claim a rebate for the provincial part of HST paid by completing Form GST189, *General Application for Rebate of GST/HST*.

For more information, see Technical Information Bulletin B-080, *Rebates of HST on Supplies Made from the Participating Provinces*.

### Example

A charity, resident in Prince Edward Island (P.E.I.), is registered for GST/HST. It buys goods and services in Nova Scotia (a participating province) and in P.E.I. (a non-participating province) to use in its taxable and exempt activities. All purchases in P.E.I. were subject to 5% GST. All purchases in Nova Scotia were subject to 13% HST.

During the claim period, the charity paid GST and HST, and claimed ITCs as follows:

GST/HST paid	\$3,000 GST + \$500 HST = \$3,500
Minus ITCs claimed	<u>725 GST</u> + <u>275 HST</u> = <u>1,000</u>
Non-creditable GST/HST charged	\$2,275 GST + \$225 HST = \$2,500

### Rebate for the non-creditable GST

Multiply the non-creditable GST by the charity rebate factor of 50%:

$$\$2,275 \times 50\% = \$1,137.50$$

### Rebate for the federal part of the non-creditable HST

Federal part of the non-creditable HST:

$$\$225 \times 5/13 = \$86.54$$

Multiply this amount by the charity rebate factor of 50%:

$$\$86.54 \times 50\% = \$43.27$$

### Total rebate for the GST and federal part of HST

$$\$1,137.50 + \$43.27 = \$1,180.77$$

The charity enters \$1,180.77 on line 305 in the "Federal" column of Part E.

The total rebate claimed on line 409 of Part E is \$1,180.77.

Since the charity is not a resident of a participating province, it cannot claim a public service bodies' rebate for the provincial part of non-creditable HST charged.

However, it may be eligible for a rebate of the provincial part using Form GST189 and Form GST495.

## How do I calculate the amount of GST/HST included in a purchase price?

If GST/HST was included in the purchase price—that is, it was not shown separately on the invoice—calculate the amount of GST/HST included by using one of the following calculations. The calculation you have to use depends on whether you were charged GST or HST and at what rate (5%, 6%, 7%, 13%, 14% or 15%).

### If you were charged GST

When GST is included in a purchase price, do the following calculation to find out the amount of GST included:

#### If you were charged 5% GST:

$$\text{purchase price (GST included)} \times 5/105 = \text{GST charged}$$

#### If you were charged 6% GST:

$$\text{purchase price (GST included)} \times 6/106 = \text{GST charged}$$

#### If you were charged 7% GST:

$$\text{purchase price (GST included)} \times 7/107 = \text{GST charged}$$

#### Note

The amount on which vendors charge GST should not include provincial sales tax (PST).

### If you were charged HST

When HST is included in a purchase price, do the following calculation to find out the total amount of HST included:

#### If you were charged 13% HST:

$$\text{purchase price (HST included)} \times 13/113 = \text{HST charged}$$

#### If you were charged 14% HST:

$$\text{purchase price (HST included)} \times 14/114 = \text{HST charged}$$

#### If you were charged 15% HST:

$$\text{purchase price (HST included)} \times 15/115 = \text{HST charged}$$

## Using the simplified method to calculate your rebate

The simplified method to calculate rebates is an easier way to calculate your PSB rebate, whether or not you are a GST/HST registrant. If you are eligible to use this method and choose to do so, you will not have to track the GST/HST you paid on each invoice. However, you have to keep documents to support your application and, if you are a registrant, continue to charge, collect, and remit GST/HST on your supplies as usual. You do not have to file any forms with us to start using this method, but you have to meet certain conditions.

## Note

You cannot use the simplified method to calculate your rebate for real property. In such situations, the amount of tax paid on real property that qualifies for the rebate should be added **after** you have calculated your rebate using the simplified method.

If you are a charity or public institution, you cannot use this method to calculate your rebate for exported goods and services (line 308 of Part E) or for printed books (line 307 of Part E).

You can use the simplified method to calculate your rebates if:

- your annual taxable supplies of goods and services in Canada are not more than \$500,000 in your last fiscal year or in the previous fiscal quarter in the current fiscal year. This total includes the annual taxable supplies made by your associates, but does not include supplies of financial services, sale of capital real property, or goodwill; and
- your total taxable purchases were no more than \$2 million in your last fiscal year, and it must be reasonable to expect that your taxable purchases in the current fiscal year will not be more than \$2 million. This total does not include purchases on which you did not pay GST/HST.

Use the following steps to calculate your rebate using the simplified method.

## Step 1

Add up **separately** your taxable business purchases for which you were charged GST/HST at 5%, 6%, 7%, 13%, 14%, or 15%. For example, if you have purchases on which you paid or owe GST at 5%, add up all of those purchases. If you also have purchases on which you paid or owe GST at 6%, add up all of those purchases separate from those taxed at 5%.

Only include purchases on which GST or HST is **payable** or has been **paid** by you, or by an employee or volunteer for your organization, for use in your organization's activities. Make sure to include:

- the purchase price;
- GST or HST;
- non-refundable provincial taxes (only for purchases taxed at 5%, 6% or 7% GST);
- reasonable tips;
- import duties; and
- interest and late penalty paid for supplies taxed at 5%, 6%, 7%, 13%, 14%, or 15%.

Do not include:

- the part of purchases for which you claimed or will claim input tax credits (ITCs);
- expenses on which you have not paid GST/HST, such as salaries, insurance payments, interest paid, and other exempt or zero-rated purchases, and purchases from a non-registrant;

- purchases made outside Canada that are not subject to GST/HST;
- the part of ITCs on meals and entertainment that is subject to recapture;
- refundable or rebatable provincial sales taxes; and
- purchases and rental of real property.

## Note

If you are a registrant, you must remember to separate your expenses between those for exempt activities and those for commercial activities. For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

## Step 2

Multiply your total taxable business purchases (determined in step 1) by:

- 5/105 for those purchases taxed at 5% GST;
- 6/106 for those purchases taxed at 6% GST;
- 7/107 for those purchases taxed at 7% GST;
- 5/113 for those purchases taxed at 13% HST;
- 6/114 for those purchases taxed at 14% HST; and
- 7/115 for those purchases taxed at 15% HST.

## Step 3

Add up all of the results from step 2. Then add any GST or federal part of HST that you paid on purchases of real property for which you cannot claim an ITC.

## Step 4

Multiply the amount you calculated in step 3 by your rebate factor and enter the result on the appropriate line in Part E (lines 300 to 306) of the application. To find the rebate factor that applies to you, see "Rebate factors and explanation of activity types" on page 9.

## Step 5

If you are a resident of a participating province, you may be entitled to a rebate of the **provincial** part of HST. To find out if you are eligible to claim a rebate for the provincial part, see "Rebate for the provincial part of HST" on page 6.

To calculate your rebate for the provincial part of HST, multiply your total taxable business purchases (determined in Step 1) by:

- 8/113 for those purchases taxed at 13% HST;
- 8/114 for those purchases taxed at 14% HST; and
- 8/115 for those purchases taxed at 15% HST.

Add the results of these calculations. Then multiply the total by your rebate factor. To find out your rebate factor, see "Rebate factors and explanation of activity types" on page 9.

Enter the result on the appropriate line in Part E (lines 300 to 306) of the application in the provincial column that applies to you.

**Note**

Generally, if you are eligible for a rebate of the provincial part of HST, your rebate factor is the same as your rebate factor for the federal part. However, if you are:

- a municipality resident in New Brunswick or Nova Scotia, you have to use the rebate factor of 57.14%; or
- a selected PSB resident in Newfoundland and Labrador that is also a charity, public institution, or qualifying NPO, you have to use the rebate factor of 50%. This rebate factor applies to the provincial part of HST you pay or owe on purchases you use in activities that **are not** in the course of fulfilling your responsibilities as a selected PSB.

To find out your rebate factor, see “Rebate factors and explanation of activity types” on page 9.

**Example**

A charity located in Ontario offers exempt arts and crafts programs to children. For this example, 5% GST was charged on all taxable purchases and the 8% provincial sales tax (PST) is not rebatable or refundable.

Item	Amount	GST	PST	Total
Rent	\$1,500	\$75	–	\$1,575
Employees' salaries	\$1,000	–	–	\$1,000
Advertising	\$ 100	\$ 5	–	\$ 105
Equipment	\$ 400	\$ 20	\$ 32	\$ 452
Supplies	\$ 300	\$ 15	\$ 24	\$ 339
<b>Total</b>	<b>\$3,300</b>	<b>\$ 115</b>	<b>\$ 56</b>	<b>\$3,471</b>

**Step 1**

Taxable expenses = total expenses minus employees' salaries and rent  
 = \$3,471 – \$1,000 – \$1,575  
 = \$896

**Step 2**

Multiply \$896 by 5/105:  
 = \$896 × 5/105  
 = \$42.67

**Step 3**

To calculate the charity's rebate, add the GST paid on the rent to the amount determined in Step 2. Then multiply the result by the rebate factor of 50%:

$$\$42.67 + \$75 = \$117.67$$

$$\$117.67 \times 50\% = \$58.84$$

Therefore, the total rebate available is \$58.84.

## Claiming a rebate as a qualifying non-profit organization

**A** qualifying non-profit organization (qualifying NPO) can claim a PSB rebate of 50% of the GST or federal part of HST it pays or owes on purchases and expenses for its activities as a qualifying NPO.

**Note**

Any NPO that is resident in a participating province and **is not** a selected PSB (see the definition on page 4) also qualifies for a 50% rebate of the provincial part of HST.

Generally, an NPO is a qualifying NPO for a fiscal year if its percentage of government funding for that fiscal year is at least 40% of its total revenue. To calculate your percentage of government funding, you first need to know the amount of:

- your government funding for a fiscal year; and
- your total revenue for a fiscal year.

For more information, see “What qualifies as government funding?” below, and “What amounts are included in total revenue?” on the next page.

If you are an NPO and you want to claim the PSB rebate, you have to file Form GST523-1, *Non-profit organizations – Government Funding*, each fiscal year. We use this form to establish that your NPO receives the required amount of government funding to be considered a qualifying NPO. We will send you a personalized version of this form if your records indicate that you have claimed a rebate as a qualifying NPO in the past. If you do not have a personalized version, visit our Web site at [www.cra.gc.ca/gsthstpub](http://www.cra.gc.ca/gsthstpub) or call 1-800-959-2221 to get a non-personalized form.

**Note**

Do not send us your annual reports or financial statements.

### What qualifies as government funding?

Government funding refers to financial payments (that is, an amount of money) from a grantor that can be measured and identified as government funding in your NPO's financial statements. To find out more about grantors, see “Who is a grantor?” on the next page.

Government funding includes a payment (including a forgivable loan) from a grantor:

- to support or promote your organization's objectives (but not to pay for goods or services supplied by your organization to the grantor); or
- for an exempt sale of goods or services made by your NPO, if the goods and services are not for the use or consumption of the grantor or persons related to the grantor (for example, government funding of a local health unit to supply medical services to the public).



Government funding can be paid directly to the recipient (NPO) by a grantor or through another organization. For example, a national organization can allocate government funding to its provincial affiliates, and in turn, the provincial affiliates can redistribute the funds to their regional clubs.

Record government funding when you receive it or when it becomes receivable, depending on the method you follow in determining your revenues for the year.

These payments can be included as government funding when:

- the funds are initially paid by a grantor;
- the funds are clearly identified as government funding in the recipient's financial statements;
- the funds do not pass through more than two organizational levels. For example, grantor organization A (national) to organization B (provincial) to organization C (regional) would be acceptable;
- the intermediate organization that gives funds to the final recipient completes Form GST322, *Certificate of Government Funding*, to confirm that the payment is government funding; and
- the funds would be considered to be government funding if they were paid instead by a grantor directly to the final recipient for the same purpose as the amounts were paid by the intermediate organization.

Government funding does **not** include indirect or non-financial forms of assistance, low-interest loans and loan guarantees, any goods or services supplied at a subsidized price, or a refund or rebate of, or credit for, taxes, duties, or fees imposed under any statute.

## Who is a grantor?

Grantor includes all three levels of government: federal, provincial, and municipal. It includes Indian bands and bodies that federal, provincial, or municipal governments establish or control to fund charitable and non-profit activities.

Grantor does not include federal, provincial, and municipal corporations that perform only commercial activities (for example, funding from a Crown corporation that sells oil and gasoline for profit is not considered government funding), federal and provincial Crown corporations that supply financial services, and Crown corporations that do not have a government mandate to fund charitable and non-profit activities.

## What amounts are included in total revenue?

**Total revenue** includes the following amounts:

- government funding that is identified as such in the organization's financial statements;

- income from investments (interest and dividends);
- non-capital distributions from a trust to the NPO;
- loans from people with whom the organization is not dealing at arm's length (for example, an NPO funds another related NPO through loans with unusually low interest rates). If the loans are later reimbursed, they will be deducted from revenue at that time;
- proceeds from the issuance of equity securities; and
- monetary capital contributions (for example, the raising of capital by an NPO that cannot issue shares).

Also include the following amounts from which you can deduct 25% to take into account the cost of fund-raising:

- financial payments, such as private gifts and donations;
- the total of all amounts by which the fair market value of a financial instrument received by the NPO is more than the consideration paid or owed for the instrument;
- all receipts from sponsorships;
- all receipts from taxable (including zero-rated) and exempt sales of goods and services (do not include receipts from sales of real property or capital property, sales of financial instruments, benefits granted to employees or shareholders, or goods you are deemed to have sold when you stop being a registrant); and
- proceeds from gambling activities, minus prizes and winnings paid out.

Record ongoing revenue, such as sales, membership fees, or revenue items for activities extending over a number of years, when you receive them or when they become receivable, **whichever is earlier**.

Deduct from your total any amounts you repaid during the year. The result is the amount of total revenue you need to calculate your percentage of government funding.

The calculation(s) you will use to determine your percentage of government funding depends on which one of the following three scenarios applies to you. If the result is 40% or more, you are a qualifying NPO.

## How do I calculate the percentage of government funding?

First, complete the **current-year calculation**, and then follow the instructions for the scenario that applies to you.

### Current-year calculation

$$\frac{\text{Government funding for the current fiscal year}}{\text{Total revenue for the current fiscal year including government funding}} \times 100$$

### Scenario 1

If this is your **first** fiscal year, use only the current-year calculation.

## Scenario 2

If this is your **second** fiscal year, use the **greater** of the result of the current-year calculation and the following calculation:

$$\frac{\text{Government funding for the first fiscal year}}{\text{Total revenue for the first fiscal year including government funding}} \times 100$$

## Scenario 3

If neither scenario 1 or 2 applies, use the **greater** of the result of the current-year calculation and the following calculation:

$$\frac{\text{Government funding for the two preceding fiscal years}}{\text{Total revenue for the two preceding fiscal years including government funding}} \times 100$$

## Special rules for claimants with multiple activity types

There may be situations when you have to calculate your PSB rebate using more than one rebate factor.

You may be a charity, public institution, or qualifying NPO that is also a selected PSB (see the definition on page 4) that acquires goods or services for use in different activities. If so, you have to apportion the cost of the goods and services, and claim a rebate, to the extent of use in each activity.

### Example

A religious order, as a charity, operated a public hospital and undertook other activities that were unrelated to operating the public hospital. Since it is a designated hospital authority, the order is entitled to an 83% rebate for the GST or federal part of HST paid or owed on purchases it will use in exempt activities relating to its operation of the public hospital. It can claim a 50% rebate for the GST or federal part of HST paid or owed for other exempt activities.

The organization may also be eligible for a rebate of the provincial part of the HST paid, depending on the type of activities performed and its location.

If you are a selected PSB that acquires goods or services that will be used primarily (more than 50%) by another selected PSB, which is a separate legal entity, the rebate factor on these purchases is based on the factor for the user's activity.

### Example

A university pays HST on a computer it buys. The computer will be used primarily by a hospital authority to operate a public hospital.

The university can claim a rebate of the federal part of HST it paid on the computer at the hospital authority rebate factor of 83%.

Also, if you are in more than one category of selected PSBs (for example you are both a hospital authority and a school authority), and you acquire goods or services to be used primarily (more than 50%) as one type of PSB, the rebate factor is based on the primary use of those items.

### Example

An organization that is both a hospital authority and a school authority pays GST on consulting services it acquires to use primarily in its school authority activities. The organization can claim a rebate for the GST it paid on those services at the school authority rebate factor of 68%.

You still file only one rebate application for the claim period. You complete the application by determining the appropriate amounts to enter on lines 300 to 309 of Part E, as follows:

- Allocate the amount of GST or federal part of HST eligible for the rebate between each of the activity types.
- For each of these allocated amounts, calculate the amount of the rebate separately. Use the assigned rebate factor for each activity type, and enter the appropriate amounts on lines 300 to 309 of Part E.
- Total all amounts recorded on lines 300 to 309, and enter the total on line 409.

### Note

If you are claiming a rebate for HST, you have to separate the federal part of HST and the provincial part of HST. Some rebates are not available for the provincial part of HST. For more information, see "Rebate for the provincial part of HST" on page 6 and "Are you claiming a rebate for HST?" on page 13.

### Example

A hospital authority in Ontario establishes a school authority that operates on a non-profit basis. The hospital authority claims a rebate of 83% for the GST it paid on its eligible purchases for the public hospital and a rebate of 68% for the GST it paid on its eligible purchases for the school authority.

Category	Hospital	School
GST paid on purchases	\$2,000	\$1,000
Rebate factor	83%	68%
Multiply the GST paid by the rebate factor	\$1,660	\$ 680
Line 302		\$ 680
Line 304	\$1,660	

The total amount on line 409 of Part E is \$2,340 (\$1,660 + \$680).

## For more information

This guide uses plain language to explain some of the most common tax situations. If you need more help after you read this guide, call our Business Enquiries line at **1-800-959-5525**.

The following publications have more information for public service bodies:

- Guide RC4082, *GST/HST Information for Charities*;
- Guide RC4081, *GST/HST Information for Non-Profit Organizations*;
- Guide RC4049, *GST/HST Information for Municipalities*; and
- Guide RC4247, *The Special Quick Method of Accounting for Public Service Bodies*.

You can get these publications by visiting our Web site at [www.cra.gc.ca/gsthstpub](http://www.cra.gc.ca/gsthstpub) or by calling **1-800-959-2221**.

### Internet

You can find GST/HST information by visiting our Web site at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst). You may want to bookmark this address for easier access to our Web site in future.

### Forms and publications

One copy of Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*, is included at the end of this guide.

Many of our forms and publications are available on our Web site at [www.cra.gc.ca/gsthstpub](http://www.cra.gc.ca/gsthstpub). You can also order most of our publications and forms by calling **1-800-959-2221**.

### Teletypewriter users

If you have a hearing or speech impairment and use a teletypewriter, you can call our bilingual enquiry service at **1-800-665-0354** during regular business hours.

### Direct deposit



If you are expecting refunds or rebates when you file your GST/HST returns or rebate applications, you can complete and send us Form GST469, *Direct Deposit Request*. This form is available on our Web site at [www.cra.gc.ca/dd-bus](http://www.cra.gc.ca/dd-bus). This is a safe, convenient, dependable, and time-saving method of receiving your GST/HST refunds and rebates.

### 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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