



Application of the GST/HST to Home Care Services

This info sheet explains how the goods and services tax/harmonized sales tax (GST/HST) applies to supplies of publicly funded and unfunded home care services made after March 21, 2013.

Historically, publicly subsidized or funded homemaker services were exempt from the GST/HST. These services included cleaning, laundering, meal preparation and child care, rendered to an individual who, due to age, infirmity or disability, required assistance in his or her home.

However, because the definition of a homemaker service did not include personal care services such as bathing, feeding and assistance with activities of daily living, these services were generally subject to the GST/HST.

The definition of “homemaker service” in the GST/HST legislation has recently been replaced by the definition of “home care service” which includes, in addition to the homemaker services previously exempt, personal care services such as bathing, feeding, and assistance with dressing and taking medication. As a result, when certain conditions are met, the GST/HST exemption now applies to these personal care services.

The new definition and the changes to the exemption have been enacted and apply to supplies of a home care service made after March 21, 2013.

Note: For the examples in the info sheet, it is assumed that the service is provided after March 21, 2013, unless otherwise specified.

For purposes of the GST/HST exemption, home care services may be purchased by the individual benefitting from the services or any other person for example, a legal guardian.

Meaning of significant terms used in this publication

“Exempt” means not subject to GST/HST.

“Home care service” means a household or personal care service, such as bathing, feeding, assistance with dressing or medication, cleaning, laundering, meal preparation and child care, if the service is rendered to an individual who, due to age, infirmity or disability, requires assistance.

¹“Homemaker service” formerly meant a household or a personal service, such as cleaning, laundering, meal preparation and child care that is rendered to an individual who, due to age, infirmity or disability, requires assistance.

“Household service” refers to services of an ordinary household nature commonly referred to as housekeeping duties and includes activities such as dusting and cleaning, laundering, ironing, menu planning, meal preparation, washing and drying dishes, making a bed, changing the linens, organizing closets, and taking out the garbage.

“Personal care service” refers to services performed on a person or services requiring hands-on assistance and includes assistance with transfers and mobility, bathing, feeding, dressing, grooming, oral care, incontinence care, and medication administration and reminders.

¹ This definition was repealed and applied to supplies made before March 22, 2013.

GST/HST exemption for a home care service

In certain circumstances, a supply of a home care service is exempt. For the exemption to apply, the following conditions must be met:

1. the service meets the definition of a home care service;
2. the home care service is rendered to an individual in the individual's place of residence; and
3. either
 - (a) the home care service is supplied by a government or municipality; or
 - (b) a payment is made by a government, municipality or organization administering a government or municipal program in respect of home care services to:
 - (i) the home care service provider; or
 - (ii) any person for purposes of purchasing the home care service.

As indicated above, the purchaser of a supply of a home care service may be the individual who benefits from the service or any other person.

In many cases, an individual receiving a publicly funded home care service requires additional home care services to meet his or her needs. If an individual purchases a home care service in addition to receiving a publicly funded home care service, the additional home care service purchased is exempt if the following conditions are met:

- the additional service is a home care service rendered to the individual in his or her place of residence; and
- the individual is concurrently receiving a publicly funded home care service.

Supply of a home care service

To be exempt, the overall service an individual receives at home must actually be a home care service as defined above.

A home care service provider can offer various tasks that enable an individual to customize a home care service plan based on his or her needs. In many cases, the service provider offers a combination of tasks packaged together as a single supply. For example,

a home care service provider may offer a "household service" (which may also be referred to as a housekeeping service or an in-home service) that could include for example, laundry, ironing, light housekeeping, meal preparation, pet care and garbage collection. In addition, the service provider may offer a "personal care service" (which may also be referred to as a personal support service) that includes, for example, assistance with mobility, grooming, bathing, dressing, incontinence care, and medication reminders.

Some of the tasks listed in a home care service package are specifically included in the definition of home care service while others are not. For example, oral care, incontinence care, and assistance with mobility and transfers are not mentioned in the definition of a home care service. However, if these tasks constitute a household service or a personal care service, they will be considered a home care service when they are rendered to an individual who, due to age, infirmity or disability, requires assistance.

Where some of the tasks offered by a service provider are not mentioned in the definition of a home care service and are not a household service or a personal care service, it is necessary to determine whether the service provider is actually supplying a home care service.

For a home care service to be exempt, the overall service rendered to an individual in his or her place of residence must be a home care service. Therefore, when determining the nature of the service rendered, a distinction must be made between each task performed by the service provider and the overall nature of the service supplied.

Tasks offered as part of an overall home care service that are not home care services in their own right (e.g., dry cleaning drop off/pick up) are not subject to GST/HST if they form part of a single supply of a home care service and are included in the amount paid for the home care service.

If the service provider charges a separate amount for each of these tasks and is considered to be making more than one supply, the tasks that are not included in the definition of a home care service may be subject to GST/HST depending on the circumstances.

Example 1

An individual with partial paralysis receives 40 hours per week of a publicly funded home care service from a local health authority. The health authority contracts with a service provider to render this service. The single supply of the service includes assistance with bathing, dressing, incontinence care, oral care, transfers from a bed to chair (and back), meal preparation and companionship. The service provider is not a charity or a public institution².

If the service is supplied on or before March 21, 2013, the service would be subject to GST/HST as the service is not a homemaker service.

If the service is supplied after March 21, 2013, the service is exempt from GST/HST as the overall service is a home care service. Although companionship is not specifically listed in the definition of a home care service, it forms an integral part of the overall supply of a home care service.

Example 2

An elderly individual receives a publicly funded nursing service in her home which is rendered by a registered nurse from a local health authority that contracts with a service provider to provide the nursing service. The single supply of the service includes monitoring of vital signs, wound care, transfers, and assistance with medication and mobility.

The service rendered by the service provider is not exempt from GST/HST under the home care service exemption because it is a nursing service and not a home care service. However, the service may be exempt under another exempting provision (e.g., the exemption for nursing services) if all of the required conditions for the exemption are met.

Service rendered in the individual's place of residence

To qualify for the exemption, the home care service must be rendered to the individual in the individual's place of residence.

² A public institution is a registered charity for income tax purposes that is a school authority, a public college, a university, a hospital authority or a local authority determined to be a municipality.

A home care service may include tasks performed outside of the individual's residence, for example, picking up/dropping off medication, transportation to appointments, and grocery shopping. When provided separately from a home care service, these tasks generally do not qualify for the home care service exemption.

However, if the tasks performed outside the individual's place of residence relate to a home care service provided to an individual in an individual's place of residence and are included in the amount paid for the home care service, these tasks will form part of the home care service. The home care service will be exempt from GST/HST provided all the other conditions for the home care service exemption are met (e.g., public funding).

Example 3

An individual is receiving a single supply of a publicly funded home care service from a service provider. In addition to undertaking cleaning, laundry and meal preparation in the individual's home, the service provider also does the grocery shopping, and picks up dry cleaning and medications for the individual.

Together, the grocery shopping, picking up of dry cleaning and medications, meal preparation and assistance with cleaning and laundry constitute a home care service which is exempt from GST/HST since the overall supply of the home care service is rendered to an individual in the individual's place of residence.

Operator of a health care facility

An individual's place of residence may include accommodation in a nursing home, assisted living home, long-term care or other health care facility.

Where an individual's place of residence is a health care facility, the home care service exemption is not available to the operator of the facility in respect of the personal care, cleaning, meals and other services the operator provides to its residents.

Where the operator contracts with a third party to obtain cleaning services, human resources to provide care to the residents and other services to the residents of the facility, the operator is not purchasing home care services. Rather, the operator is purchasing inputs into the operator's business of providing residential care or institutional health care services to residents of the facility.

Furthermore, the operator of a health care facility receives government funding either for the purpose of operating the facility or as payment for providing residential care and accommodation to residents. The funding the operator receives from the government is not for the purpose of purchasing home care services as required for the exemption to apply.

Example 4

An operator of a residential care facility receives government funding for the operation of the facility. The operator contracts with a service provider for the services of care aides and nurses. The care aides and nurses provide medication administration, nursing care, assistance with activities of daily living such as dressing, grooming, and eating, and assistance in social and recreational activities to residents of the facility as instructed by the operator of the facility. The operator also contracts with a second service provider to obtain housekeeping, laundry, maintenance and janitorial services.

The supplies made to the operator of the residential care facility by both service providers are not exempt from GST/HST under the home care service exemption as the funding received from the government is not funding for the purpose of purchasing home care services and the services acquired are not home care services.

Home care service supplied or paid for by a government, municipality, or organization administering a home care services program

Home care services provided by a government or municipality directly to the individual requiring assistance are exempt from GST/HST.

Example 5

A health care aide is employed by a provincial government body to provide assistance with medication maintenance to an individual on a daily basis. The provincial government body charges the individual a reduced fee for this service.

The service rendered by the health care aide to the individual is exempt from GST/HST as the service rendered to the individual is a home care service and

the home care service is provided by the provincial government.

An amount is paid to the service provider

Where a government, municipality, or organization administering a home care service program contracts with a third party service provider to render a home care service and pays an amount to the service provider, the home care service purchased by the government, municipality, or organization is exempt from GST/HST.

In many provinces, a government or a municipality provides funding to an organization to administer health care services, including a home care service program, to residents of that province or municipality. The organization may be a health region, a health authority, or a local health network.

In turn, the organization contracts with a third-party service provider to purchase a home care service and deliver the home care service to an individual in his or her place of residence. The service provider invoices the organization for the home care service it renders to the individual. In these circumstances, the home care service is exempt from GST/HST since the organization is publicly funded for the purpose of purchasing home care services.

Example 6

A government department operates a program which provides several different services to individuals who require the services because of age, infirmity or disability. The department contracts with a private insurance company to administer the program. The insurance company contracts with a service provider to render a home care service to an individual in his home under the government program. The service provider invoices the insurance company for the home care service it renders.

The government program in respect of the home care service is administered by the insurance company who pays an amount to the service provider. Therefore, the supply of the home care service rendered by the service provider to the individual is exempt from GST/HST.

Example 7

Due to age, an individual requires assistance in her home with feeding and taking medication. She is assessed by a health authority, a publicly funded organization that arranges home care service programs for residents of that province, for the provision of a home care service. A service provider signs an agreement with the health authority. The agreement is for the service provider to render a service to residents referred by the health authority to the service provider. The health authority pays the service provider directly for the services that are requested, approved and delivered.

The services rendered by the service provider are exempt from GST/HST under the home care service exemption.

An amount is paid to any person

In some circumstances, following an assessment of an individual, a government, municipality, or an organization administering a government home care service program pays a subsidy to an individual so the individual can purchase the home care service directly.

The subsidy may cover the full cost of the home care service or part of the cost. The entire home care service purchased by the individual in these circumstances is exempt from GST/HST.

Example 8

An individual with a disability is pre-approved by an organization administering a government or municipal home care services program to receive a 50% subsidy to purchase assistance with bathing, dressing and feeding in her residence. She contracts with a service provider to provide this service. She pays for the service and receives reimbursement from the organization of 50% of the amount invoiced.

Although the individual received a subsidy equal to only 50% of the amount invoiced by the service provider, the total amount charged for the home care service is not subject to GST/HST. The amount she receives from the organization administering a government or municipal home care services program does not have to cover the whole cost of the home care service for the entire home care service to be exempt from GST/HST.

Where a third party provides the home care service, a payment must be made by the government or municipality for the home care service exemption to apply, regardless of whether a government or municipality directly or indirectly pays for the service. Eligibility for government assistance or eligibility for a government-funded home care service is not sufficient. Accordingly, a supply of a subsidized home care service must actually be made for the exemption to apply.

Example 9

An individual is eligible to receive a publicly subsidized home care service from a health authority but chooses to purchase a home care service that is not publicly funded and for which the individual is not reimbursed in whole or in part.

The charge for the home care service is not exempt from GST/HST because the individual is not receiving a publicly funded home care service supplied or paid for by a government or municipality, or paid for by an organization administering a home care services program.

Purchase of additional home care services

In many circumstances, an individual requires services in addition to the publicly funded home care service he or she is receiving. In this case, the individual may decide to purchase an additional home care service. The publicly funded home care service and the additional home care service may or may not be provided by the same service provider.

For the additional service to be exempt from GST/HST, it must be a home care service that is rendered to an individual in his or her place of residence. Also, the individual must be concurrently receiving a publicly funded home care service.

Example 10

An individual with a disability receives 10 hours per week of a publicly funded home care service from a service provider. The service rendered in the individual's residence includes assistance with bathing, feeding, and medication. He purchases an additional home care service from another service provider. The additional home care service includes 30 hours per week of assistance with bathing, dressing, medication reminders, grooming, and incontinence care.

The services provided by both service providers are exempt from GST/HST because both services are home care services and the conditions for the home care service exemption are met. As long as the individual is receiving publicly funded home care services that are exempt, any and all additional home care services rendered to the individual in the individual's residence will also be exempt from GST/HST.

It is not necessary that the additional home care service purchased by an individual be the same type of home care service as the publicly funded service he or she is receiving.

Example 11

An individual with a disability receives 15 hours per week of a publicly funded home care service that includes light house cleaning, vacuuming, laundry, ironing, garbage collection, and meal preparation from a service provider. She purchases 30 hours per week of assistance with bathing, grooming, dressing, feeding, mobility, transfers, and medication reminders from a second service provider. She pays for this additional service and is not reimbursed.

On or before March 21, 2013, the publicly funded service was exempt from GST/HST as a homemaker service. However, the service of 30 additional hours of assistance purchased by the individual was subject to GST/HST as personal care services were not included in the definition of homemaker service and no other exemption was available.

The services provided by both service providers after March 21, 2013 are exempt from GST/HST because both services are home care services and the conditions for the home care service exemption are met. The fact that the additional home care services are different in nature has no impact on the application of the exemption for home care services.

Example 12

An individual with partial paralysis receives 10 hours per day of a home care service provided by a service provider during the day. An organization that administers a government home care services program pays for the service, which includes assistance with bathing, dressing and grooming, incontinence care, medication reminders, meal preparation, transportation, light house-keeping, laundry, errands, and companionship.

The individual purchases an overnight service from the same service provider. This service is an 8 hour service that includes assisting him with preparing for bed, administering medications and incontinence care. The care provider also assists him with various needs during the overnight hours as necessary.

Both supplies made by the service provider are exempt from GST/HST as the services provided are home care services. This is the case regardless of whether the caregiver is awake and alert at all times for assistance or sleeping during the overnight portion of the 24 hour care.

Where a publicly funded service provider is unable to render a home care service to an individual for a brief period of time during a contract (e.g., due to a staffing shortage or similar reason), the purchase of a home care service an individual pays for out of pocket generally remains exempt from GST/HST provided the publicly funded service resumes.

However, where funding provided by a government, municipality or organization administering a home care services program runs out and the provision of publicly funded home care services ceases, any subsequent supply of a home care service the individual pays for out of pocket is not exempt from GST/HST because the requirements in the exemption are no longer met.

Documentary evidence

The individual must provide the service provider with evidence to demonstrate that he or she is receiving publicly funded exempt home care services (which may include proof that the person is receiving financial assistance to acquire exempt home care services) to substantiate the exemption for the additional home care services.

Tax paid in error

Where a supplier has charged GST/HST in error, the supplier may refund or credit the GST/HST to the purchaser. If the supplier refunds or credits the amounts collected as GST/HST, it must do so within two years after the day the amount was charged or collected and it must provide the purchaser with a credit note containing specific information.

Alternatively, purchasers who have paid an amount as GST/HST on exempt supplies may claim a rebate of tax paid in error using Form GST189, *General Application for Rebate of the GST/HST*. The time limit to apply for this rebate is two years after the day the purchaser paid the amount.

For more information, refer to GST/HST Memorandum 12.2, *Refund, Adjustment, or Credit of the GST/HST under Section 232 of the Excise Tax Act* and Guide RC4033, *General Application for GST/HST Rebates*.

This info sheet 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 CRA GST/HST rulings office 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 offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

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, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec Web site to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthstech.