



Canada Revenue
Agency

Agence du revenu
du Canada

Doing Business in Canada – GST/HST Information for Non-Residents

Is this guide for you?

This guide explains how the Canadian goods and services tax/harmonized sales tax (GST/HST) applies to non-residents doing business in Canada. It provides guidelines to help you determine whether you are carrying on business in Canada, information on GST/HST registration requirements, and instructions on how to charge, record, calculate, and remit the GST/HST. It also provides detailed information about the GST/HST as it applies to specific business activities carried on by non-residents of Canada.

Note

All references to dollar amounts are in Canadian dollars.

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

GST/HST and Quebec

In Quebec, Revenu Québec administers the GST/HST. If the physical location of your business is in Quebec, call **1-800-567-4692** (from Canada or the United States) or **1-418-659-4692** (from outside Canada or the United States). Also, see the Revenu Québec publication IN-203-V, *General Information Concerning the QST and the GST/HST*, available at www.revenu.gouv.qc.ca.

If you have a visual impairment, you can get our publications in braille, large print, etext (CD or diskette), or MP3. For more information, go to www.cra.gc.ca/alternate or call **1-800-959-2221**. If you are outside Canada and the United States, call the International Tax Services Office collect at **613-952-3741**.

What's new?

We list the major changes below, including changes that have been announced but were not law at the time of printing this guide. If they become law as proposed, they will be effective as of the dates indicated. For more information on these and other changes, see the areas outlined in colour in this guide.

Harmonized sales tax for Ontario

As of July 1, 2010, Ontario harmonized its retail sales tax with the GST to implement the harmonized sales tax in Ontario at the rate of 13% (5% federal part and 8% provincial part).

Harmonized sales tax for British Columbia

As of July 1, 2010, British Columbia (BC) harmonized its provincial sales tax with the GST to implement the harmonized sales tax in BC at the rate of 12% (5% federal part and 7% provincial part).

Harmonized sales tax rate change for Nova Scotia

As of July 1, 2010, Nova Scotia increased its harmonized sales tax rate to 15% (5% federal part and 10% provincial part).

Mandatory electronic filing

For reporting periods that end after June 2010, you may have to file your GST/HST returns electronically. For more information, see Guide RC4022, *General Information for GST/HST Registrants*, or go to www.cra.gc.ca/gsthst.

Place of supply rules

The place of supply rules have changed. For more information, see "Place of supply rules" on page 18.

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Definitions

Calendar quarter – means a period of three consecutive calendar months ending on the last day of any of the following months: March, June, September, and December.

Calendar year – means a year that starts on January 1 and ends on December 31.

Commercial activity – means any business or adventure or concern in the nature of trade carried on by a person, 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 the members are individuals.

Commercial activity also includes a supply of real property, other than an exempt supply, made 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 making of the supply.

Exempt supplies – are supplies of goods and services that are not subject to the GST/HST. GST/HST registrants cannot claim input tax credits to recover the GST/HST paid or payable on expenses related to such supplies.

Fiscal year – means the tax year of the person, or where a person has elected to change their fiscal year, the period that the person elected to be their fiscal year.

Input tax credit (ITC) – means a credit GST/HST registrants can claim to recover the GST/HST paid or payable 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 British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario.

Person – means an individual, a partnership, a corporation, the estate of a deceased individual, a trust, or any body that is a society, union, club, association, commission, or other organization of any kind.

Property – includes goods, real property and intangible personal property such as trademarks, rights to use a patent, and admissions to a place of amusement, but does not include money.

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 – means a charity, a non-profit organization, a municipality, a university, a public college, a school authority, or a hospital authority.

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

Small supplier – refers to a person whose revenue from worldwide taxable supplies was equal to or less than \$30,000 (\$50,000 for public service bodies) in a calendar quarter and over the last four consecutive calendar quarters.

Supply – means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, or other disposition.

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

Zero-rated supplies – are supplies of goods and services that are taxable at the rate of 0%. This means there is no GST/HST charged on the supply of these goods and services, but GST/HST registrants can claim ITCs for the GST/HST paid or payable on purchases and expenses made to provide them.

What is the GST/HST?

The goods and services tax (GST) is a tax that applies to most supplies of goods and services made in Canada. The GST also applies to supplies of real property (land and buildings) and intangible property such as trademarks, rights to use a patent, and digitized products downloaded from the Internet and paid for individually.

The participating provinces harmonized their provincial sales tax with the GST to implement the harmonized sales tax (HST) in those provinces. Generally, the HST applies to the same base of goods and services as the GST.

GST/HST registrants who make taxable supplies (other than zero-rated supplies) in the participating provinces collect tax at the applicable HST rate (see the chart on the next page). GST/HST Registrants collect tax at the 5% GST rate on taxable supplies they make in the rest of Canada (other than zero-rated supplies). For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

As of July 1, 2010, Ontario harmonized its retail sales tax with the GST to implement the HST in Ontario at the rate of 13% (5% federal part and 8% provincial part).

As of July 1, 2010, British Columbia (BC) harmonized its provincial sales tax with the GST to implement the HST in BC at the rate of 12% (5% federal part and 7% provincial part).

Also, as of July 1, 2010, Nova Scotia increased its HST rate to 15% (5% federal part and 10% provincial part).

As a result of these recent changes, the HST rate can vary depending on the province. The chart on the next page shows the applicable rates beginning January 1, 2008.

GST/HST Rates		
	Before July 1, 2010	On or after July 1, 2010
Ontario	GST at 5%	HST at 13%
British Columbia	GST at 5%	HST at 12%
Nova Scotia	HST at 13%	HST at 15%
New Brunswick	HST at 13%	HST at 13%
Newfoundland and Labrador	HST at 13%	HST at 13%
Territories and other provinces in Canada	GST at 5%	GST at 5%

Who pays the GST/HST?

Almost everyone has to pay the GST/HST on purchases of taxable supplies of goods and services (other than zero-rated supplies). The GST/HST also applies to most supplies of intangible personal property and certain real property. However, Indians and some groups and organizations, such as certain provincial and territorial governments, do not always pay the GST/HST on their purchases. For more information, see Guide RC4022.

Who charges the GST/HST?

Generally, GST/HST registrants have to collect the GST/HST on all taxable (other than zero-rated) supplies of goods and services they provide to their customers. For more information, see “Should you register?” on page 8.

Exception

In certain cases, you do not have to collect the GST/HST on a taxable sale of real property (for example, if the vendor is a non-resident of Canada). Instead, the purchaser may have to pay the tax directly to us. For more information, see Guide RC4022.

Taxable supplies

Most goods, services, and intangible property (including those that are zero-rated) supplied in or imported into Canada are subject to the GST/HST.

Supplies taxable at 5%, 12%, 13%, or 15%

Examples of supplies of goods and services taxable at 5%, 12%, 13%, or 15% include:

- sales and rentals of commercial real property;
- sales and leases of automobiles;

- car repairs;
- taxi and limousine transportation;
- legal and accounting services;
- publications such as books, magazines, and periodicals;
- rights to operate franchises; and
- hotel accommodation.

Zero-rated supplies

Some supplies are zero-rated – that is, GST/HST applies at a rate of 0%. This means that you do not charge GST/HST on these supplies, but you may claim input tax credits for them. Examples of zero-rated supplies include:

- basic groceries such as milk, bread, and vegetables;
- agricultural products such as wheat, grain, raw wool, and unprocessed tobacco;
- prescription drugs, and drug-dispensing services;
- medical devices such as hearing aids, and artificial teeth;
- exports (most goods and services for which you charge and collect GST/HST in Canada are zero-rated when supplied for export);
- international passenger air travel, except to the continental United States and the islands of St. Pierre and Miquelon;
- inbound international freight transportation services for transporting goods to the destination specified by the shipper; and
- outbound international freight transportation services for transporting goods when the charge for the service is \$5 or more.

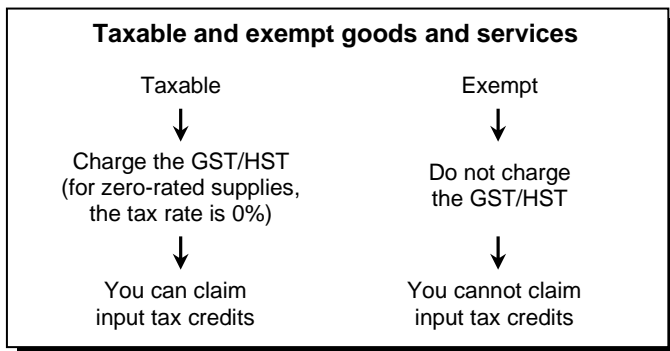
As a GST/HST registrant, you can claim an input tax credit for any GST/HST paid or payable on business purchases used to provide taxable goods and services (including zero-rated supplies).

Exempt supplies

Some supplies are exempt from the GST/HST—that is, no GST/HST applies to them. This means that you don’t charge the GST/HST on these supplies of property and services, and you do not claim input tax credits.

Examples include:

- most health, medical, and dental services performed by licensed physicians or dentists for medical reasons;
- bridge, road, and ferry tolls (ferry tolls are zero-rated if the ferry service is to or from a place outside Canada);
- most educational services such as courses supplied by vocational schools leading to certificates or diplomas that allow the practice of a trade or a vocation;
- most services provided by financial institutions; and
- long-term rentals of residential accommodations (of one month or more).



Determining resident and non-resident status in Canada

This section provides guidelines to help you determine whether you are a resident or a non-resident of Canada for GST/HST purposes.

Individuals

Residency status is determined according to:

- the length and reason for your stay abroad;
- your residential ties with Canada;
- your residential ties elsewhere; and
- the regularity and length of your visits to Canada.

For example, if you have a dwelling place, spouse and dependants, personal property, and social ties in Canada, this is a strong indication that you are resident in Canada.

In addition, government personnel living abroad are treated as residents of Canada for GST/HST purposes.

For more information, see GST/HST Memorandum 3.4, *Residence*, and Interpretation Bulletin IT-221R3, *Determination of an Individual's Residence Status*.

Persons other than individuals

A person other than an individual includes a corporation, a partnership, a trust or estate, or any organization such as a society, a union, a club, an association, or a commission. These persons are considered to be Canadian residents for GST/HST purposes in the following circumstances:

- a corporation is resident if it is incorporated or continued in Canada, and not continued elsewhere;
- a partnership, an organization such as an unincorporated society, a club, an association, or a branch of any of these entities is resident if the member, or a majority of the members having management and control, is resident in Canada at that time; or
- a labour union is resident if it is carrying on labour union activities in Canada and has a local union or branch in Canada at that time.

A corporation that is not incorporated in Canada may still be considered to be resident in Canada under general legal principles. It is also considered to be a resident of the place where its central management and control mechanisms are located. Factors that determine whether an organization is centrally managed or controlled include the place where:

- its directors live and hold their meetings;
- its shareholders live and hold their meetings;
- its managers live and hold their meetings; and
- the organization performs its principal business and operations, and keeps its books and records.

Generally, a trust is resident in the country where the trustee who has management and control of the trust lives. If more than one trustee has management and control, the trust is resident in the country where the majority of the trustees live.

Permanent establishment

Even if persons are considered to be non-residents based on any of the previous factors, they may be considered to be Canadian residents in relation to activities carried on through their permanent establishment in Canada.

A permanent establishment of a person means:

- a person's fixed place of business, including a place of management, a branch, an office, a factory, or a workshop, and a mine, an oil or gas well, a quarry, timberland, or any other place where natural resources are extracted, through which the person supplies goods or services; or
- a fixed place of business of someone else (other than a broker, general commission agent, or other independent agent acting in the ordinary course of business) who is acting in Canada on behalf of the person and through whom the person supplies goods and services in the ordinary course of business.

If you are a Canadian resident, but have a permanent establishment located outside Canada, we consider you to be a non-resident of Canada only for the activities carried on through that establishment.

Whether a person has a permanent establishment in Canada is a question of fact requiring consideration of all relevant facts.

For more information, see Policy Statement P-208, *Meaning of Permanent Establishment in Subsection 123(1) of the Excise Tax Act (the Act)*.

Are you carrying on business in Canada?

Determining whether you are carrying on business in Canada is an important step in establishing whether or not you have to register for the GST/HST. Non-residents who carry on business in Canada must register for the GST/HST if they make taxable supplies in Canada and are not small suppliers.

Note

A non-resident person is not necessarily considered to be carrying on business in Canada for income tax purposes simply because that person is considered to be carrying on business in Canada for GST/HST purposes. Likewise, a person who is considered to be carrying on business in Canada for income tax purposes is not necessarily considered to be carrying on business in Canada for GST/HST purposes.

Meaning of carrying on business

A business includes a profession, calling, trade, manufacture, or undertaking of any kind, whether or not the activity or undertaking is performed for profit. It also includes any activity done regularly or continually that involves providing property by way of lease, licence, or similar arrangement. This does not include an office or employment.

The meaning of **business** is not limited to the examples noted above, but also includes the commonly accepted meaning of business.

Carrying on business means that the business activity in question is done regularly or continually. Each case is evaluated on its own facts such as the person's history and intentions.

Meaning of carrying on business in Canada

After you determine if you are carrying on business, you have to determine if you are carrying on business in Canada. You can be carrying on business in Canada even if you do not have a permanent establishment in Canada.

Whether a person is carrying on business in Canada is a question of fact requiring consideration of all relevant facts. The factors that will be considered in determining whether a non-resident person is carrying on business in Canada for GST/HST purposes in a particular situation are:

- the place where agents or employees of the non-resident are located;
- the place of delivery;
- the place of payment;
- the place where purchases are made or assets are acquired;
- the place from which transactions are solicited;
- the location of assets or an inventory of goods;
- the place where business contracts are made;
- the location of a bank account;
- the place where the non-resident's name and business are listed in a directory;
- the location of a branch or office;
- the place where the service is performed; and
- the place of manufacture or production.

For more information, see Policy Statement P-051R2, *Carrying on business in Canada*.

Should you register?

You have to register for the GST/HST if:

- you provide taxable (including zero-rated) goods or services in Canada in the course of carrying on commercial activity in Canada and you are not a small supplier;
- you make taxable supplies of admissions in Canada for a place of amusement, a seminar, an activity, or an event held in Canada, **even if you are a small supplier**;
- you sponsor (host) a convention in Canada and more than 25% of the delegates are residents of Canada; or
- you are not a small supplier and you solicit sales for books, newspapers, magazines, periodicals, or similar printed publications in Canada or you offer such goods for sale in Canada, either through an employee or agent, or by means of advertising directed at the Canadian market, and send the publications by mail or courier to the recipient at an address in Canada.

Note

Persons that are already registered for the GST are automatically registered for the HST.

Companies, corporations, and partnerships register for the GST/HST as single entities. Branches and divisions cannot usually register separately. However, if you have divisions or branches that have separate accounting systems, and are separately identifiable by virtue of their activities or locations, you can apply to have these branches file separate GST/HST returns by sending us a completed Form GST10, *Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions*. To get this form, go to www.cra.gc.ca/gsthstpub or contact your tax services office listed on page 37.

You do not have to register if you are:

- a non-resident who does not carry on business in Canada (except if you make taxable supplies of admissions in Canada for a place of amusement, a seminar, an activity, or an event held in Canada); or
- a non-resident who sells taxable real property located in Canada other than in the usual course of a business.

For more information on registration, or to register, contact your tax services office listed on page 37.

Small supplier

You are a small supplier if you meet one of the following conditions:

- you are a **sole proprietor**, and your total revenues from taxable supplies (before expenses) from all your businesses are \$30,000 or less in the last four consecutive calendar quarters or in any single calendar quarter;
- you are a **partnership or a corporation**, and your total revenues from taxable supplies (before expenses) are \$30,000 or less in the last four consecutive calendar quarters or in any single calendar quarter; or

- you are a **public service body**, and your total revenues from taxable supplies from all of the activities of the organization are \$50,000 or less in the last four consecutive calendar quarters. A gross revenue threshold applies to charities and public institutions. For more information, see Guide RC4082, *GST/HST Information for Charities*.

In all cases, total revenues from taxable supplies means worldwide revenues from your supplies of goods and services subject to GST/HST (including zero-rated supplies), or that would be subjected to tax if supplied in Canada. You also have to include the total revenues from taxable supplies of all your associates in this calculation, but do not include financial services, goodwill, or sales of capital property.

Note

If your total revenues from taxable supplies are over \$30,000 (\$50,000 for public service bodies) in a single calendar quarter or over four consecutive calendar quarters, you are no longer a small supplier and you have to register for the GST/HST.

Voluntary registration

Even if you do not have to register for the GST/HST because you are a small supplier or because you do not carry on business in Canada, you can choose to register voluntarily in the following cases:

- you are engaged in a commercial activity in Canada;
- you are a non-resident person who, in the ordinary course of carrying on business outside Canada, regularly solicits orders for goods (except prescribed goods) to be exported or delivered to Canada;
- you are a non-resident person who, in the ordinary course of carrying on business outside Canada, enters into an agreement to supply services to be performed in Canada; or
- you are a non-resident person who, in the ordinary course of carrying on business outside Canada, enters into an agreement to supply intangible personal property such as intellectual property:
 - to be used in Canada;
 - that relates to real property situated in Canada;
 - that relates to goods that are ordinarily situated in Canada; or
 - that relates to services to be performed in Canada.

If you choose to register voluntarily, you have to stay registered for at least one year. By registering, you can claim input tax credits for the GST/HST paid or payable on purchases related to your commercial activities. If you are a small supplier and register voluntarily, you have to charge, collect, and remit the GST/HST on your taxable supplies of goods and services (other than zero-rated).

Business Number

If you have to register for the GST/HST, or you choose to do so voluntarily, contact a tax services office to apply for a Business Number (BN). You will have to complete Form RC1, *Request for a Business Number (BN)*, and send it to one of the designated non-resident tax services offices listed on page 37. It is the person or business entity that registers for the GST/HST. For example, it is the partnership that registers and not each partner.

The BN provides businesses with one number that applies to our four main business accounts: corporate income tax, payroll deductions, GST/HST, and import/export. The BN will be your business identification for all your dealings with us. For more information, see Booklet RC2, *The Business Number and Your Canada Revenue Agency Program Accounts*.

Security deposit

If you do not have a permanent establishment in Canada, or if you make supplies in Canada only through another person's fixed place of business, and you apply to be registered for the GST/HST, you have to provide us with a security deposit.

The initial amount of the security deposit is 50% of your estimated net tax, whether positive or negative, during the 12-month period after you register. For subsequent years, the amount of security is equal to 50% of your actual net tax for the previous 12-month period whether this amount is positive or negative. The maximum security deposit that we may require is \$1 million, and the minimum is \$5,000.

Your security deposit may be in the form of cash, certified cheque, money order, or a qualifying bond. The use of cash or cash equivalents (certified cheque or money order, etc.) may result in the cash being used to pay other outstanding debts to the CRA at the time the security is released. We do not accept non-transferable bonds such as Canada Savings Bonds. For current security requirements, contact your tax services office listed on page 37.

Note

All security deposits are payable in Canadian dollars.

Exception

If you estimate that you will sell or provide taxable goods and services in Canada of not more than \$100,000 annually and your net GST/HST will be between \$3,000 remittable and \$3,000 refundable annually, a security deposit is not required.

Foreign conventions

If you are the sponsor of a foreign convention, you **cannot** register for the GST/HST if your **only** commercial activity in Canada is making sales of admissions or related convention supplies or leasing exhibition space at a foreign convention. However, if you sell books, posters, education material, or other items at the foreign convention, you may be able to, or you may have to register for the GST/HST.

Note

Sponsor of a convention means the person who convenes the convention and supplies admissions to it. This is sometimes referred to as the host of the convention. A person that supports a convention through financial or other sponsorship of the event is not a sponsor for GST/HST purposes.

A foreign convention is a convention held in Canada where:

- at the time you determine the amount to be charged for the admissions, it is reasonably expected that at least 75% of the admissions will be provided to **non-residents** of Canada; and
- your head office is situated outside Canada or, if you have no head office, the member or majority of members having management and control of your organization is non-resident.

If more than 25% of the admissions are reasonably expected to be Canadian residents, you have to register for the GST/HST and you must do so before the event takes place.

If you are a non-resident exhibitor, the requirement to register for the GST/HST is based on whether you are carrying on business in Canada or whether you sell admission fees directly to spectators or attendees.

For more information about foreign conventions, see Guide RC4036, *GST/HST Information for the Travel and Convention Industry*, or Booklet RC4160, *Rebate for Tour Packages, Foreign Conventions, and Non-Resident Exhibitor Purchases*.

Calculating your net tax

If you are a GST/HST registrant, you have to calculate your net tax for each reporting period and report this on your GST/HST return. To do so, calculate:

- the GST/HST you charged or collected; and
- the GST/HST paid or payable on purchases used in your commercial activities.

The difference between these two amounts, plus or minus any adjustments, is the amount of either your GST/HST remittance or your GST/HST refund. This is your **net tax**. If the difference is a positive amount, send us this amount with your GST/HST return. If the difference is a negative amount, we will refund this amount to you.

Input tax credits

If you are a GST/HST registrant, you get back the GST/HST paid or payable on your purchases and expenses related to your commercial activities. This includes the GST/HST paid or payable on goods imported into Canada for use in the course of your commercial activities. You recover the GST/HST paid or payable by claiming an input tax credit (ITC) on **line 106** of your GST/HST return (or include it in your **line 108** calculation if you are filing electronically).

You can claim ITCs only to the extent that your purchases and expenses are for consumption, use, or supply in your commercial activities.

GST/HST payable and not paid

When you calculate your ITCs, you can include the GST/HST for purchases and expenses for which you have been invoiced but not yet paid. This means that you can get a credit for the GST/HST you owe to your suppliers before you pay the invoice.

Time limits for claiming ITCs

Registrants usually claim all eligible ITCs when filing the GST/HST return for the reporting period in which the purchases were made. However, you may have ITCs that you did not claim when you filed the return for the reporting period in which you made your purchases.

You can claim ITCs within four years of the due date of the return for the reporting period in which the ITC could have first been claimed.

The time limit for claiming ITCs is **reduced to two years** for:

- listed financial institutions (other than a corporation that is deemed to be a financial institution because it has made an election to have certain supplies deemed to be financial services and that election is in effect); and
- persons with annual revenues from taxable supplies of goods and services of more than \$6 million for each of the two preceding fiscal years.

The two-year time limit does not apply to the following persons even if they fall into the second category (these persons have four years to claim their ITCs):

- charities; and
- persons whose supplies of goods and services (other than financial services) during either of the two preceding fiscal years are at least 90% taxable supplies.

Under the two-year time limit, you can claim your ITCs in any future reporting period that is within two years of the end of the fiscal year that includes the reporting period in which the ITC could have first been claimed.

ITCs for reimbursements and allowances paid to employees and partners

If you are a GST/HST registrant and you reimburse your employees or partners (in the case of a partnership), or pay them a reasonable allowance for expenses they incurred in Canada, you can claim an ITC for the GST/HST you pay on the reimbursement or allowance.

If you are a non-resident corporation or a non-resident affiliate of a Canadian corporation and send your employees to Canada for meetings, training sessions, work projects, and so forth, you have to be a GST/HST registrant to claim an ITC for the GST/HST you pay on expenses incurred by your employees.

Employees of a non-resident affiliate of a Canadian corporation are not employees of the Canadian corporation. Therefore, you cannot recover the GST/HST paid or payable on your employees' expenses in Canada by having the Canadian corporation reimburse the employees and claim the ITC.

ITCs on imports into Canada

If you are an importer, you have to pay the GST or the federal part of the HST on most commercial goods you import into Canada, whether or not you are a GST/HST registrant. If you are a registrant, you can generally claim an ITC to recover the GST or the federal part of the HST paid or payable if the goods are imported for use in the course of your commercial activities in Canada.

Flow-through of ITCs

If you import goods into Canada and you are not a GST/HST registrant, you cannot claim an ITC for the GST or the federal part of the HST in respect of the importation. However, if you sell the imported goods to a GST/HST registrant, that registrant may be able to claim the GST or the federal part of the HST you paid at the time of import as an ITC. As long as you give the registrant satisfactory proof that you paid the GST or the federal part of the HST when you imported the goods, you can pass on the ITC to that registrant. Satisfactory proof includes a copy of Canada Border Services Agency (CBSA) Form B3-3, *Canada Customs Coding Form*, showing that the GST or the federal part of the HST was paid at the time of import.

You may also need the sales invoice, an agreement in writing between you and the buyer, or other relevant documents showing:

- that the goods were delivered, or made available to the registrant in Canada without being used by you in Canada; and
- the quantity of goods bought.

If you distribute products to more than one registered customer who is a Canadian resident, CBSA Form B3-3 alone may not provide enough information to support an ITC claim by your customers. For example, there may not be a CBSA Form B3-3 for each transaction. If this is the case, your customers must get a statement from you indicating the amount of tax paid or payable on the goods delivered to them. Each declaration must be accompanied by the corresponding CBSA Form B3-3 transaction number.

You can also pass on an ITC to a registrant if the registrant takes physical possession of the imported goods for the purpose of supplying commercial services, including:

- manufacturing;
- testing;
- processing, which includes marginal manufacturing such as packaging, repackaging, finishing, and cutting to size;
- evaluation;
- inspecting; and
- repair or maintenance.

You have to give the registrant satisfactory proof that you paid the GST or the federal part of the HST when you imported the goods.

Note

Certain public service bodies may also claim a rebate to recover part of the tax paid. For more information, see Guide RC4034, *GST/HST Public Service Bodies' Rebate*.

New registrants

If you are a new registrant, you can claim an ITC for the GST/HST paid or payable on property such as capital property, real property, and inventory that you had on hand to use in your commercial activities at the time you became a registrant. We consider that you bought the property at that time and paid GST/HST equal to the basic tax content of the property.

You can also claim an ITC for any GST/HST you prepaid for rent, royalties, or similar payments that relate to the period after you became a registrant. You cannot claim an ITC for the GST/HST paid or payable on services or accommodation you consumed, used, or supplied during a period before you became a registrant, even if you paid that GST/HST after you became a registrant.

Simplified accounting methods

We have developed two simplified accounting methods to help reduce paperwork and bookkeeping costs associated with calculating the GST/HST:

- a Simplified Method to calculate input tax credits (ITCs); and
- a Quick Method of accounting to calculate your net GST/HST remittance.

If you qualify to use these methods, you can use either one or both of them for any given fiscal year.

Simplified Method to calculate ITCs

The Simplified Method for claiming ITCs is an alternative way for eligible registrants to calculate their ITCs.

When you use the Simplified Method, you do not have to show the GST/HST separately in your records. Instead, total the amount of your eligible taxable purchases for which you can claim an ITC. You still have to keep the usual documents to support your ITC claims in case we ask to see them.

You can use this method if:

- you are not a listed financial institution;
- your total annual revenues from taxable supplies of goods and services, including those of your associates, are \$500,000 or less in your previous fiscal year;
- your total revenues from taxable supplies of goods and services, including those of your associates, for all preceding fiscal quarters for the current fiscal year must also be \$500,000 or less; and

- you purchase \$2 million or less in taxable purchases in Canada annually (the \$2 million limit does not include zero-rated purchases, but includes purchases imported into Canada).

Note

When you calculate your total annual revenues, do not include supplies of goodwill, financial services or sales of capital real property.

If you qualify, you can start using the Simplified Method at the beginning of any reporting period in a fiscal year. You do not have to file any forms to use this method. Once you decide to use it, you have to continue using it for at least one year, as long as you continue to qualify.

With the Simplified Method, you do not have to separate the amount of the GST/HST payable on each invoice; instead, you only have to track the total amount of your eligible taxable purchases. However, you have to separate your GST-taxable purchases from your HST-taxable purchases, and you have to keep the usual documents to support your ITC claims in case we ask to see them. For GST/HST rate information, see the chart on page 6.

To calculate ITCs using the Simplified Method, follow these steps.

Step 1

When you make purchases in both participating and non-participating provinces, you have to separately add up your business purchases and expenses that are taxable at 5%, 12%, 13%, and 15%, and for which you can claim an ITC.

Note

If you are claiming ITCs for eligible expenses you incurred before 2008, you have to use the rate that was in effect at that time.

Include capital property purchases and improvements that you use more than 50% in your commercial activities. Your totals will include:

- the amount paid or payable for each item;
- the GST/HST paid or payable;
- any other non-refundable or non-rebatable provincial sales taxes (only for GST-taxable purchases);
- all taxes or duties paid on imported goods;
- reasonable tips;
- interest and penalty charges related to purchases taxable at the GST or the HST rate; and
- reimbursements paid to employees, partners, and volunteers for taxable expenses.

Do **not** include:

- expenses on which you have not paid the GST/HST such as employees' salaries, insurance payments, interest, other exempt or zero-rated purchases, and purchases from a non-registrant;
- purchases you made outside Canada that are not subject to the GST/HST;

- real property purchases;
- refundable or rebatable provincial sales taxes;
- purchases for which you are not entitled to claim ITCs such as:
 - the part you use for personal use, or you use to provide exempt goods and services;
 - capital personal property that you do not use more than 50% in your commercial activities; and
 - the part of the cost of a passenger vehicle that exceeds the capital cost limitation for income tax purposes;
- 50% of meal and entertainment expenses (or, you can include 100% of the expense and make the 50% adjustment at the end of your fiscal year);
- if you are an individual or partnership, passenger vehicles or aircraft that you bought or imported and that you will not use 90% or more in commercial activities; and
- amounts you paid or that are due in reporting periods before you started using the Simplified Method to calculate your ITCs.

Note

If you are also using the Quick Method of accounting, include only those business purchases for which you can claim ITCs such as purchases of capital equipment.

Step 2

Where you are entitled to claim full ITCs, multiply your eligible purchases and expenses from Step 1 by:

- 5/105 for purchases on which you paid 5% GST;
- 12/112 for purchases on which you paid 12% HST;
- 13/113 for purchases on which you paid 13% HST; and
- 15/115 for purchases on which you paid 15% HST.

Note

If you are claiming ITCs for eligible expenses you incurred before 2008, the fractions you will use in Step 2 are 6/106 if you paid 6% GST, 7/107 if you paid 7% GST, 14/114 if you paid 14% HST, or 15/115 if you paid 15% HST.

Step 3

Where you are entitled to claim full ITCs, add the following, if they apply, to your ITC amount that you calculated in Step 2:

- ITCs you did not claim before you started using the Simplified Method, as long as the time limit for claiming them has not expired;
- the GST/HST you paid on real property purchases; and
- if you are an individual or a partnership, the ITC you can claim for a passenger vehicle or an aircraft used less than 90% in your commercial activities.

Enter this total on **line 106** of your GST/HST return (or include it in your calculation for **line 108** if you are filing electronically).

The following example shows you how to calculate your ITCs for various purchases and expenses where you are entitled to claim full ITCs.

Example (includes 5% GST and 7% PST)

Description	Expenses*
Rent	\$1,070
Employees' salaries**	\$3,000
Insurance**	\$50
Capital expenditures used more than 50% in commercial activities	\$574
Advertising	\$214
Office supplies	\$230
Inventory purchases	\$1,150
Land***	<u>\$21,400</u>
Total purchases and expenses	<u>\$27,688</u>

* Includes GST and non-refundable PST.
 ** GST does not apply.
 *** Does not include any PST.

Step 1

Add all purchases and expenses, including the GST and the PST	\$27,688.00
Less employees' salaries, insurance, and land (\$3,000 + \$50 + \$21,400)	<u>(\$24,450.00)</u>
Taxable expenses	\$3,238.00

Step 2

Multiply taxable expenses by 5/105 (\$3,238 × 5/105)	\$154.19
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Step 3

Add ITC on land (\$21,400 × 5/105)	<u>\$1,019.05</u>
ITC	<u>\$1,173.24</u>

Quick Method of accounting

The Quick Method of accounting is a simple way to calculate the amount of the GST/HST to send to us. You may begin to use this method if the total annual worldwide revenue from your taxable supplies and those of your associates (including zero-rated supplies) is no more than \$200,000, including the GST/HST, in any four consecutive fiscal quarters over the last five fiscal quarters. The \$200,000 limit does not include:

- supplies of financial services;
- sales of real property;
- sales of capital assets; and
- goodwill.

Certain registrants cannot use the Quick Method, including lawyers (or law offices), accountants, bookkeepers, financial consultants, and listed financial institutions.

How does the Quick Method work?

With the Quick Method, you charge and collect the GST/HST on the taxable goods and services you supply to your customers in the usual way. But, to calculate the net GST/HST to remit, you multiply your taxable supplies, including the GST/HST, made during the reporting period by the applicable Quick Method remittance rate(s).

There are several remittance rates. The remittance rates depend on whether you are in the service, retail, or manufacturing business, the province in which your permanent establishment is located, and the province where your supplies are made.

The remittance rates are less than the GST/HST rates of tax that you charge. This means that you remit only a part of the tax that you charge or collect.

You cannot claim ITCs for your operating expenses if you use the Quick Method. The Quick Method remittance rates take into account the GST/HST you pay on these purchases and expenses. You do not need to keep track of the GST/HST paid or payable on your operating expenses (such as utilities, rent, and telephone expenses), meal and entertainment expenses, and inventory purchases. However, you still have to keep records of your purchases and expenses.

You can claim ITCs for certain purchases such as purchases of land and purchases for which you can claim a capital cost allowance for income tax purposes, such as computers, vehicles, and other large equipment and machinery.

Generally, the election stays in effect as long as the total annual revenue from your worldwide taxable supplies (including the GST/HST), and those of your associates, does not exceed the \$200,000 limit (explained earlier on this page), **or** until you become a person that cannot use the Quick Method because of the type of business you carry on.

If your election ceases to be in effect, you have to start accounting for the GST/HST using the regular method:

- at the beginning of your next fiscal year if:
 - you file annual returns; and
 - you exceed the \$200,000 threshold or become a person that cannot use the Quick Method because of the type of business you carry on, in your current fiscal year.
- at the beginning of your second fiscal quarter of a fiscal year if:
 - you file monthly or quarterly returns;
 - your election to use the Quick Method **was** in effect at the beginning of that year; and
 - you exceeded the \$200,000 threshold in your previous fiscal year.
- at the beginning of your next fiscal quarter if:
 - you file monthly or quarterly returns;
 - your election to use the Quick Method **was not** in effect at the beginning of the fiscal year; and

– you exceeded the \$200,000 threshold in both the first four and the last four consecutive quarters of the previous five fiscal quarters.

- at the beginning of a fiscal quarter in which you become a person that cannot use the Quick Method if you file monthly or quarterly returns.

Note

At the end of each fiscal year, make sure that your business is still eligible to use the Quick Method for the following year. Also make sure that the same category of rates applies to your business. Base your calculations on supplies made in the fiscal year that just ended.

To start using the Quick Method, send us a completed Form GST74, *Election and Revocation of an Election to Use the Quick Method of Accounting*. To get forms, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221 (if you are outside Canada and the United States, call the International Tax Services Office collect at 613-952-3741).

You have to make this election before you can start filing your GST/HST returns using the Quick Method. For more information, see Guide RC4058, *Quick Method of Accounting for GST/HST*.

Filing your GST/HST returns

Reporting periods

When you register for the GST/HST, we give you a reporting period. Reporting periods are the periods of time for which you file your GST/HST returns. For each reporting period, you have to prepare and send us a GST/HST return showing the amount of the GST/HST you charged or collected from your customers and the amount of the GST/HST paid or payable to your suppliers.

Your reporting period is based on the revenue from your total annual taxable supplies of goods and services made in Canada in your previous fiscal year, including zero-rated supplies of goods and services, and those of your associates, if applicable.

When calculating this amount, do **not** include revenue from:

- supplies made outside Canada;
- zero-rated exports of goods and services;
- zero-rated supplies of financial services;
- taxable supplies of capital real property; and
- goodwill.

When you register for the GST/HST, we assign you the reporting period that requires you to file your GST/HST returns the least frequently. You may be able to choose, based on the amount of revenue from your taxable supplies from your previous fiscal year, an optional reporting period (see the following chart).

If you want to change your assigned reporting period, send us a completed Form GST20, *Election for GST/HST Reporting Period*, or call 1-800-959-5525.

To get forms, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221 (if you are outside Canada and the United States, call the International Tax Services Office collect at 613-952-3741).

Assigned and optional reporting periods		
Annual taxable supplies threshold amounts	Assigned reporting periods	Optional reporting periods
\$1,500,000 or less	Annual	Monthly, quarterly
More than \$1,500,000 up to \$6,000,000	Quarterly	Monthly
More than \$6,000,000	Monthly	Nil

If your revenue from taxable supplies is more than the threshold amount for your reporting period, you have to report more frequently beginning with the first fiscal quarter after you went over the threshold amount.

Filing and remitting due dates

Monthly and quarterly filers

If your reporting period is monthly or quarterly, you have to file your GST/HST return and remit any amount owing no later than one month after the end of your reporting period.

Annual filers

If your reporting period is annual, you usually have to file your return and remit any amount owing no later than three months after the end of your fiscal year.

Exception 1

Your GST/HST payment is due by April 30 if:

- you are an individual with business income for income tax purposes;
- you file annual GST/HST returns; and
- you have a December 31 fiscal year end.

Although your payment is due by April 30, you have until June 15 to file your GST/HST return.

Exception 2

In some situations, you may have to file a GST/HST return before leaving Canada. For example, if you give a performance where you sell admission fees, you have to file a GST/HST return and remit any GST/HST due before you or any of your employees leave Canada. You have to do this even if your reporting period has not yet ended.

As an annual filer, you may also have to pay quarterly instalments. If so, they are due no later than one month after the last day of each fiscal quarter. For more information, see “Who has to make instalment payments?” on the page 16.

Filing nil returns

If you are registered for the GST/HST, you have to file a GST/HST return for every reporting period, even if you have no net tax to remit and you are not expecting a refund. In other words, even if you have no business transactions in a reporting period, you still have to file a return. Otherwise, you may experience delays in getting refunds for later reporting periods and you can expect to receive a failure to file reminder notice. We may also charge a penalty for not filing a GST/HST return. For more information, see “Penalties and interest” on the next page.

Completing your GST/HST return

Calculate the total amount of the GST/HST you have collected or charged on your taxable supplies during the reporting period, as well as the total amount of the GST/HST that was paid or payable on your business purchases and expenses. Use these figures to complete your GST/HST return.

We will automatically send you Form GST34, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return for Registrants*, which includes pre-printed information about your account.

If you do not get Form GST34 within 15 working days of the end of your reporting period, or if you lose it, you can use Form GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return (Non-personalized)*. This non-personalized form contains all of the same information as Form GST34, except you have to enter your personal data. Neither form is available on our Web site as we can only provide them in a pre-printed format. To order Form GST62, go to www.cra.gc.ca/orderforms or call 1-800-959-2221 (if you are outside Canada and the United States, call the International Tax Services Office collect at 613-952-3741).

If you are filing a nil return, be sure to complete it using zeros. **Do not send us a blank return.**

You have to complete and sign your GST/HST return and remit your payment in Canadian dollars or foreign funds.

Note

You can make your payment in foreign funds. However, the exchange rate you receive for converting the payment to Canadian dollars is determined by the financial institution processing your payment.

How to file your GST/HST return

You have to file your return and remit any amount owing for every reporting period. Depending on your situation, you have different options.

Filing your return electronically

The CRA offers several electronic filing options for GST/HST registrants. The different electronic filing options are outlined on the next page. In some cases you will be required to file electronically.

Mandatory electronic filing

Beginning for reporting periods ending July 1, 2010, or later, the following registrants have to file their GST/HST return electronically:

- GST/HST registrants with greater than \$1.5 million in annual taxable supplies (except for charities);
- all registrants required to recapture input tax credits for the provincial part of the HST on certain inputs in Ontario and British Columbia (BC); and
- builders affected by the transitional housing measures in Ontario and BC.

As a result of these changes, all registrants, including registrants whose account is administered by Revenu Québec, are now eligible to file electronically. The filing options available to you, if any, depend on your reporting circumstances. In certain situations, you may be required to file your GST/HST return using a specific filing method.

Electronic filing methods are described below. For payment options, see “How to remit an amount owing for an electronically filed return” below.

GST/HST NETFILE

All GST/HST registrants, except for those registrants whose account is administered by Revenu Québec, will receive a four-digit access code. To file your return electronically using GST/HST NETFILE, go to the “Ready to file” page on the CRA Web site and enter the required information, including your four-digit access code. For information on NETFILE, go to www.cra.gc.ca/gsthst-netfile.

GST/HST TELEFILE

All GST/HST registrants, except for those registrants whose account is administered by Revenu Québec, will receive a four-digit access code. To file your return electronically using GST/HST TELEFILE, call 1-800-959-2038 using your touch-tone phone. An automated telephone process will prompt you to give your GST/HST information, including your four-digit access code, using the phone keypad.

GST/HST Internet file transfer (GIFT)

This option allows you to file your return electronically using third-party CRA certified accounting software.

You cannot use this option if you are required to file your GST/HST return using GST/HST NETFILE or TELFILE.

How to remit an amount owing for an electronically filed return

Pay electronically using CRA’s My Payment option. My Payment allows individuals and businesses to make payments online, using the CRA’s Web site, from an account at a participating Canadian financial institution. If you are electronically filing your return and electronically paying, you should use the “Payment on Filing” option. For more information on this self-service option, go to www.cra.gc.ca/mypayment.

You can also pay electronically using your financial institution's Internet or telephone banking service.

If you chose not to pay electronically, you can use Form RC158, *GST/HST NETFILE/TELEFILE Remittance Voucher*, to remit an amount owing on a return that you file using GST/HST NETFILE or TELEFILE. **Do not use the remittance part of your GST/HST return.**

Form RC158 is not available on our Web site as we can only provide it in a pre-printed format. To order this personalized form, go to www.cra.gc.ca/requests-business or call 1-800-959-5525.

Electronic Data Interchange (EDI)

Returns and remittances can also be filed electronically through a participating financial institution.

If you are using EDI, you must complete all amounts in Canadian dollars, and remit Canadian funds to us using a participating financial institution in Canada.

For more information, go to www.cra.gc.ca/gsthst-edi, or contact your financial institution.

You **cannot** use this option if you are required to file your GST/HST return using GST/HST NETFILE or TELEFILE.

My Business Account

My Business Account allows you to file a GST/HST return over the Internet without a web access code. Log in to My Business Account using your epass User ID and Password and go to the Welcome page. If you have more than one Business Number, select the one you want to access, then under the GST/HST heading, select the correct GST/HST account and select "File a return."

To learn more about eligibility criteria to use My Business Account, go to www.cra.gc.ca/mybusinessaccount.

At a participating Canadian financial institution

If you are remitting an amount owing, you can take your return and remittance to your participating financial institution in Canada, **unless**:

- you are required to file your GST/HST return electronically (see "Mandatory electronic filing" on the previous page);
- you are offsetting an amount owing on the return by a rebate or refund;
- you are claiming a refund; or
- you are filing a nil return.

In these cases, you have to mail your return and remittance to the address shown on your return. **You cannot file a return to claim a refund or rebate at your bank or financial institution.**

If you are paying at a financial institution and your return includes attached documentation, you have to send the attached documentation to us separately.

By mail

You can mail your return and your remittance, if any, to the address shown on the GST/HST return.

Print your Business Number on your cheque and make it payable to the Receiver General. Do not send cash in the mail. To avoid processing delays, do not staple or attach receipts or other supporting documents to your return.

Note

If your GST/HST remittance is \$50,000 or more, you must pay it at a participating Canadian financial institution.

You cannot use this option if you are required to file your GST/HST return electronically.

Who has to make instalment payments?

If you are an annual filer and your net tax for a fiscal year is **\$3,000 or more**, you have to make instalment payments throughout the following fiscal year.

These quarterly payments are due one month after the end of each of your fiscal quarters and are usually equal to 1/4 of your net tax from the previous year. You may also choose to base your quarterly instalment payments on an estimate of your net tax for the current year if you expect that your net tax for the **current** year will be less than it was for the previous year.

Note

If you estimate your instalments based on your current year and the instalment payments you make are less than the amount you actually should have paid, we will charge instalment interest on the difference.

When you file your GST/HST return at the end of the fiscal year, deduct the instalment payments you made throughout the year from the net tax you owe for that year. Do this by claiming the instalments you made on **line 110** of your return.

Generally, if the instalments you paid are less than your net tax, you have to remit the difference. If the instalments you paid are more than your net tax, you can claim the difference as a refund. For more information, see Guide RC4022, *General Information for GST/HST Registrants*.

Penalties and interest

Penalties

Failure to file

A penalty will apply to any return you file late unless there is a \$0 amount owing or we owe you a refund on that return. We calculate the penalty as follows:

- a) 1% of the amount owing; **plus**
- b) the result of the following calculation:

25% of the amount you calculated in a)	×	the number of months the return is overdue (to a maximum of 12 months)
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Demand to file

If you receive a demand to file a return and you do not do so, a penalty of \$250 will be charged.

Note

You cannot claim an income tax deduction for any penalty you paid or owe for failing to file a GST/HST return.

Failure to file electronically

Beginning for reporting periods ending on July 1, 2010 or later, certain registrants have to file electronically (see "Mandatory electronic filing" on page 15). Under proposed changes, a penalty will apply if you are required to file electronically and you do not do so.

An initial failure to file electronically will result in a \$100 penalty. Each subsequent failure to file using NETFILE or TELEFILE will result in a \$250 penalty.

There are additional penalties for amounts that are intended to be reported on an electronically filed return and are not included or are under/over-reported. These amounts include:

- recaptured input tax credits (ITCs);
- sales of housing subject to HST, purchased on a grandparented basis;
- the transitional tax adjustment; and
- transitional housing rebates.

For these specific amounts, the penalty will be 5% of the amount plus 1% per month until the amounts are corrected (to a maximum of 10%) of the difference between what is reported and what should have been reported.

Interest

Interest will be charged on an overdue amount equal to the basic rate plus 4%.

The basic rate is based on the rate charged on 90-day Treasury Bills, adjusted quarterly, and rounded up to the nearest whole percentage.

We charge interest on:

- any overdue balance owing on a GST/HST return;
- late or insufficient instalment payments; and
- any other overdue GST/HST amount that you have to remit to the Receiver General.

To request an interest review or a Statement of Interest online, go to www.cra.gc.ca/mybusinessaccount.

Note

You cannot claim an income tax deduction for arrears interest you paid or owe for outstanding GST/HST amounts.

Books and records

Every person who carries on a business or is engaged in a commercial activity in Canada, every person who is required to file a return for purposes of the GST/HST, and every person who makes an application for a rebate or refund, should keep records in English or French in Canada. If you find this impractical, you can submit a written request to your tax services office asking for permission to keep such books and records outside Canada. The request has to include:

- the reasons for keeping the books and records outside Canada; and
- an address where we can examine the books and records.

We will review your request and notify you as to whether or not we will grant permission. Permission to keep books and records outside Canada may be subject to certain conditions. These conditions will be identified in an agreement signed by you or a person authorized to sign for you. Under this agreement, you may have to:

- make the books and records available to us;
- give every opportunity necessary to inspect the books, records, accounts, and vouchers; and
- pay the travel and living expenses incurred by us to perform the inspection.

We may also ask for access to foreign-based information or records maintained or located outside Canada that we need to administer the GST/HST.

You have to keep all records and books of account for a period of six years from the end of the calendar year to which they refer.

Note

If you want to destroy your books and records before the six-year time limit, you have to get written permission from us.

Point-of-sale rebates

Currently, the governments of Nova Scotia, New Brunswick, and Newfoundland and Labrador provide a point-of-sale rebate of the provincial part of the HST payable on books.

Under proposed changes, as of July 1, 2010, British Columbia (BC), Ontario, and Nova Scotia are providing point-of-sale rebates for the provincial part of the HST payable on certain designated items. As a result, vendors in those provinces collect only the 5% federal part of the HST payable on sales of the following:

- children's clothing, footwear and diapers;
- children's car seats and car booster seats (in Ontario and BC only);

- books (including audio books, but **not** including e-books, newspapers, magazines, catalogues, colouring books, agendas, etc.);
- feminine hygiene products;
- newspapers (in Ontario **only**);
- qualifying food and beverages sold for \$4 or less (in Ontario **only**); and
- motor fuels, such as gasoline, diesel, and aviation fuel (in BC **only**).

Note

The point-of-sale rebate for books in Nova Scotia was available before July 1, 2010. This does **not** change.

A vendor's ability to claim input tax credits would not be affected by crediting purchasers in this manner. If the vendor does not credit the point-of-sale rebate, the purchaser would be able to apply for a rebate of the provincial part of the HST using Form GST189, *General Application for Rebate of GST/HST*. For more information, go to www.cra.gc.ca/gsthst.

Place of supply rules

Specific rules apply to determine whether a supply is made in or outside of a participating province (defined on page 5).

New rules apply to determine the place of supply. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

Sales of goods

You supply goods in a participating province and collect the HST if you deliver or make the goods available to the customer in that province. Where you do not deliver the goods yourself, we consider goods to be delivered in the province to which:

- you ship the goods;
- the goods are shipped on a common carrier that you retain on behalf of the customer; or
- you send the goods by courier or mail.

Supplies of services

When a service is provided partly in and partly outside Canada, we consider it to be provided in Canada.

Under proposed new rules, for supplies made in Canada after April 30, 2010, greater emphasis will be placed on the location of the recipient in determining the province in which the supply is made.

Rule 1: If, in the normal course of business, the supplier of a service obtains a home or business address in Canada of the recipient, the supply will be regarded as made in the province in which the particular address is situated.

If, in the normal course of business, the supplier of a service obtains **more than one** home or business address in Canada of the recipient, the supply will be regarded as made in the home or business address that is most closely connected with the supply.

If, in the normal course of business, the supplier of a service obtains an address of the recipient that is not the recipient's home or business address in Canada, the supply will be regarded as made in the province in which another Canadian address that is most closely connected with the supply is situated.

Rule 2: If, in the normal course of business, an address in Canada of the recipient is **not** obtained by the supplier of a service, the supply will be regarded as having been made in a participating province if the part of the service that is performed in Canada is performed primarily (more than 50%) in the participating provinces. In such instances, the supply will be regarded as made in the participating province in which the greatest proportion of the service is performed.

Rule 3: If Rule 2 applies (in other words, no address in Canada of the recipient is obtained and the service that is performed in Canada is performed primarily in the participating provinces), but a single participating province cannot be determined as being the participating province in which the greatest proportion of the service is performed because the service is performed equally in two or more particular participating provinces, the supply will be regarded as made in the particular participating province for which the rate of the provincial part of the HST is highest.

Rule 4: If Rule 3 applies, but a single participating province still cannot be determined to be the place of supply because the particular rate of the provincial component of the HST in two or more of the particular participating provinces is the same, the supplier will be required to charge the HST by applying that particular rate.

Note

If, in the normal course of business, an address in Canada of the recipient is not obtained by the supplier of a service, the supply will be regarded as having been made in a non-participating province if the services performed in Canada are not performed primarily in the participating provinces (in other words, performed primarily in non-participating provinces, or performed equally in participating and non-participating provinces).

As previously mentioned, the general rules for supplies of services described above will not apply if one of the exceptions to the general rules applies.

For example, the general rules will not apply to supplies of personal services.

Personal services

A personal service, generally, is a service that is performed all or substantially all (90 per cent or more) in the physical presence of the individual to whom it is rendered (for example, a haircut or a massage). The rules for personal services will not apply to an advisory, consulting or professional service as these services will generally be subject to the general rules for services, except where another specific rule applies to them.

Rule 1: If the part of a personal service that is performed in Canada is performed primarily in participating provinces, the supply of the service will be regarded as made in the participating province in which the greatest proportion of the service is performed.

Rule 2: If Rule 1 applies (in other words, the part of the personal service that is performed in Canada is performed primarily in the participating provinces), but a single participating province cannot be determined as being the participating province in which the greatest proportion of the personal service is performed because the personal service is performed equally in two or more particular participating provinces, the supply of the personal service will be regarded as made in the particular participating province for which the rate of the provincial part of the HST is highest.

Rule 3: If Rule 2 applies, but a single participating province still cannot be determined to be the place of supply because the particular rate of the provincial part of the HST in two or more of the particular participating provinces is the same, the supplier will be required to charge the HST by applying that particular rate.

Notes

A supply of a personal service will be regarded as made in a non-participating province if the part of a personal service that is performed in Canada is performed primarily in non-participating provinces or equally in participating and non-participating provinces.

Other rules apply to determine whether a supply of a specific service is made in a province. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

Services in relation to tangible personal property

Generally, a supply of a service in relation to tangible personal property (TPP) that remains in a province while the service is being performed will be considered to be made in that province.

Note

Other rules may apply to determine whether a specific supply of a service in relation to TPP is made in a province. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

Real property and services related to real property

A supply of real property is considered to be made in the province where the real property is situated. For example, the sale of a warehouse situated in Goose Bay, Newfoundland and Labrador, is considered to be made in Newfoundland and Labrador and is therefore subject to the HST.

The general rules for services will not apply to supplies of services in relation to real property. Rather, the following rules will apply:

Rule 1: A supply of a service in relation to real property will be regarded as having been made in a participating province if the real property in Canada to which the service relates is situated primarily in the participating provinces. The supply will be regarded as having been made in the participating province in which the greatest proportion of the real property is situated.

Rule 2: If Rule 1 applies (in other words, the real property in Canada is situated primarily in participating provinces), but a single participating province cannot be determined as being the participating province in which the greatest proportion of the real property is situated because equal proportions of the real property are situated in two or more particular participating provinces, the supply is made in the particular participating province for which the rate of the provincial part of the HST is highest.

Rule 3: If Rule 2 applies, but a single participating province still cannot be determined to be the place of supply because the particular rate of the provincial part of the HST in two or more of the particular participating provinces is the same, the supplier will be required to charge the HST by applying that particular rate.

Notes

A supply of a service in relation to real property will be considered to be made in a non-participating province if the real property in Canada to which the service relates is not situated primarily in participating provinces.

Other rules apply to determine whether a supply of a specific service is made in a province. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

Intangible personal property

Generally, the place of supply for intangible personal property (IPP), such as franchise rights, largely depends on where the IPP can be used.

If the Canadian rights in respect of the IPP can only be used in a single participating province, that province would be the place of supply.

Note

Other rules apply to determine whether a supply of IPP is made in a province. For more information, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of supply rules for determining whether a supply is made in a province*, or go to www.cra.gc.ca/placeofsupply.

Goods imported into Canada

Goods imported into Canada are subject to the GST or the federal part of the HST, except for non-taxable imports. For more information, see “Non-taxable imports” on page 33.

You have to declare and report imported goods to Canada Border Services Agency (CBSA) for immediate inspection. When the goods are sent by common carrier, the carrier has to report their arrival to CBSA. In all other cases, the person importing the goods has to declare and report the goods to CBSA.

If you are a **GST/HST registrant** and a non-resident importer of record who clears goods through CBSA and arranges delivery to Canadian purchasers from within Canada:

- you pay the GST or the federal part of the HST at the time of importation;
- you claim an input tax credit (ITC) for the GST or the federal part of the HST paid or payable if the imported goods are for use in your commercial activity; and
- you charge the GST/HST to your customers on the sale price.

If you are **not a GST/HST registrant** and you import commercial goods into Canada:

- you pay the GST or the federal part of the HST at the time of importation; and
- you do not charge the GST/HST to Canadian customers, even when the goods are delivered or made available to customers in Canada.

If you are not a GST/HST registrant, you cannot claim ITCs for the GST or the federal part of the HST you pay at the time of importation. However, if a customer is a GST/HST registrant, the customer may be able to claim ITCs. For more information, see “Flow-through of ITCs” on page 11.

Calculating the tax

CBSA calculates tax on the following two amounts:

- the value of the goods as determined under the *Customs Act* for the purpose of calculating duties imposed on the goods at a percentage rate, whether or not the goods are in fact subject to duty; and
- the total amount of all duties and taxes, if any, payable under the *Customs Tariff*, the *Special Import Measures Act*, the *Excise Tax Act* (other than the GST/HST), or any other Canadian law relating to the importation of goods into Canada.

Time of payment

The person responsible for paying the tax on imported goods is the person who is responsible for paying the customs duty, or who would be responsible if the goods were subject to duty.

Duties and taxes on imported goods are payable when CBSA processes the accounting or entry documents. Importers or their customs brokers can post security to guarantee that customs duties and the GST or the federal part of the HST will be paid. When security has been posted, the presentation of accounting documents and the payment of duties and the GST or the federal part of the HST can take place after CBSA has released the goods.

Importers who have posted security with CBSA can take advantage of periodic payment rules. Under these rules, importers can delay paying any duties and taxes until the last business day of the current calendar month for goods imported and accounted for between the 25th of the past calendar month and the 24th of the current calendar month.

Under the periodic payment system, importers still have to account for their imports daily, and will continue to have up to five business days after the date of release to present the accounting documents to CBSA.

Goods brought into a participating province

Taxable **non-commercial** goods imported by a resident of a participating province are subject to the HST on importation, except for motor vehicles required to be registered in a participating province. The provincial part of the HST on imported motor vehicles is payable when the vehicle is registered in a participating province. Taxable non-commercial goods imported by residents of a non-participating province are only subject to the GST.

Although the provincial part of the HST is not payable when you import **commercial** goods that are destined for the participating provinces, the goods may be subject to self-assessment of the provincial part of the HST once they are brought into a participating province.

If you are a GST/HST registrant and you will be using the goods 90% or more in the course of your commercial activities, you do not have to self-assess the provincial part of the HST.

If you are a GST/HST registrant and you will not be using the goods 90% or more in the course of your commercial activities, you will have to self-assess the provincial part of the HST on **line 405** of your regular GST/HST return for the reporting period in which the tax became payable.

If you are **not** a GST/HST registrant, you have to self-assess the provincial part of the HST on Form GST489, *Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)*, no later than the last day of the calendar month following the month in which the tax became payable.

Under certain conditions, the provincial part of the HST is not applied to property. For more information, see Technical Information Bulletin B-079, *Self-Assessment of the HST on Supplies Brought Into a Participating Province*.

Temporary imports

Commercial goods imported into Canada are subject to the GST or the federal part of the HST. However, in certain circumstances such as importing goods for a temporary period, partial or full relief from the GST or the federal part of the HST may be available. If you import goods temporarily, you should contact a CBSA office to determine if relief provisions apply to your situation. A variety of relief provisions are available for temporary importations of certain classes of goods.

Item 8 on page 34, outlines the *Non-Taxable Imported Goods (GST/HST) Regulations*. It lists the conditions under which goods can be imported into Canada without paying the GST or the federal part of the HST at the time of importation. The regulations provide relief in circumstances where the goods remain in Canada, as well as for some situations involving temporary importations of high-value items.

Examples of goods covered in these regulations are precious metals and goods for public exhibit by a public sector body such as artifacts in a King Tut exhibition for display at a public museum, as well as goods imported for repair in Canada. Certain items that are considered non-taxable importations in these regulations are described in the CBSA Memorandum D8-1-1, *Temporary Importation (Tariff Item No. 9993.00.00) Regulations*.

The *Value of Imported Goods (GST/HST) Regulations* provide partial relief from the GST or the federal part of the HST under certain circumstances. The relief may be that the GST or the federal part of the HST is only payable on 1/60 of the value of the temporarily imported goods for every month the goods are in Canada. Examples of goods that are subject to this relief are vessels, railway rolling stock, and the temporarily imported conveyances described below. Certain items listed in these regulations are further described in the CBSA Memorandum D8-1-1.

Temporarily imported conveyances

Usually, duty and taxes do not apply to foreign-based conveyances such as buses and aircraft engaged in the international commercial transport of passengers or freight. However, buses and aircraft imported temporarily under a short-term lease for use in Canada may be subject to the GST or the federal part of the HST based on 1/60 of the value of the conveyance for each month the conveyance is used in Canada. Buses or aircraft imported under this provision must be the subject of a short-term lease that is two years or less cumulative, between a lessee who is a Canadian importer and a lessor who is a person outside Canada with whom the importer is dealing at arm's length.

Imports by exporters of processing services

Generally, the GST or the federal part of the HST is payable on any goods imported into Canada for further manufacture or processing. However, registered Canadian businesses may not have to pay the GST or the federal part of the HST on goods they import that are owned by a non-resident person when the goods are imported for processing in Canada and subsequently returned to the non-resident owner.

Processing includes the alteration, assembly, manufacture, modification, production, packaging, or repackaging of the imported goods.

Certain restrictions apply. The Canadian processor has to be a GST/HST registrant. The processor cannot be closely related to the non-resident owner of the imported goods to be processed and cannot have ownership interest in the imported goods or the processed by-products. The goods must be exported from Canada within four years of the date on which they were reported and accounted for on importation.

You must apply for authorization to import the goods without paying the GST or the federal part of the HST. For more information, contact your tax services office listed on page 37.

Goods imported by mail or courier

Certain goods valued at \$20 or less that are imported into Canada by mail or courier are not subject to the GST or the federal part of the HST when entering Canada. Some exceptions to this include excisable goods (for example, beer, spirits, wine, and tobacco products) and prescribed publications. All goods valued at more than \$20 are subject to the GST or the federal part of the HST, which we will assess. For more information on importing prescribed publications, see "Mail or courier imports of prescribed publications" on the next page.

CBSA examines all international mail to determine if a mail item is subject to customs duty, the GST, or the federal part of the HST. If an amount is payable, CBSA turns the item over to the Canada Post Corporation for delivery and collection of the amount owing from the addressee. Canada Post also collects a \$5 handling fee from the addressee before releasing the item.

If you are mailing goods to Canada, place a customs postal declaration on the outside of packages to ensure that CBSA calculates the correct amount of duty and the GST or the federal part of the HST. The declaration should give a clear description of, and value for, the goods in the package. Without a declaration of the value, CBSA will have to use the best information available to determine the value on which to base the calculation of duty and the GST or the federal part of the HST payable.

Rebate and refund procedures

Customs duties and GST/HST paid in error on imported goods

If you are **not** a GST/HST registrant and you have overpaid duties, the GST, or the federal part of the HST, on imported goods, you can recover the overpayment by filing CBSA Form B2, *Canada Customs – Adjustment Request*. CBSA will refund the duty part of the claim and your tax services office will send you a rebate for the GST or the federal part of the HST part of the claim. If you have any questions about your GST or federal part of the HST rebate, contact your tax services office listed on page 37.

If only the GST or the federal part of the HST was overpaid at the time of importation because the goods were not subject to customs duty, you can recover the overpayment by filing Form GST189, *General Application for Rebate of GST/HST*, after CBSA Form B2 has been processed by CBSA. If the problem relates to a redetermination of tariff classification or reappraisal of the value for duty of the goods, file CBSA Form B2 with customs officials. They will ask your tax services office to pay you the rebate of the GST or the federal part of the HST you are entitled to after the claim has been reviewed and approved.

If you **are** a GST/HST registrant, use CBSA Form B2 to recover an overpayment of customs duties and Form GST189 to recover an overpayment of the GST or the federal part of the HST on imported goods. If the rebate claim involves a customs issue such as a redetermination of tariff classification or reappraisal of value for duty, do not file a rebate application until CBSA has approved your Form B2 request. Then use the decision to support your claim for the rebate of the GST or the federal part of the HST.

Alternatively, if you have claimed an ITC to recover an amount you paid in error as the GST or the federal part of the HST on imported goods, no further action is required. If you claim an ITC for an overpayment of the GST or the federal part of the HST, you cannot claim a rebate for the same amount.

Special rebate and refund procedures

You may be able to claim a rebate of all or part of the GST or the federal part of the HST paid on goods at the time of importation. This will apply under certain conditions when the goods:

- have been damaged or destroyed;
- are of an inferior quality, defective, or not what was ordered; or
- have been imported on consignment, approval, or a sale-and-return basis, and have been exported within 60 days for the purpose of returning them to the supplier.

If you are not a GST/HST registrant, file a rebate request with a customs office using CBSA Form B2.

Importers who are GST/HST registrants usually recover the GST or the federal part of the HST by claiming ITCs.

Services and intangible personal property imported into Canada

This section explains how the GST/HST applies to imported services and intangible personal property (IPP) acquired outside Canada, but used in Canada. Services include management and consulting services. IPP includes copyrights to creative works, film and stage rights, patents, and industrial design.

If you are a GST/HST registrant, you have to charge the GST/HST on taxable (other than zero-rated) supplies of services that you perform in whole or in part in Canada and on IPP that your customers buy from you for use in whole or in part in Canada. If your customers are GST/HST registrants, they can claim an input tax credit for the GST/HST you charged to the extent that the services or IPP were imported for use in their commercial activities.

If you are not a GST/HST registrant, you do not charge the GST/HST. If your Canadian customer imports services or IPP other than for use 90% or more in a commercial activity, the customer has to self-assess the GST or the federal part of the HST payable on the value of the services or IPP, and remit the GST or the federal part of the HST owing to us. However, a customer who imports services or IPP to use 90% or more in a commercial activity does not pay the GST or the federal part of the HST.

Supplies between branches

Where a person carries on business through a permanent establishment in Canada and through another permanent establishment outside Canada, the transfer of property or rendering of a service by one permanent establishment to another may be deemed to be a supply, so may be subject to the GST/HST.

Under proposed changes, effective December 17, 1990, self-assessment of the GST/HST applies to taxable imports of services and intangibles between separate branches of the same person. This ensures that a transfer of property or a rendering of a service exists where a person uses resources outside Canada for, or allocates costs incurred for those resources to, a Canadian business of the person.

If you are a financial institution and you are a qualifying taxpayer, you may have to self-assess the GST/HST on an amount of qualifying consideration. For more information, see Technical Information Bulletin B-095, *Import Rules for Financial Institutions Under Section 217.1 and Dealings Between Permanent Establishments Under Section 220*.

Mail or courier imports of prescribed publications

Special rules allow GST/HST registration for non-resident publishers and other suppliers of prescribed publications sent to Canada by mail or courier.

If you solicit sales of prescribed publications in Canada, you are considered to be carrying on business in Canada. You have to register and collect the GST/HST from your customers, even though the order is supplied from a place outside Canada. This means that foreign publications sold to Canadian residents are taxed the same way as Canadian publications.

As a registered supplier, you collect the GST/HST from your customers in Canada. If you have collected the GST/HST on prescribed publications, we will not assess the tax on mail or courier imports, and Canada Post will not charge the \$5 handling fee.

Prescribed publications

Prescribed publications include:

- books, newspapers, periodicals, magazines, and any similar printed publications, other than those described in section 1 of Schedule VII to the *Excise Tax Act* (for example, donations of books for charitable purposes); and
- audio recordings that relate to publications and accompany those publications when submitted to Canada Post or a customs officer.

We consider you to be carrying on business in Canada if you send prescribed publications by mail or courier to a recipient with a Canadian address that:

- you solicited sales for in Canada; or
- you offered for sale in Canada, either through an employee or agent, or by means of advertising directed at the Canadian market.

You have to register if you solicit sales for publications and your worldwide taxable sales over four consecutive calendar quarters or in any one calendar quarter exceed CAN\$30,000.

Soliciting sales

As a guideline, soliciting sales includes:

- advertising the sale of books, newspapers, periodicals, or magazines using Canadian print or broadcast media directed at the Canadian market;
- advertising in non-Canadian broadcast, print media, or Web sites, where the advertisement is directed at the Canadian market (for example, you quote the sale price in Canadian dollars or include a special toll-free number, mailing address, or e-mail address for Canadian subscribers);
- including subscription offer notices such as card inserts in your publications or in another company's publications that are targeted specifically at the Canadian market (for example, including a reference on the subscription offer insert stating that the offer is directed at the Canadian market, such as pre-paid Canadian postage or a specific sale price quoted in Canadian funds);
- hand-delivering or mailing flyers or leaflets advertising the publication to Canadian homes and businesses;
- distributing addressed mail, electronically or otherwise, advertising a publication to Canadian homes and businesses; and
- mentioning an additional charge in any currency for residents of Canada.

We would not consider the following to be soliciting sales for books, newspapers, magazines, periodicals, or similar publications in Canada:

- advertising in non-Canadian broadcast or print media available to Canadian residents, when the advertising is not specifically directed at the Canadian market; and
- including subscription offer notices in your publications or in another non-resident company's publications destined for the Canadian market, when the offers are not specifically directed at the Canadian market.

If you send a renewal notice to a Canadian resident for a subscription that you did not originally solicit, we do not consider this activity to be solicitation if you have not undertaken any activity to identify a market in Canada or to pursue that market. In these circumstances, you are continuing a business relationship that was previously established through the Canadian resident's own initiative. Even if you send a notice quoting a renewal price in Canadian dollars directly to the subscriber, we do not consider this activity to be solicitation. The fact that you are not seeking sales beyond your existing subscribers shows that you have not developed specific plans or advertising activities designed to make additional sales in Canada, and you are not soliciting sales or offering publications in Canada. Therefore, you do not have to register.

If we consider you to be soliciting sales in Canada, as described on this page, you have to register for the GST/HST.

If you are a GST/HST registrant offering a subscription to Canadian residents, you have to indicate whether the price includes the GST/HST or whether it is charged separately. This fulfills the requirement to disclose the tax to the buyer when the offer is the only document provided on the subscription sale.

If you are not soliciting sales or offering supplies of publications in Canada, or you are a small supplier and do not have to register for the GST/HST, it may be to your benefit to register voluntarily and collect the GST/HST payable on publications you send by mail or courier to Canadian recipients. If you register, Canada Border Services Agency (CBSA) will not delay the publications for GST/HST assessment and collection, and Canada Post will not charge the \$5 postal handling fee. You may even be able to recover the GST/HST you pay on any goods or services you used to supply the publications in Canada (by claiming an input tax credit).

If you are registered, you collect the GST/HST only on sales of prescribed publications sold to Canadian residents, and only when those publications are sent to Canada by mail or courier. The GST/HST applies to these sales regardless of the value of the publication or subscription bought by the Canadian resident.

Customs processing of publications imported by mail

All goods arriving in Canada by mail are subject to examination by CBSA at selected postal terminals across Canada before they are released to Canada Post for delivery.

Publications sent by mail or courier

If you are registered for the GST/HST and give proof of your registration on the documentation accompanying your shipment, CBSA will release the publications to Canada Post for delivery to the addressee.

If you are not registered for the GST/HST and you do not have to register for the GST/HST, CBSA will also release for delivery publications sent by mail or courier valued at \$20 or less.

If you have to register, but fail to do so, CBSA will delay the release of the publications, regardless of their value, to assess the appropriate amount of the GST/HST, and then return them to Canada Post for delivery and collection of the GST/HST payable by the addressee, as well as the \$5 postal handling fee.

Proof of registration

If you are registered for the GST/HST, you have to provide proof of your registration with the publications you export to Canada. Proof of registration includes your Business Number (BN), located in one of the following places:

- in the masthead of the publication, or on one of the first five pages of the publication if the masthead is not in the first five pages of the publication;
- on the back cover of the publication if the address of the subscriber appears on that cover;
- on the mailing label affixed to the publication; or
- on the packaging of the publication or on a separate document that accompanies the publication.

If you have applied for GST/HST registration, but have not received your BN, you have to give CBSA proof of your registration documentation.

If we cannot find proof of your BN, CBSA will assess the GST/HST and return the publications to Canada Post for delivery and collection.

Bulk shipments of direct mail publications

Bulk shipments include publications that:

- are individually addressed to a recipient at an address in Canada;
- arrive by any mode of transportation; and
- are destined for the mail stream in Canada.

If you provide proof of your GST/HST registration, CBSA will not delay the release of these publications for GST/HST assessment and collection.

CBSA will document the shipment on CBSA Form B3-3, *Canada Customs Coding Form*, and release it for delivery to Canada Post. Importers should indicate code 48 in field 35 of CBSA Form B3-3. If there is no proof of your GST/HST registration, CBSA will collect the tax from the importer of record at the time of importation.

CBSA will treat bulk shipments that are not individually addressed to recipients in Canada in the same way as those that are individually addressed. However, you have to provide satisfactory proof that:

- you, the shipper, are registered for the GST/HST;
- the publications are destined for a labelling and wrapping operation in Canada; and
- an individual subscriber will receive the publication by Canadian mail.

Bulk shipments not individually addressed and not sent by mail or courier

You should not collect the GST/HST in advance on bulk shipments of publications that are not individually addressed such as those destined for resale through bookstores, and that are sent to Canada by any mode of transport other than mail or courier. CBSA will collect the GST/HST on these shipments whether or not it finds proof of your GST/HST registration. The importer of record, or agent, has to account for the publications on customs accounting documents and pay the appropriate amount of tax.

Casual imports

Shipments of books to Canada by mail need a completed customs declaration attached to the package. You can get this form from your post office. If you are registered for the GST/HST, you should clearly show your Business Number on the outside of the package to facilitate customs processing. If you are not registered, CBSA will collect the GST/HST on the total value of the shipment.

Samples

If you are not registered for the GST/HST and send samples of publications to people in Canada, these samples are taxable unless the shipment is valued at \$20 or less and you do not have to register. CBSA collects the GST/HST on the price for which the gift or sample publications would usually be sold to consumers on the retail market.

If you are registered for the GST/HST and provide proof of your registration, as described on the previous page, CBSA will not collect the GST/HST. In addition, you do not collect the GST/HST on sample publications if they are provided free of charge.

Exports from Canada

Exports of most goods and services from Canada are zero-rated (taxable at the rate of 0%). Therefore, as long as certain conditions are met, you will not pay any GST/HST on goods or services exported to you from Canada.

Proof of residency and GST/HST registration status

To export goods or services to you on a zero-rated basis, a Canadian supplier may ask to verify your non-resident status and, in some cases, your status as a non-registered person for GST/HST purposes.

We will accept written certification as proof that you are not a resident of Canada and that you are not registered for the GST/HST. Please date this certification and keep it up to date. It must be signed and in effect on the date the purchase is made. You do not have to give the Canadian supplier this written certification with each purchase, but the Canadian supplier has to keep it on file.

Appendices A and B to GST/HST Memorandum 4.5.1, *Exports – Determining Residence Status*, contain examples of satisfactory proof of non-residence in Canada and non-registration for GST/HST purposes.

Exported goods

Generally, goods exported from Canada by a Canadian vendor are zero-rated. If the goods are delivered or made available to you outside Canada, no GST/HST is charged.

If you, the recipient, take possession of goods in Canada that you intend to export (except for excisable goods such as tobacco, beer, wine, and spirits) these goods may be zero-rated if all of the following conditions are met:

- you are not a consumer (a consumer is usually an individual who is buying the goods for his or her personal use);
- you export the goods as soon as can reasonably be expected and, if applicable, according to your usual business practices;
- you do not acquire the goods for consumption, use, or supply in Canada before the goods are exported;
- the goods are not further processed, transformed, or altered in Canada before being exported, except to the extent necessary or incidental to their transportation; and
- the vendor has satisfactory proof that you exported the goods.

Certain services performed in relation to exporting goods, prior to their export, do not constitute further processing, transformation, or alteration. These include:

- taking inventory;
- warehousing;
- export labelling;
- loading and unloading;
- consolidation;
- refrigeration;
- export packing or repacking;
- export crating; and
- dismantling for transportation purposes.

Testing goods is not considered further processing if the goods are not transformed or altered in any way as a result of the testing. However, any repairs that have to be done because of test results are considered further processing.

From your proof of export, we have to be able to trace the entire shipment of goods from its origin in Canada to its destination outside Canada. If the specific destination cannot be determined (for example, because of industry practices) we have to be able to verify that the goods left Canada. For information on what constitutes proof of exportation, see Appendix A to GST/HST Memorandum 4.5.2, *Exports – Tangible Personal Property*.

The following goods are zero-rated:

- excisable goods such as tobacco, beer, wine and spirits, if you, the buyer, export these goods in bond;
- goods bought from and sold to duty-free shops licensed under the *Customs Act*;
- goods a supplier delivers to a common carrier for export or mails for export;
- goods supplied with services that are being performed on temporarily imported tangible personal property;
- goods supplied in conjunction with emergency repair services in respect of a conveyance or cargo container that is being used in the course of a business of transporting passengers or property;
- goods supplied in conjunction with services being performed under warranty for a non-resident;
- jigs, moulds, and dies, or an interest in them, when provided to an unregistered non-resident for use directly in producing goods for the non-resident, whether or not the goods are exported;
- a supply of natural gas, crude oil, electricity or any tangible personal property that is transportable by means of a pipeline, power-line, or other conduit for purposes of export. The unregistered recipient of the supply cannot acquire the gas for consumption, use, or supply in Canada (special rules apply to supplies of natural gas which allow for a limited amount of processing of the gas). Documentary proof that the gas was exported is required, but differs depending on whether or not the recipient is registered for the GST/HST;
- a supply of natural gas, crude oil, electricity or any tangible personal property that is transportable by means of a pipeline, power-line, or other conduit to a non-registrant located in Canada that is subsequently exchanged by the non-registrant with a registrant for a similar commodity located outside Canada. Documentary proof must be maintained by the supplier of the subsequent exchange of the commodity;
- a supply of storing natural gas for an unregistered non-resident where the non-resident exports the gas at the end of the storage period. The non-resident must hold a valid licence for the export of the natural gas;

- a supply of taking up surplus electricity for an unregistered non-resident where the supplier or the non-resident exports the electricity at the end of the storage period. The non-resident must hold a valid licence for the export of the electricity; and
- floating or mobile homes for export.

Rebate for exported goods

A non-resident purchaser may be able to apply for a rebate to recover the tax paid on goods acquired for commercial use primarily (more than 50%) outside Canada (other than gasoline and excisable goods, such as beer, wine, spirits, and tobacco products). To qualify for the GST/HST rebate, the non-resident purchaser has to export the goods from Canada within 60 days of delivery, as well as meet other conditions. For more information, see Guide RC4033, *General Application for GST/HST Rebates*, which includes Form GST189, *General Application for Rebate of GST/HST*.

Exported services

Generally, the GST/HST is not charged on services performed totally outside Canada, or on services that relate to real property outside Canada.

Services provided in whole, or in part, in Canada

Many services provided in whole, or in part, in Canada are zero-rated when supplied to a non-resident.

However, if you are the recipient of a service and you are an individual, you generally have to be outside Canada throughout the time the service is being performed for the service to be zero-rated. For example, personal care, entertainment, restaurant, and lodging services, as well as repair services on a vehicle, rendered while you are in Canada, are **not** zero-rated.

An advertising service provided to an unregistered non-resident person is zero-rated.

A service of instructing non-resident individuals in, or giving examinations for, courses leading to certificates, diplomas, licences, or similar documents, or giving classes or licence ratings that attest to the competence in a trade or vocation, is zero-rated when provided to an unregistered non-resident (other than an individual).

Certain financial services made by financial institutions to non-residents are zero-rated. One of the exceptions, however, is a service relating to a debt arising from lending money primarily for use in Canada.

An advisory, consulting, or research service is zero-rated when provided to a non-resident person to help the person establish a residence or business in Canada.

Other advisory, consulting, or professional services are also zero-rated, except:

- a service rendered to an individual in connection with criminal, civil, or administrative litigation in Canada (however, a service rendered before the start of such litigation may be zero-rated);
- a service in respect of real property situated in Canada (see below for exception relating to a service provided to fulfill an obligation under a warranty);
- a service in respect of goods situated in Canada at the time the service is performed (however, in certain situations, services performed on temporarily imported goods are zero-rated); or
- a service of acting as an agent for a non-resident person, or of arranging for, procuring or soliciting orders for supplies by or to the person.

Note

The services of an agent acting for a non-resident person are zero-rated when the services relate to a supply of property or service that is zero-rated.

Services performed on temporarily imported goods (other than a transportation service) are zero-rated. The goods must be ordinarily situated outside Canada, brought into Canada for the sole purpose of having the service performed on them, and must be exported as soon as can reasonably be expected. Any parts supplied along with these services are also zero-rated.

Certain emergency repair services are zero-rated when provided to a non-resident in respect of a conveyance or a cargo container. For more information, see “Emergency repair services” on the next page.

Services in respect of goods or real property are zero-rated if the services are provided to an unregistered non-resident to fulfill an obligation under a warranty issued by a non-resident person.

A service of destroying or discarding goods, dismantling goods for export purposes (or testing or inspecting goods imported or acquired in Canada only for this service), and to be destroyed by this service, or destroyed or discarded on completion of this service, is zero-rated when provided to an unregistered non-resident.

Other supplies of exported services eligible for zero-rating include:

- air navigation services;
- certain postal services;
- certain transportation services;
- a custodial or nominee service provided to a non-resident person for the person’s securities or precious metals; and
- telecommunication services when the supply is made by a registrant who carries on the business of supplying telecommunication services to an unregistered non-resident and who carries on such a business (this does not include a supply of a telecommunication service when the telecommunication is emitted and received in Canada).

For more information, see GST/HST Memoranda 4.5.3, *Exports – Services and Intellectual Property*.

Exported intangible personal property

Supplies of intangible personal property (IPP) made to non-residents who are not registered for the GST/HST are zero-rated, except:

- a supply made to an individual who is in Canada when the supply is made;
- a supply of IPP that relates to real property in Canada or to goods that are ordinarily situated in Canada;
- a supply of IPP that relates to a supply of a service that is made in Canada and is not zero-rated as an export, a transportation service, or a financial service;
- a supply of IPP that may only be used in Canada; or
- a supply of making a telecommunications facility that is IPP available for use in providing a telecommunication service.

A supply of an invention, trade secret, trademark, trade name, copyright, industrial design, or other intellectual property, that is made to a non-registered non-resident is also zero-rated.

Supplies of IPP eligible for zero-rating include:

- subscriptions to Web sites that provide unregistered non-resident subscribers with a right to access and use digitized content on a site (such as information in a database or images) and that may also include a right to download a copy of the digitized content;
- subscriptions to interactive Web sites that provide unregistered non-resident subscribers with a right to access and use digitized content (such as games, music, and videos, on the sites while they are online);
- digitized information (such as news items or stock market data) that is delivered electronically on a periodic basis to unregistered non-resident subscribers based on their personal preferences; and
- digitized products (such as music, images, and books) that are downloaded from Web sites and paid for individually.

For more information, see GST/HST Info Sheet GI-034, *Exports of Intangible Personal Property*.

Foreign carriers

A company incorporated in a country other than Canada, where all or most of its activities consist of international shipping and all or most of its revenues come from shipping, will be considered not to be a resident of Canada for GST/HST purposes.

Supplies bought by foreign carriers who are not registered for the GST/HST

An unregistered non-resident carrier can acquire goods or services in Canada (except real property) on a zero-rated basis as long as the goods or services are for consumption, use, or supply in the course of:

- transporting passengers or goods, if the person is in the business of transporting passengers or goods to or from Canada, or between places outside Canada, by ship, aircraft, or railway;
- operating a ship or aircraft by or for a government of a country other than Canada; or
- operating a ship to gather scientific data outside Canada, or to lay or repair oceanic telegraph cables.

Supplies eligible for zero-rating under this provision include:

- fuel and other supplies;
- railway junction and switching charges, pilotage services, aircraft landing fees, railway right-of-way charges, and warehouse fees;
- stevedoring services;
- spare parts, repair, and maintenance services; and
- air navigation services.

Note

Fuel delivered to registrant airline, rail, and shipping companies to use in international air, rail, and marine transportation of passengers and freight is zero-rated. Also, air navigation services delivered to registrant airlines to use in the international air transportation of passengers and freight are zero-rated.

Emergency repair services

Emergency repair services, including repair parts, are zero-rated when they are provided to a non-resident and they relate to cargo containers or conveyances while these items are being used or transported by the supplier in a business of transporting passengers and goods.

Example

A Canadian carrier is responsible for repairing damaged cargo containers and conveyances that belong to other carriers while the containers or conveyances are in the Canadian carrier's possession. The Canadian carrier often invoices the owner of the container or conveyance for the repair services provided. These repair services, including parts, are zero-rated when they are billed to a non-resident carrier.

Emergency repair services, including repair parts, are zero-rated when they are provided to an unregistered non-resident and they are for railway rolling stock that is being used in a business to transport passengers or property.

Emergency repair services, including repair parts, or a service of storing certain empty cargo containers, are zero-rated when provided to an unregistered non-resident.

Drop-shipments

Some unregistered non-residents that supply goods to customers in Canada originally obtain those goods from another person in Canada. In this situation, the non-resident will normally arrange for the Canadian supplier to have the goods “drop-shipped” to the customer in Canada on behalf of the non-resident.

The Canadian supplier may also perform commercial services (manufacturing, processing, inspecting, testing, repair, storage, or maintenance) on goods owned by the unregistered non-resident and then deliver them to a third party. The third party may be a customer of the non-resident or another resident who is taking possession of the goods for the purpose of performing additional work on them.

The drop-shipment rules streamline the GST/HST treatment of drop-shipments for non-residents by generally relieving unregistered non-resident suppliers of the obligation to pay tax.

Drop-shipments to registered persons

When a GST/HST registrant transfers physical possession of your goods to a third party (consignee) who is registered for the GST/HST, the consignee must issue a drop-shipment certificate to the registrant so that tax will not apply to the supply of goods or commercial services from the GST/HST registrant to you.

Drop-shipment certificates ensure that consignees are aware of their potential GST/HST liability when another registrant transfers physical possession of your goods to them. By issuing the certificate, the consignees acknowledge that they are required to assess the GST/HST payable if they do not acquire the goods for consumption, use, or supply exclusively (90% or more) in the course of commercial activities, or if an unregistered person ultimately uses the goods in Canada.

We accept blanket drop-shipment certificates. These certificates cover more than one transfer of physical possession of goods from one registrant to another (the consignee). A valid drop-shipment certificate has to:

- state the consignee’s name and Business Number (BN);
- acknowledge that the consignee has taken or will take physical possession of the goods;
- state that the goods are acquired for the purpose of performing commercial services on them or that they are for the recipient’s consumption, use, or supply; and
- acknowledge that the consignee assumes liability to pay or remit any GST/HST that may become payable.

Note

A registrant may become liable to account for tax on an unregistered non-resident’s goods upon taking physical possession of those goods. The liability does not arise from the act of issuing a drop-shipment certificate. It can only be avoided by not taking physical possession of the goods.

Example

You are an unregistered non-resident contractor and you buy radios from a GST/HST registered supplier. You instruct the supplier to have the radios delivered to a registered inspector. The inspector provides the supplier with a drop-shipment certificate. The supplier invoices you for the radios, but does not charge the GST/HST. You instruct the inspector to deliver the radios to a registered customer. The customer provides the inspector with a drop-shipment certificate. The inspector invoices you for the inspection service, but does not charge the GST/HST. You invoice the customer, and as an unregistered non-resident, you do not charge the GST/HST.

In the above example, the registered supplier transfers physical possession of the radios to the registered inspector on your behalf. After inspecting the radios, the inspector delivers them to the customer. The radio supplier and the inspector invoice you for their goods and services. You invoice the customer for the radios. No GST/HST is charged on the sale of the radios to you, the inspector’s services, and the resale of the radios to the registered customer, as long as the registered inspector provides the registered supplier with a drop-shipment certificate and the registered customer provides the drop-shipment certificate to the registered inspector.

Drop-shipments to unregistered persons

If you instruct a GST/HST registrant to deliver goods in Canada to an unregistered consignee such as a consumer, the GST/HST is payable when the registrant delivers or transfers the goods to the recipient. The GST/HST is:

- based on the fair market value of the goods, if the registrant transfers physical possession of the goods in Canada to you or to a third person; or
- nil, if you provide the goods to a customer free of charge and the registrant transfers physical possession of the goods to the customer in Canada on your behalf.

These rules also apply if a registered consignee does not issue a drop-shipment certificate to the GST/HST registrant.

Transfer of goods to a carrier or warehouse

If a GST/HST registrant transfers your goods to a carrier or warehouse (bailee) and at the same time instructs the bailee to transfer the goods to a third party, for purposes of the drop-shipment rules, the registrant must obtain a drop-shipment certificate from the third party so that tax will not apply to the supply of goods or commercial services from the GST/HST registrant to you.

If a GST/HST registrant transfers your goods to a warehouse and the warehouse operator is instructed under the agreement for the storage of the goods to store the goods until a third party purchaser is found, the registrant is not required to charge tax on the sale of the goods to you. However, the registrant remains potentially liable for tax on the fair market value of the goods unless, at the time of the transfer of the goods to the third party, the registrant obtains a drop-shipment certificate from the third party.

If a GST/HST registrant transfers your goods to a warehouse and instructs the warehouse operator to release the goods to you, the registrant is regarded as transferring physical possession to you in Canada and the transaction is subject to the GST/HST. If you plan to sell the goods to a registrant, and the goods will not leave Canada, in order not to pay tax to the first registrant, you can instruct the warehouse to issue a drop-shipment certificate to the registrant. On issuance of the certificate, the warehouse operator becomes potentially liable for tax on the fair market value of the goods unless, at the time of the transfer of physical possession of the goods to a third party, the warehouse operator obtains a drop-shipment certificate from the third party.

If a warehouse operator acts as the importer of record for goods you transfer to the warehouse and claims an input tax credit for the import of the goods, we consider the warehouse operator to have taken physical possession of the goods. The warehouse operator has to pay the GST/HST to us if and when physical possession of the goods is transferred to another person on your behalf, unless the warehouse operator obtains a drop-shipment certificate from the person to whom he or she transfers physical possession of the goods.

Goods kept by registered suppliers

When a GST/HST registrant sells goods to you and transfers ownership, but not physical possession of the goods to you, the registrant does not charge the GST/HST on the sale if the registrant keeps physical possession of the goods in order to:

- transfer physical possession of the goods to you, a subsequent owner, or another person designated by you or a subsequent owner; or
- perform a commercial service on the goods for you or a subsequent owner.

The registrant assumes potential liability for the goods when physical possession of the goods is transferred to another person. The registrant is relieved of this liability when the registrant receives a drop-shipment certificate from the third party at the time physical possession is transferred.

Goods subsequently exported

A GST/HST registrant does not charge the GST/HST on the sale of goods and the supply of commercial services to an unregistered non-resident if the registrant:

- transfers physical possession of the goods at a place in Canada to a person who will export the goods within a reasonable amount of time and the conditions for zero-rated exports are met (see “Exports from Canada” on page 24);
- transfers physical possession of the goods to a carrier for export and delivery to a person outside Canada; or
- transfers physical possession of the goods to a person at a place outside Canada.

Events and supplies that do not qualify for the drop-shipment rules

The drop-shipment rules do not apply to common carriers that take possession of goods for the sole purpose of shipping the goods. In all cases, fees for shipping goods are subject to the GST/HST. We consider the transfer of the goods to the carrier for transportation and delivery to another person to be a transfer of physical possession of the goods to the person to whom the goods are to be delivered—that person can elect to follow the drop-shipment rules.

For more information, see GST/HST Memorandum 3.3.1, *Drop-shipments*.

GST/HST rebates

Rebate for exported goods

Non-resident businesses that purchase goods for commercial export can receive a rebate of the GST/HST they pay on goods they buy in Canada. They can apply for the rebate using Form GST189, *General Application for Rebate of GST/HST*, and Form GST288, *Supplement to Forms GST189 and GST498*.

For more information, see Guide RC4033, *General Application for GST/HST Rebates*.

Production of artistic works for export

You can apply for a rebate of the GST/HST you paid on goods, intangible property such as a patent or copyright, and services you bought in Canada to use or consume only in producing artistic works for export, if you are not a GST/HST registrant and you are not a consumer. To apply, send us a completed Form GST189. For more information, see Guide RC4033.

Assignment of rights to the rebate

You can assign your rights to a GST/HST rebate to your Canadian supplier of the goods, intangible property, or services if:

- you are not a GST/HST registrant;
- you acquire the goods or services (except for a service of storing or shipping property), to consume or use only for making or producing an original literary, musical, artistic, motion picture, or other work with copyright protection;
- you are not a consumer of the goods or services; and
- you manufacture or produce the work and all copies of it for export.

By assigning your rights to the rebate, you can, in effect, buy the goods, intangible property, or services free of the GST/HST. You will find an example of an assignment of rights agreement on page 33. You can use it, or design your own agreement. You have to give your supplier a copy of this assignment as documentation required to allow him or her to credit you the GST/HST payable.

Installation services

If you are not a GST/HST registrant, you may be eligible for a rebate of the tax paid on the charge made for installing tangible personal property in Canada. To apply, send us a completed Form GST189. For more information, see Guide RC4033.

Foreign Convention and Tour Incentive Program

Under the Foreign Convention and Tour Incentive Program, non-resident businesses and organizations, including tour operators, can claim a rebate for the GST/HST paid on eligible tour packages. Non-resident tour operators can also claim a rebate for the GST/HST paid on short-term or camping accommodation purchased and then sold in an eligible tour package.

Under the same program, sponsors and unregistered organizers of a foreign convention can claim a rebate for the GST/HST paid on a convention facility and related convention supplies. Unregistered non-resident exhibitors attending domestic or foreign conventions can claim a rebate of the GST/HST paid on convention space and related convention supplies.

For more information, see Booklet RC4160, *Rebate for Tour Packages, Foreign Conventions, and Non-Resident Exhibitor Purchases*.

Questions and answers

Q. A non-resident company that does not have an office in Canada sells goods (other than prescribed goods) to Canadian consumers through a mail-order catalogue. Will the non-resident mail-order company have to register for the GST/HST and pay the GST/HST on services and postage?

A. No, the non-resident mail-order company will not have to register if it can establish that it is not carrying on business in Canada. However, it does have to pay the GST/HST on goods and services it buys from Canadian suppliers.

Also, if the company solicits orders for prescribed publications, regardless of value, to be sent to Canada by mail or courier, it must register for the GST/HST.

If, in the ordinary course of carrying on business outside Canada, this company regularly solicits orders for the supply of goods for delivery in Canada, it can register voluntarily. By doing so, it will be able to claim input tax credits (ITCs) for the GST/HST it pays on goods and services bought from Canadian suppliers for use in its commercial activities.

Q. A customs broker pays carrier freight charges for an importer and then invoices the importer. Will the importer pay the GST/HST on the freight charges or the customs broker's fee?

A. If a customs broker is paying the freight charges, the freight transportation service is presumably an international shipment and is zero-rated. The broker's fee to the importer for having made the disbursement is subject to the GST/HST.

Q. A non-resident company supplies its Canadian subsidiary located in Ontario with taxable goods for sale within the Canadian market. Both entities are registered for the GST/HST. The goods are delivered outside Canada. Does the Canadian subsidiary pay the GST/HST when the goods are imported into Canada?

A. Yes. The subsidiary pays the federal part of the HST when the goods are imported. The subsidiary, as the importer, can claim an ITC for the federal part of the HST paid when the goods are imported, if the goods are for use in the importer's commercial activities.

Q. An unregistered non-resident manufacturer sells goods to a buyer in Canada. The goods are shipped from the United States directly to the buyer and the manufacturer's Canadian subsidiary invoices the buyer. The goods are supplied outside Canada. How does the GST/HST apply? Does the Canadian subsidiary charge the GST/HST on the invoice to the buyer?

A. When goods are imported into Canada, the importer is responsible for getting the goods released from customs and paying the GST or the federal part of the HST.

The Canadian subsidiary does not charge the GST/HST on the domestic billing for the imported goods. The agreement or the invoice has to clearly state that the goods were delivered to the Canadian buyer outside Canada.

Q. An unregistered non-resident cabinet manufacturer imports cabinets into Canada and is the importer of record. How does the GST/HST apply?

- A. As the importer of record, the non-resident manufacturer pays the GST or the federal part of the HST when the cabinets are imported into Canada. An unregistered non-resident cannot claim an ITC for the GST or the federal part of the HST paid at the border.

However, special flow-through provisions are available so that the non-resident can pass on the ITC to the buyer of the cabinets if the buyer is a GST/HST registrant. The non-resident has to give the buyer satisfactory proof that the GST or the federal part of the HST was paid. This proof includes CBSA Form B3-3, *Canada Customs Coding Form*, the transaction invoice between the parties, and, if necessary, a signed letter from the non-resident to the buyer showing that GST or the federal part of the HST was paid on the cabinets.

The non-resident cabinet manufacturer can apply for GST/HST registration if, in the ordinary course of carrying on business outside Canada, the manufacturer regularly solicits orders for the supply of cabinets from abroad for export to, or delivery in Canada or is otherwise engaged in a commercial activity in Canada. Once registered, the non-resident cabinet manufacturer has to collect the GST/HST on taxable goods delivered to customers in Canada. The GST/HST would generally apply on the sale price of the goods. The registered non-resident can claim an ITC for the GST or the federal part of the HST paid when the goods are imported.

Q. A Canadian subsidiary of a multinational company buys its goods from various sources: the parent company (which is not resident in Canada), related foreign subsidiaries, and Canadian companies.

Canadian companies collect the GST/HST on the subsidiary's purchases of taxable goods. Would related foreign companies also have to collect the GST/HST? Does the source of the subsidiary's suppliers affect the GST/HST the subsidiary pays and the ITCs it can claim?

- A. We consider the sale of goods by a registrant to be a supply made in Canada if the goods are delivered to the recipient in Canada, and the GST/HST is collected on the price of the goods. The subsidiary in Canada has to pay the GST/HST on the goods bought in Canada from a registrant or imported by it into Canada.

Whether the subsidiary buys the goods from Canadian registrants or from foreign non-registrants, it will pay the GST or the federal part of the HST when it imports the goods into Canada. However, the subsidiary, as a GST/HST registrant, can claim an ITC for the GST or the federal part of the HST it paid if it uses the imported goods in its commercial activity.

If a foreign company is the importer for customs purposes, the foreign company pays the GST or the federal part of the HST when the goods are imported. A non-registered foreign company cannot claim an ITC for the GST or the federal part of the HST it paid. However, the subsidiary in Canada can claim an ITC under the flow-through of ITC provisions if it received the goods for use in its commercial activity and it is a GST/HST registrant. It can claim the ITC only if it has satisfactory proof that the foreign company paid the GST or the federal part of the HST.

Q. Will non-resident vendors have to pay the GST/HST on goods such as stamps imported into Canada temporarily to sell or trade at shows? If so, can they recover the GST/HST on the goods they later export?

- A. Stamps or other goods non-residents import temporarily for sale at a show or exhibition are subject to the GST or the federal part of the HST when they are imported.

Importers who are GST/HST registrants can recover the GST or the federal part of the HST they paid by claiming an ITC on the return for the reporting period when the GST or the federal part of the HST was paid. Importers who are not GST/HST registrants cannot claim an ITC or otherwise recover the tax paid on importation of goods that are not sold at the trade show or exhibition. If the goods imported were acquired by the person on consignment, approval, or a sale-or-return basis, and are exported within 60 days after their release for the purpose of returning them to the supplier, the importer can apply for a GST/HST rebate.

The duty and tax treatment of temporary imports varies considerably depending on the nature of the goods, the circumstances under which they are imported, and whether they are imported by a resident or a non-resident. If you plan to import goods into Canada temporarily, contact Canada Border Services Agency for detailed information.

Q. An unregistered non-resident company provides technical and consulting services to a registered company for the construction of a generator in Canada. Does the non-resident company have to charge the GST/HST on its technical and consulting services?

- A. The non-resident company does not charge the GST/HST on these services if it does not carry on a business in Canada. Generally, we consider sales of goods and services by an unregistered non-resident to be made outside Canada, unless the non-resident makes such sales in the course of a business carried on in Canada.

Q. An unregistered non-resident invoices a customer for goods sold in Canada and a registrant in Canada delivers the goods to the customer for the non-resident. How does the GST/HST apply?

A. This transaction qualifies as a drop-shipment. When a registrant drop-ships goods to a registered person in Canada on behalf of an unregistered non-resident, such transactions are not subject to the GST/HST provided that the registrant who ships the goods obtains a drop-shipment certificate from the consignee. The unregistered non-resident does not charge the registered customer the GST/HST. The registrant who delivers the goods does not charge the non-resident the GST/HST.

If the customer is a consumer who is not registered for the GST/HST, the transaction is taxable. The registrant who delivers the goods to the consumer has to account for the GST/HST based on the fair market value of the goods.

Q. A registered, non-resident corporation sells goods to a closely related Canadian affiliate. Does the non-resident corporation charge the GST/HST on such sales?

A. Yes. In this case, one of the corporations is a non-resident; therefore, the two corporations do not qualify as being closely related. If the goods are delivered or made available in Canada, the registered non-resident corporation has to charge the GST/HST on sales made to its Canadian affiliate. However, because the Canadian corporation is a registrant, it can claim ITCs to recover the GST/HST paid to its non-resident supplier.

Q. A non-resident buys legal services to establish a business venture in Canada. These services are zero-rated. If the non-resident later needs more legal services to establish a second business venture in Canada, is the second supply of legal services subject to the GST/HST?

A. Supplies of advisory, consulting, or research services to a non-resident that are intended to help a non-resident take up residence or establish a business venture in Canada are zero-rated. However, we consider a non-resident person with a permanent establishment in Canada to be resident in Canada for the activities carried on through that establishment. Where the establishment of the second business venture is considered to be an activity of the permanent establishment in Canada of the non-resident, the acquisition of the second supply of legal services will be subject to the GST/HST.

Q. A non-resident corporation carrying on business in Canada made sales of \$520,000 in the last four consecutive calendar quarters, of which \$20,000 represents Canadian sales made through an agent. Which figure should the non-resident corporation use to calculate its worldwide taxable sales for the GST/HST registration purposes, \$20,000 or \$520,000?

A. We use a non-resident corporation's total worldwide revenues from the provision of taxable goods and services to determine whether or not it is a small supplier. Therefore, the non-resident corporation should use the \$520,000 figure and would have to register because its total revenues are above the \$30,000 small supplier threshold.

Q. A registered non-resident company ships non-commercial goods to customers in Newfoundland and Labrador. The goods are subject to the HST. The carrier invoices the non-resident company for zero-rated freight transportation services. When the non-resident company invoices its customer, it shows the zero-rated freight charge as a separate item on the invoice. On which amount does the non-resident company charge the HST—the cost of the goods, or the total invoice including the freight transportation service?

A. The answer depends on whether the goods are delivered or made available in Canada, or outside Canada.

If the goods are delivered or made available to the Canadian customer in Canada (the terms of delivery under the contract are F.O.B. a Canadian destination), the registered, non-resident company has to charge the HST at the standard rate on the total amount invoiced to the customer—the cost of the goods, as well as the freight transportation service, whether or not a separate amount is indicated for that service.

If the goods are delivered or made available to the Canadian customer outside Canada (the terms of delivery are F.O.B. shipping point) and the registered non-resident has arranged for transportation on behalf of the customer (the customer is legally obligated to pay the freight transportation company) the registered non-resident does not have to charge the HST on the amount invoiced for the freight transportation service.

Example of an assignment of rights agreement

The following is an example of an assignment of rights to a GST/HST rebate agreement that would appear on the non-resident person's official letterhead:

To the Receiver General:

You are notified that (complete legal name and address of the assignor, "the assignor") assigns to (complete legal name and address of the assignee, "the assignee") all monies due or becoming due by the Crown as represented by the Minister of National Revenue as a rebate of tax paid under subsection 252(1) of the *Excise Tax Act*, for property and services bought from the assignee by the assignor in producing goods for export.

The assignor understands that all rebates in connection with this assignment of rights can be claimed only by the assignee.

This assignment will continue in effect for (specify period of not more than one year) from the date indicated below unless you are notified earlier, in writing, by the assignor or the assignee that this assignment is revoked. This arrangement is granted on the understanding that the assignee will comply with all the requirements of the applicable provisions of the *Excise Tax Act*.

Date Signature of authorized officer
of the assignor

Name:

Title:

The assignee accepts all rights and liabilities that come with this assignment.

Date Signature of authorized officer
of the assignee

Name:

Title:

98.02: Conveyances temporarily imported by Canadian residents for their personal use. For example, this item allows residents of Canada who work in the United States to use a car to commute to their jobs.

98.03: Tourists' conveyances and baggage. This item allows tourists visiting Canada to bring their personal effects, vehicles, and boats into Canada for their personal use without incurring duties or taxes.

98.04: Personal exemptions for returning residents. There are duty- and tax-free exemption entitlements for Canadian residents who return from a trip outside the country. For more information, see Canada Border Services Agency (CBSA) Guide BSF5056, *I Declare*.

98.05: Former residents' effects. This item allows a former resident of Canada who has lived abroad for at least one year to import personal and household effects duty-free and tax-free. For more information, visit the CBSA Web site at www.cbsa.gc.ca.

98.06: Estates and bequests. Personal effects that are left as a bequest by a Canadian resident who died abroad can be imported free of duties and taxes.

98.07: Settler's effects. People immigrating into Canada can import their personal effects free of duties and taxes.

98.10 and 98.11: Military arms, stores, and other goods from certain countries may be imported into Canada free of duties and taxes under specified circumstances.

98.12: Publications of the UN and NATO, or any of their specialized agencies, can be imported without paying duties and taxes.

Books borrowed from free foreign lending libraries can be imported for a specified period of time without paying duty or taxes, if they are returned within 60 days.

98.15: Donations of clothing and books for charitable purposes can be imported duty-free and tax-free.

98.16: Gifts sent by people living abroad to friends and relatives in Canada can be imported free of duty and taxes if their value is not more than \$60. Gifts do not include advertising matter, tobacco products, or alcoholic beverages.

98.19: Goods for display at a convention or public exhibition. Certain restrictions apply.

98.29: Seasonal residents. This is a one-time benefit available to non-residents of Canada who build, acquire, or lease, for at least three years, a residence in Canada for seasonal use. A time-share residence or a trailer or mobile home does not qualify. Household and personal effects for use at the seasonal residence, that were owned, possessed, and used abroad by the person before his or her first arrival in Canada to occupy the seasonal residence, are admissible free of duties and taxes. The goods must be declared at Customs on first arrival, and they may not be sold or disposed of within one year of their importation.

Non-taxable imports

Certain imports into Canada are not subject to the GST/HST. They include:

1. Goods classified under the following headings of Schedule I to the *Customs Tariff*, if the goods are not subject to duty under that Act, but not including goods classified under tariff item No. 9804.30.00. The GST/HST does not apply to these goods when they are imported into Canada, if there are no customs duties on them under the *Customs Tariff*.

98.01: Foreign-based conveyances used in the international transporting of passengers or goods to and from Canada such as internationally registered aircraft, ships, and trains. This item allows these conveyances to enter Canada without incurring duties or taxes.

9823.60: Display or demonstration goods imported temporarily from a North American Free Trade Agreement (NAFTA) country.

9823.70: Commercial samples imported temporarily from Mexico or the United States can enter free of duty for a specified period of time. Certain restrictions apply.

9823.80: Advertising films imported temporarily from a NAFTA country.

9823.90: International commercial transportation of goods between NAFTA countries.

2. Medals, trophies, and other prizes, not including usual merchantable goods, that are won outside Canada in competition, that are bestowed, received, or accepted outside Canada, or that are donated by persons outside Canada, for heroic deeds, valour, or distinction.

This allows someone who is awarded or wins a medal, trophy, or other prize (other than marketable goods such as an automobile) outside Canada, to import the prize free of the GST/HST.

3. Printed matter to be provided to the general public, without charge, for the promotion of tourism, when the printed matter is:
 - imported by or on the order of a foreign government or an agency or representative of a foreign government; or
 - imported by a board of trade, chamber of commerce, municipal or automobile association, or similar organization to which it was supplied for no consideration, other than shipping and handling charges.

This allows tourist literature of governments or other described bodies to be imported free of the GST/HST when such literature is for distribution without charge.

4. Goods imported by a charity or a public institution in Canada that have been donated to the charity or public institution.

This allows goods that have been donated outside Canada and then imported by a registered Canadian charity or a public institution to be imported free of the GST/HST. We define public institution on page 5.

5. Goods imported by a person when the goods are supplied to the person by a non-resident person for no payment, other than shipping and handling charges, as replacement parts or replacement property under a warranty.

This item is restricted to warranty replacement parts provided free of charge. If a charge other than shipping or handling costs is made to the recipient or, if during the course of a warranty repair, other modifications or improvements are made to the goods, these changes are subject to the GST/HST.

6. Goods the supply of which is included in any of Parts I to IV or VIII of Schedule VI to the *Excise Tax Act*.

Certain domestic supplies of goods are zero-rated in Schedule VI: for example, prescription drugs (section 2 of Part I), medical devices (Part II), basic groceries (Part III), agricultural and fishing supplies (Part IV), and supplies for international bridges (Part VIII). This section extends the same treatment to such goods when they are imported into Canada.

7. Goods, other than prescribed goods, sent by mail or courier to the recipient of the goods at an address in Canada, whose value, determined under paragraph 215(1)(a) of the *Excise Tax Act*, is not more than \$20.

With this provision, a resident of Canada does not have to pay the GST/HST on goods valued at no more than \$20 that the resident receives by mail or by courier.

The prescribed goods excluded from this provision are listed in the *Mail and Courier Imports (GST/HST) Regulations*. These goods include:

- excisable goods;
 - books, newspapers, magazines, periodicals, and any similar printed publications, as well as audio-recordings that accompany these publications, from a foreign supplier who is required to register for the GST/HST, but is not so registered;
 - goods whose value for duty is reduced by the application of section 85 of the *Customs Tariff*;
 - goods bought from a retailer in Canada and mailed or transported from outside Canada directly to the buyer; and
 - goods that are bought or ordered through or from a person in Canada acting for a person outside Canada who is selling the goods.
- 7.1. Books, newspapers, magazines, periodicals and similar publications, as well as audio-recordings that relate to and accompany these publications, which are sent by mail or courier to a recipient at an address in Canada, if the supplier is registered when the goods are imported.
8. Prescribed goods imported in prescribed circumstances and under prescribed terms and conditions. This section provides for the granting of relief by way of regulation.

Prescribed goods for purposes of section 8 of Schedule VII to the *Excise Tax Act*, which are listed in the *Non-Taxable Imported Goods (GST) Regulations*, are the following:

- (a) precious metals (as defined in the *Excise Tax Act*) imported under any circumstances;
- (b) unwrought silver, gold, or platinum, waste and scrap of precious metal or of metal clad with precious metal, and concentrates of silver, gold, or platinum, when imported to be refined into precious metals;

- (c) goods imported only for public exhibit by a public sector body, if, while the goods are in Canada:
 - title to the goods is not intended to pass and does not pass to a person in Canada; and
 - beneficial use of the goods is not intended to pass and does not pass to a person in Canada that is not a public sector body;
- (d) goods imported only for maintenance, overhaul, or repair of those goods in Canada if:
 - neither title to nor beneficial use of the goods is intended to pass, or passes, to a person in Canada while the goods are in Canada; and
 - the goods are exported as soon after the maintenance, overhaul, or repair is completed as is reasonable having regard to the circumstances surrounding the importation and, where applicable, to the usual business practice of the importer;
- (e) crude oil if:
 - it is imported only to be refined in Canada;
 - the title to the crude oil is not held by a person in Canada at the time of importation;
 - the title to the crude oil is not intended to pass and does not pass to a person in Canada while the crude oil is in Canada;
 - the title to all refined products produced from the crude oil is not intended to pass and does not pass to a person in Canada while the refined products are in Canada; and
 - the refined product is exported as soon after the refining is completed as is reasonable having regard to the circumstances surrounding the importation and, where applicable, to the usual business practice of the importer;
- (f) foreign-based conveyances if:
 - the conveyance is non-taxable by reason of the reference to heading No. 98.01 of Schedule I to the *Customs Tariff* in section 1 of Schedule VII to the *Excise Tax Act*, and the conveyance is diverted for maintenance, overhaul, or repair in Canada;
 - neither title to nor beneficial use of the conveyance is intended to pass, or passes, to a person in Canada while the conveyance is in Canada; and
 - the conveyance is exported as soon after the maintenance, overhaul, or repair is completed as is reasonable having regard to the circumstances surrounding the importation and, if applicable, to the usual business practice of the importer;
- (g) a print, an etching, a drawing, a painting, a sculpture or other similar work of art if:
 - the work is part of a shipment of imported art on consignment and the total value of the shipment determined according to section 215 of the *Excise Tax Act* is at least \$250,000;

- at the time of importation, considering the importer's previous experience, if any, in importing works of art, it is reasonable to expect that at least 75% of the value of the shipment will be exported within one year of importation;
- the work is imported for supply by the importer in the ordinary course of the importer's business; and
- the importer provides a declaration as outlined in section 4 of the *Non-Taxable Imported Goods (GST) Regulations*.

Note

When accounting for the goods under section 32 of the *Customs Act*, an importer of goods referred to in paragraph 8(g) on this page, has to attach to, or endorse on, the accounting document the following declaration:

I expect that at least 75% of the value of the works of art in this shipment will be exported within one year of this date.

Signature

Date

When an importer imports works of art referred to in paragraph 8(g), and less than 75% of the value of the shipment is exported within one year of the import, the importer has to notify a Customs officer, in writing, of the actual percentage in value of the works of art in the shipment that was exported;

- (h) locomotives, railway rolling stock, and vessels imported in circumstances where customs duties have been remitted or removed under any of the following remission orders:
 - *Railway Rolling Stock (International Service) Remission Order No. 3*;
 - code 2338 of Schedule II to the *Customs Tariff*;
 - *Railway Rolling Stock (International Service) Remission Order No. 4*;
 - *Railway Rolling Stock (Canadian Domestic Use) Remission Order No. 2*; or
 - section 5, 6, 7, 15, 16, or 17 of the *Vessel Duties Reduction or Removal Regulations*;
- (i) goods described in the following items of the schedule to the *Temporary Importation Regulations* imported in circumstances where the terms and conditions of those regulations are met:
 - items 3, 16 to 18, 27, 32, 33, 36, 39 to 44, 49, 52 to 54, and 57; and
 - items 38 and 47, when the goods are imported by a non-resident person;
- (j) goods imported after having been exported for warranty repair work.

Note

When accounting for the goods under section 32 of the *Customs Act*, an importer of goods referred to in paragraph 8(j) has to attach the following to the accounting document:

- a copy of the export report for the goods, except when subsection 32(2) applies; and
- an invoice or written statement from the supplier of the goods showing that, except for shipping charges, communication expenses, and other non-repair expenses, the supplier paid the cost of warranty repair to the goods under the terms of the warranty.

If the above export report is unavailable, because of circumstances beyond the importer's control, the importer has to provide one of the following:

- a customs document showing that the goods were exported according to the *Customs Act*;
- a transportation company document for the export of the goods;
- a customs accounting document for the importation of the goods into the country where the warranty repair work was performed;

- a declaration from the foreign exporter that the goods exported to Canada are the goods that had been imported to that country for warranty repair; or
- other satisfactory proof showing that the goods were exported from Canada;

- (k) medals, trophies, plaques, or other similar articles to be presented by the importer at awards ceremonies; and
- (l) goods enumerated in code 1910 of Schedule II to the *Customs Tariff* that are imported pursuant to the requirements of that code.

9. Containers that, because of regulations made under Note 11(c) of Chapter 98 of Schedule I to the *Customs Tariff*, may be imported free of customs duties.

This ensures that if a person exports containers and later imports a similar quantity of like containers, the import is free of customs duties and the GST/HST.

10. Money, certificates, or other documents evidencing a right that is a financial instrument.

This section confirms that such things as stock certificates, bond certificates, promissory notes, and money are not taxable when brought into Canada.

Canada Border Services Agency administers the provisions for importing goods, and is responsible for determining how the goods will be taxed when they are imported.

Tax services offices

If you are located in the United States:	If you are located outside the United States:	Contact the following tax services office:
Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, Washington	Australia, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Christmas Island, Cocos (Keeling) Islands, Cook Islands, Fiji, French Polynesia, Hong Kong, India, Indonesia, Japan, Kiribati, Korea (North), Korea (South), Laos, Macau, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar (Burma), Nauru, Nepal, New Caledonia, New Zealand, Niue, Norfolk Island, Northern Mariana Islands, Palau, Papua New Guinea, Philippines, Pitcairn Islands, Samoa (American), Samoa (western), Singapore, Solomon Islands, Sri Lanka, Taiwan, Thailand, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu, Vietnam, Wallis & Futuna	Vancouver Tax Services Office 10688 King George Hwy PO Box 249 Station Main Surrey BC V3T 4W8 Telephone: 604-691-4308 Fax: 604-691-4907
Alabama, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Afghanistan, Algeria, Andorra, Angola, Anguilla, Antarctica, Antigua and Barbuda, Argentina, Aruba, Bahamas, Bahrain, Barbados, Belize, Benin, Bermuda, Bolivia, Bonaire (St Eustatius and Saba), Botswana, Bouvet Island, Brazil, Burkina Faso, Burundi, Cameroon, Cape Verde, Cayman Islands, Central African Republic, Chad, Chile, Colombia, Comoros, Congo, Congo (Democratic Republic of), Costa Rica, Côte d'Ivoire/Ivory Coast, Cuba, Curaçao, Cyprus, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Ethiopia, Falkland Islands, France, French Guiana, French Southern Territories, Gabon, Gambia, Ghana, Greenland, Grenada, Guadeloupe, Guam, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Heard Islands and McDonald Islands, Holy See (Vatican City State), Honduras, Iceland, Iran, Iraq, Isle of Man, Israel, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Liechtenstein, Luxembourg, Madagascar, Madeira, Malawi, Mali, Malta, Martinique, Mauritania, Mauritius, Mayotte, Mexico, Moldova, Monaco, Montserrat, Morocco, Mozambique, Namibia, Netherlands Antilles, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Puerto Rico, Qatar, Reunion, Rwanda, Saint Barthélemy, Saint Helena – Ascension and Tristan de Cunha, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Pierre and Miquelon, Saint Vincent and the Grenadines, San Marino, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Sint Maarten, Somalia, South Africa, South Georgia and the South Sandwich Islands, Sudan, Suriname, Swaziland, Switzerland, Syria, Tanzania, Togo, Trinidad and Tobago, Tunisia, Turkey, Turks and Caicos Islands, Uganda, United Arab Emirates, Uruguay, Venezuela, Virgin Islands (UK), Virgin Islands (US), Western Sahara, Yemen, Zambia, Zimbabwe	Windsor Tax Services Office 185 Ouellette Avenue PO Box 1655 Windsor ON N9A 7G7 Telephone: 519-252-4705 Fax: 519-971-2011
Arkansas, Colorado, Iowa, Kansas, Louisiana, Maine, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Wyoming	Åland Islands, Albania, Armenia, Austria, Azerbaijan, Azores, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canary Islands, Croatia, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, Georgia (country), Germany, Gibraltar, Greece, Guernsey, Hungary, Ireland, Italy, Jersey, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Montenegro, Netherlands, Northern Ireland, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Svalbard and Jan Mayen, Sweden, Tajikistan, Turkmenistan, Ukraine, United Kingdom, Uzbekistan	Halifax Tax Services Office 1557 Hollis Street PO Box 638 Halifax NS B3J 2T5 Telephone: 902-426-5150 Fax: 902-426-4888

For more information

Contact us if, after reading this guide, you would like to get forms or publications, or you need more help.

For customs information or forms, visit the Canada Border Services Agency Web site at www.cbsa.gc.ca.

To get our forms or publications, go to www.cra.gc.ca/gsthstpub or call 1-800-959-2221 (if you are outside Canada and the United States, call the International Tax Services Office collect at 613-952-3741).

For more information, go to www.cra.gc.ca/gsthst or call 1-800-959-5525.

To ensure you receive prompt service for GST/HST registration and enquiries, each tax services office is responsible for specific geographical locations outside Canada. To obtain the mailing address and telephone number of the appropriate tax services office for your location, see the previous page.

Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

Direct deposit



Direct deposit is a safe, convenient, dependable, and time-saving method of receiving your GST/HST refunds and rebates. If you are expecting refunds or rebates when you file your GST/HST returns or rebate applications, you can send us a completed Form GST469, *Direct Deposit Request*. To get Form GST469, go to www.cra.gc.ca/dd-bus or call 1-800-959-2221.

GST/HST rulings and interpretations

You can request a ruling or interpretation on how the GST/HST applies to a specific transaction for your operations. This service is provided free of charge. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, available at www.cra.gc.ca/gsthstrulings, or call 1-800-959-8287.

My Payment

My Payment is a payment option that allows individuals and businesses to make payments online, using the Canada Revenue Agency's Web site, from an account at a participating Canadian financial institution. For more information on this self-service option, go to www.cra.gc.ca/mypayment.

Our Service Complaint process

If you are not satisfied with the **service** you have received, contact the Canada Revenue Agency (CRA) employee you have been dealing with (or call the phone number you have been given). If you still disagree with the way your concerns are being addressed, ask to discuss the matter with the employee's supervisor.

If the matter is still not resolved, you have the right to file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied with the way the CRA has handled your complaint, you can contact the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA-Service Complaints*.

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:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5