



Girl Guides
of Canada
Guides
du Canada

GIRL GUIDES OF CANADA-GUIDES DU CANADA

GST/HST BOOKLET

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How the GST/HST works

Almost everyone has to pay the GST/HST on purchases of taxable supplies of property and services (other than zero-rated supplies). A limited number of sales or supplies are exempt from GST/HST.

Although the consumer pays the tax, the organizations collecting the tax are generally responsible for collecting and remitting it to the government. All entities that are required to have a GST/HST registration number are called registrants.

If you are a GST/HST registrant, you have to collect and account for the GST/HST on the taxable supplies (other than zero-rated supplies) you make in Canada. GST/HST registrants must meet certain responsibilities. Generally, they must file returns on a regular basis, collect the tax on taxable supplies they make or sell, and remit any resulting net tax owing. The person making the taxable supplies must disclose the amount of tax being charged and their GST/HST number on the invoice.

As a registrant, you are entitled to claim a public service bodies' rebate for the GST/HST paid or payable on eligible purchases for which you cannot claim ITCs whether that tax relates to your taxable or exempt activities.

You file your public service bodies' rebate application with the same frequency as your GST/HST return.

Definitions for GST/HST

GST and HST

The GST is a tax that you pay on most goods and services sold or provided in Canada. In New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and British Columbia, the GST has been blended with the provincial sales tax and is called the HST.

Input tax credit (ITC)

An ITC is a credit that GST/HST registrants can claim to recover the GST/HST they 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.

Registrant

A registrant means a person or an organization that is registered, or is required to be registered, for GST/HST. Registrants usually collect and remit GST/HST on their taxable supplies and have to file GST/HST returns regularly.

Zero-rated supplies

Zero-rated supplies refer to a limited number 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 an input tax credit (ITC) for the GST/HST they pay or payable on purchases and expenses made to provide them.

Exempt supplies

Exempt supplies are supplies of property 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 making such supplies. However, a charity may be eligible to claim a public service bodies' rebate for such expenses.

Taxable supplies

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

Public service body

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

Public service bodies' rebate

A special GST/HST rebate allows certain charities to recover 50% of the GST and the federal portion of the HST paid or payable on their eligible purchases and expenses for which they cannot claim input tax credits (ITCs). Charities may also be able to claim a public service bodies' rebate for some of the provincial portion of the HST if they are a resident in a participating province.

About GGC and the GST/HST

Note: the information provided in this section is based on a limited review completed by National Office tax adviser. Provinces may want to seek tax advice specifically in respect to the following as it may relate to Provincial tax and other circumstances.

FACT	CONCLUSION
<p>DONATIONS</p> <p>GGC receives monetary donations from various sources. It is assumed that donors are not provided with anything other than a charitable receipt in exchange for their donation(s).</p>	<p>GST/HST not applicable.</p>
<p>SEMI-ANNUAL COOKIE SALES</p>	<p>GST/HST applicable at 0% because zero-rated.</p>
<p>MERCHANDISING</p> <p>GGC sells various types of Girl Guide related merchandise including adult and children’s clothing, badges, accessories, etc. via its online store. Sales are made across Canada.</p>	<p>Generally, GST/HST will apply to all sales of tangible personal property (“TPP”) in Canada. This will include badges, accessories, etc.</p> <p>There is a point-of-sale rebate for the provincial portion of the HST for children’s clothing in B.C., Ontario, and Nova Scotia.</p>
<p>COST RECOVERY MERCHANDISE**</p> <p>GGC sells various types of Girl Guide related merchandise on a cost recovery basis. E.g. provincial crests or camp T-shirts.</p>	<p>Generally, GST/HST will apply to all sales of tangible personal property (TPP) in Canada, <u>except when you choose to follow the direct cost exemption.</u></p> <p>See example 1</p>
<p>MEMBERSHIP FEES</p> <p>GGC charges a Membership fee to both children (girls ages 5 – 17) and adults (women ages 18 and over). As Members, adults receive <i>Canadian Guider</i> magazine.</p>	<p>GST/HST not applicable.</p>

<p>RENTALS / LEASES</p> <p>On occasion, GGC rents out camping facilities or space in a building to similar non-profit entities on a short-term basis, as well as to other levels of GGC.</p>	<p>GGC is not required to charge/collect GST/HST on its short and long term rentals/leases of real property.</p>
<p>OVERNIGHT CAMP FEES**</p> <p>GGC runs summer camps for girls ranging in age from 5 to 15 years old. Campers are charged a fee for attendance at the camp which includes overnight supervision, meals, transportation, programming, etc.</p>	<p>All levels of GGC are required to charge GST/HST on camp fees. An input tax credit can be taken for any related expenses such as the HST paid on site rentals and supplies for the camp.</p> <p>See examples 2-4</p>
<p>EVENT REVENUES</p> <p>GGC holds Member events at various venues across Canada on an occasional basis. The events are only open to Members who are charged an attendance/admission fee which covers attendance at the event, transportation, food, activities and other miscellaneous items. The events are not fundraising events, but are rather training workshops (or similar events) and celebratory events (e.g. celebration of 100 years of GGC).</p>	<p>All levels of GGC are required to charge GST/HST on event fee. An input tax credit can be taken for any related expenses such as admission costs.</p> <p>See appendix A for additional information.</p>

****Examples:**

These examples are applicable to Provinces with GST only. Please adjust the rate accordingly for HST/QST Provinces.

1. You buy T-shirt with your logo in Alberta for \$20 each plus \$1 GST. You sell them to customers in Alberta for \$21 and do not charge the GST on the \$21. Since the price you charged was not more than your direct cost (\$20 + \$1 = \$21), and since you did not charge the GST on the selling price, your sales of these T-shirts are exempt. However, if you sell particular goods and services for a price that is equal to or more than your direct cost (not including GST, HST, and QST,

where the person is a QST registrant), and you charge an amount as GST/HST on the selling price, these sales are considered to be taxable sales.

2. You are taking your group for a two-night camp/event. The camp/event registration fee is \$25 per girl plus GST. GST is calculated at $\$25 \times 5\% = \1.25 for a total fee of \$26.25 per girl, in this example \$25 will be available to cover the camp/event costs and the \$1.25 GST will be reported and submitted. GST paid out on the camp/event costs (i.e. activity supplies) can be claimed as 100% ITC. In other words, the full camp/event costs can be claimed as ITC.
3. You are taking your group for a two-night camp/event. The camp/event registration fee is \$25 per girl including GST. GST is calculated at $\$25 / 105 \times 5 = \1.19 per girl, the \$23.81 balance of the fee will be available to cover the camp/event costs. GST paid out on the camp/event costs (i.e. activity supplies) can be claimed as 100% ITC.
4. You are arranging a day camp/event for your Brownies (primarily under 14 years of age). The camp/event registration fee is \$5 per girl, GST will not apply. Any GST paid out on the camp/event costs (i.e. activity supplies, etc.) can be claimed as a 50% rebate. This day camp/event is not eligible for the ITCs because GST was not collected from participants.

Further information on camp required treatment for GST/HST is illustrated below:

Application of the GST/HST to children’s camps involving recreational or athletic activities that are operated by a PSB (including charities and non-profit organizations)**

Camp is primarily for individuals who are:	Tax Status
<ul style="list-style-type: none"> • 14 years of age and under and includes overnight supervision 	Taxable
<ul style="list-style-type: none"> • 14 years of age and under but does not include overnight supervision (i.e., day camps) 	Exempt
<ul style="list-style-type: none"> • over 14 years of age but does not include overnight supervision (i.e., day camps) 	Taxable
<ul style="list-style-type: none"> • over 14 years of age and includes overnight supervision 	Taxable
<ul style="list-style-type: none"> • disabled or underprivileged of any age 	Exempt

**PSB – Public Service Bodies

Tracking and reporting on GST/HST

- If your group is organizing an overnight camp/event (or a day activity for girls primarily over aged 14), you should set up “GST/HST Collected – Activities” and “GST/HST Paid – Activities” accounts in your financial record keeping system (i.e. create new columns if you are using spreadsheets). It is recommended that you keep the tracking and reporting of GST/HST separate from that of the previous GST/HST.
- You will need to set up a new GST/HST Paid account to be used for other regular Guiding activities, and these amounts will be rebated at 50%. You will record this GST/HST separately, and file for a 50% rebate of any GST or HST paid as per current procedures. The 50% rebate is for the GST and the federal portion of the HST. A rebate for the provincial portion of the HST may be available if you are a resident in a participating province.
- You will need to complete and submit the GST/HST *Remittance & Rebate* and *Camp/Event* GST/HST forms monthly, along with a cheque for the GST/HST, if applicable. Reports are due monthly on the 15th of the following month (e.g. the November report is due on December 15th) to the provincial. District and Unit reports are due to their Area by the 10th of the month following the end of the camp. If you are a GST/HST Registrant, GST/HST returns must be filed monthly with CRA, even if you had no sales or GST/HST for the month.
- Girl activities will have a GST/HST charge to the participants. If an Area, District Community or Unit pays any or the entire registration fee on behalf of their girls, they cannot claim the GST/HST charge as a rebate (this is an internal transaction of GGC, similar to a store transaction).



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CAMP/EVENT GST/HST FORM

(Please use separate forms for each event)

Area/District/Unit _____

Mailing Address _____

Contact Name _____

Phone Number _____

Camp/Event Name _____

Camp/Event Date _____

GST/HST Collected on Camp/Event Fees:

Camp/Event Fees: \$ _____ per participant (not including GST/HST) x _____ # of participant x (**%) (enter GST/HST rate) = \$ _____

OR: \$ _____ per participant ÷ (++) (including GST/HST) x _____ # of participant x ** (enter GST/HST rate with %) = \$ _____

** Use provincial GST/HST rate.

++ Use 1 + GST/HST rate. Example: GST is 5% then divide by 105, if HST is 13% then divide by 113.

GST/HST Paid on Camp/Event Expenses:

	Notes	Receipts Total (including GST/HST)	GST/HST
Supplies	_____	_____	_____
Food	_____	_____	_____
Program supplies	_____	_____	_____
Craft supplies	_____	_____	_____
Campsite rental / accommodations	_____	_____	_____
Other expenses	_____	_____	_____
TOTALS		_____	_____

Net Payment (Refund)

GST/HST Collected less total GST/HST paid

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GST/HST REMITTANCE & REBATE REQUEST FORM

Area/District/Unit _____

Mailing Address _____

Contact Name _____

Phone Number _____

Date _____

GST/HST Summary

Total GST/HST collected on Camp/Event fees		(A)	_____
Total GST/HST paid on event expenses (ITCs) <small>(use this line only if you have reported amounts in line A)</small>		(B)	_____
Total GST/HST paid on non-camp/event & non-HST chargeable camp/event expenses	_____	x **% = (C)	_____
Total GST/HST paid on federally-exempt expenses	_____	x **% = (D)	_____
Total GST/HST paid on provincially-exempted expenses (i.e., paid only GST)	_____	x 50% = (E)	_____
Subtract lines (B), (C), (D), & (E) from line (A)		(A) – (B) – (C) – (D) – (E) = (F)	_____
If line (F) is:			
A positive figure, enclose cheque for amount		(F)	_____
A negative figure, request rebate for amount		(F)	_____

Payment/Refund Summary (please list the Units who are reported on this form).
 Note: all requests must be submitted through Area; cheques will only be issued at an Area level.

	Payment	Refund
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Totals	_____	_____

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Event Revenue

Facts

GGC holds member events at various venues across Canada on an occasional basis. The events are only open to members who are charged an attendance/admission fee which covers attendance at the event, transportation, food, activities and other miscellaneous items. The events are not fund- raising events, but are rather training workshops (or similar events) and celebratory events (ex. celebration of 100 years of GGC).

GGC is currently charging GST/HST on admissions to events.

Analysis (V-V./-1, 5.1)

Although most supplies made by a registered charity are exempt from GST/HST under the general exempting provision found in Section 1 of Part V.1 of Schedule VI to the ETA, specifically excluded from the general exempting provision are supplies of admissions to a place of amusement where the admission price exceeds \$1. The term 'place of amusement' is defined to mean any premises or place, whether or not enclosed, at or in any part of which is staged or held any

- (a) film, slide show, sound and light or similar presentation,
- (b) artistic, literary, theatrical, musical or other performance, entertainment or exhibition,
- (c) fair, circus, menagerie, rodeo or similar event, or
- (d) race, game of chance, athletic contest or other contest or game,

and includes a museum, historical site, zoo, wildlife or other park, place where bets are placed and any place, structure, apparatus, machine or device the purpose of which is to provide any type of amusement or recreation.

We also considered whether event revenues would qualify for exemption from GST/HST either under the direct cost exemption we discussed or the child care exemption (children under 14).

With regards to the direct cost exemption and child care exemption, there are two particular issues to be addressed which are as follows:

1. Will admission to the above described GGC events be subject to GST/HST or is it considered to be an exempt service under Schedule V-V.I-5.1 [Supplies for charge not exceeding direct cost] of the ETA.

2. Will admission to the above described GGC events be subject to GST/HST or is it considered to be an exempt service under V-IV-1 [Child Care] of the ETA.

Regarding the direct cost issue, in order to qualify for exemption under the direct cost provision, GGC must be providing a supply in relation to Tangible Personal Property (TPP) or a service purchased by the charity for resale. Admission to an event, at this point in time, is considered under the ETA to be a supply of Intangible Personal Property (IPP), not TPP or a service, and therefore precludes the GGC events in question from qualifying as exempt under V-V.I-5.1 of the ETA. We consulted with a Senior Policy officer at the Canada Revenue Agency on a no-names basis, who confirmed that the CRA takes the position that supplies of IPP such as admissions do not qualify for exemption under the direct cost exemption. In addition, the Senior Policy Officer advised that a supply similar to the one made by the GGC would be viewed as a supply of IPP as opposed to a supply of a service or TPP. Accordingly, event revenues would not qualify for exemption under the direct cost rule.

With regards to the child care exemption issue, in order to have the tax exempting provision regarding child care be applicable to the GGC events in question, each GGC event's primary purpose must be providing child care services to members 14 years of age or under. Based on our understanding of the facts the events being hosted by the GGC of Canada do not currently meet this standard and therefore will not be exempt from GST/HST under V-IV-1 of the ETA. Again, we consulted with a Senior Policy officer at the CRA on a no-names basis who confirmed that the CRA's position on this issue would be that the current events are a supply of admissions as opposed to a supply of child care and would result in the admission being subject to GST/HST. The Policy officer did state that if specific GGC events had a primary purpose (50% or more) of providing child care services for children 14 years of age or under they may qualify as GST/HST exempt events, but this would need to be considered evaluating all relevant facts on a case by case basis. Thus, it may be difficult to argue that the primary purpose of any particular event is for the provision of child care. Where it cannot be argued that the primary purposes of an event is to provide child care, then the admission to the event will not qualify for exemption under this provision.

As an aside, it should be noted that the ETA contains two specific exemptions for fund-raising activities engaged in by a charity. The first is Section 2 of Part V.I of Schedule V to the ETA which provides an exemption from tax for admissions charged by a charity for the right to attend a fund-raising dinner, ball, concert, show or like fund-raising event (including a golf tournament) where at least part of the consideration charged qualifies as a charitable donation for which a receipt can be issued for Income Tax purposes. In such cases, the entire cost of the admission is exempt from GST. This exempting provision will not apply to the event revenues received by GGC as we understand that GGC is not entitled to issue a charitable receipt for any portion of the event revenue.

The second exemption for fundraising activities is found in Section 3 of Part V.1 of Schedule V to the Act and applies to supplies of property (including admissions) and/or services made by a charity in the course of a fund-raising activity which are not made on a regular or continuous basis throughout the year and which do not entitle the recipient to receive property or services from the charity throughout the year or a significant portion of the year. Supplies of admissions to a place of amusement at which the main activity is the placing of bets or the playing of games of chance, will not qualify under this provision. Although this provision could potentially apply to the event revenues charged by GGC, it will only apply where the underlying purpose of each event is to raise money to support the activities of GGC. In this regard the CRA has taken the administrative position that where the aim of a social event is to generate revenues that will help support the charity's mandated activities, the supplies made in the course of such activities should qualify under this section. From our telephone discussions, it appears that GGC does not typically hold events where the underlying purpose is to raise revenue.

Conclusion

- Tax status of supplies

Supplies of admissions to a place of amusement where the admission fee charged is in excess of \$1 will not qualify for exemption under the general exempting provision.

Furthermore, based on the above, it appears that the event revenues will not qualify for exemption under either the direct cost or child care exemptions noted above. While such revenues may qualify under the fund-raising exemption if it can be argued that the revenues are generated in order to support GGC's mandated activities and do not take place on a regular or continuous basis throughout the year, it appears that the better view is that the GGC events do not generally meet the requirements of this exemption.

Accordingly, GGC is correct in charging/collecting GST/HST with respect to event revenue.

- Place of supply

A supply of admission to a place of amusement is generally considered a supply of intangible personal property ("IPP").

The place of supply rules for IPP is fairly complicated, and is largely based on the following rules:

- Supplies of intangible personal property that can be used in Canada that can only be used primarily (more than 50%) in the participating provinces will be deemed to be made in a participating province and subject to HST.
- Supplies of intangible personal property that can be used in Canada that can only be used primarily (more than 50%) outside the participating provinces will be deemed to be made in a non-participating province and subject to GST.
- The place of supply for supplies of intangible personal property that can be used in Canada that can be used other than only primarily in the participating provinces and other than only primarily outside the participating provinces will depend on a number of additional factors.

From a practical perspective, the applicable place of supply in GGC's circumstances for admission to a place of amusement will generally be based on location of the event. For example, where the event takes place in British Columbia, the applicable rate of HST for admission to that event will generally be 12%.