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**FINANCE MINISTER ANNOUNCES 100 PER CENT GST REBATE ON BOOKS FOR PUBLIC LIBRARIES, EDUCATIONAL INSTITUTIONS, MUNICIPALITIES AND QUALIFYING CHARITIES AND NON-PROFIT ORGANIZATIONS**

Finance Minister Paul Martin tabled a Notice of Ways and Means Motion in the House of Commons today to implement a 100 per cent GST rebate on all books purchased by public libraries, schools, universities, public colleges, municipalities and qualifying charities and non-profit organizations across Canada, effective after today. This measure includes classroom books distributed freely to students by educational authorities.

In announcing the initiative, the Minister said that the rebate affirms the federal government's commitment to supporting literacy.

"This special rebate recognizes the important role played by public libraries, educational institutions and other community organizations in helping people learn how to read and improve their reading skills," Minister Martin said. "It will effectively target assistance to organizations that are on the front-lines promoting literacy."

The Minister noted that the special rebate complements recent government initiatives announced in the 1996 budget to support learning and education in Canada: an increase in the Education Tax Credit to recognize the non-tuition costs of schooling; an increase in the limits on the Transfer of Tuition and Education Credits to support parents or spouses who help underwrite the education of students; and an increase in the contributions limits for Registered Education Savings Plans to assist those who are saving for their children's education.

Minister Martin also pointed out that Senator Joyce Fairbairn, Minister with special responsibility for literacy, is working with groups across Canada to identify and develop the best means for supporting and improving literacy. He said he will continue to work closely with Minister Fairbairn to ensure that additional progress is made to improve literacy in Canada.

The special rebate on books announced today enhances an existing provision under the Excise Tax Act which allows public sector organizations and charities to claim rebates on GST paid in the course of providing public services.

The Department of Finance estimates that the special rebate on books will provide \$25 million in tax assistance which will be financed from within the existing fiscal framework without jeopardizing the government's fiscal targets.

The proposed amendments to the Excise Tax Act relating to the GST rebate on books are attached, together with detailed explanatory notes. The rebate will be available for any tax that becomes payable by the eligible organizations after today.

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## NOTICE OF WAYS AND MEANS MOTION TO AMEND THE EXCISE TAX ACT

That it is expedient to amend the Excise Tax Act as follows:

### **1.(1) The *Excise Tax Act* is amended by adding the following after section 259:**

Definitions

**259.1(1)** The definitions in this subsection apply in this section.

#### **"claim period"**

« *période de demande* »

"claim period" has the meaning assigned by subsection 259(1).

#### **"printed book"**

« *livre imprimé* »

"printed book" does not include anything that is or the main component of which is

- (a) a newspaper;
- (b) a magazine or periodical
  - (i) acquired otherwise than by subscription, or
  - (ii) in which the printed space devoted to advertising is more than 5% of the total printed space;
- (c) a brochure or pamphlet;
- (d) a sales catalogue, a price list or advertising material;
- (e) a warranty booklet or an owner's manual;
- (f) a book designed primarily for writing on;
- (g) a colouring book or a book designed primarily for drawing on or affixing thereto, or inserting therein, items such as clippings, pictures, coins, stamps or stickers;
- (h) a cut-out book or a press-out book;
- (i) a program relating to an event or performance;
- (j) an agenda, calendar, syllabus or timetable;

- (k) a directory, an assemblage of charts or an assemblage of street or road maps, but not including
- (i) a guidebook, or
  - (ii) an atlas that consists in whole or in part of maps other than street or road maps;
- (l) a rate book;
- (m) an assemblage of blue prints, patterns or stencils;
- (n) prescribed property; or
- (o) an assemblage or collection of, or any item similar to, items included in any of paragraphs (a) to (n).

**"qualifying  
non-profit  
organization"**  
*« organisme à but  
non lucratif  
admissible »*

"qualifying non-profit organization" has the meaning assigned by subsection 259(2).

**"specified person"**  
*« personne  
déterminée »*

"specified person" means

- (a) a municipality;
- (b) a school authority;
- (c) a university;
- (d) an organization that operates a post-secondary college or post-secondary technical institute
  - (i) that receives from a government or municipality funds that are paid for the purpose of assisting the organization in the ongoing provision of educational services to the general public, and
  - (ii) the primary purpose of which is to provide programs of instruction in one or more fields of vocational, technical or general education;
- (e) a charity or qualifying non-profit organization that operates a public lending library; or

(f) a prescribed charity, or a prescribed qualifying non-profit organization, the primary purpose of which is the promotion of literacy.

Rebate for printed books, etc.

(2) Where a person that is, on the last day of a claim period of the person or of the person's fiscal year that includes that claim period, a specified person acquires or imports, otherwise than for the purpose of supply by way of sale, property that is

- (a) a printed book or an update of such a book,
- (b) an audio recording of a printed book, or
- (c) a bound or unbound printed version of scripture of any religion,

the Minister shall, subject to subsection (3), pay a rebate to the person equal to the amount of tax that became payable in the claim period by the person in respect of the acquisition or importation.

Application for rebate

(3) A rebate shall not be paid under subsection (2) to a specified person in respect of tax payable by the person unless the person files an application for the rebate within four years after the end of the claim period of the person in which the tax became payable.

Limitation

(4) Except where subsection (5) applies, a person shall not make more than one application for rebates under this section for any claim period of the person.

Application by branches or divisions

(5) Where a person that is entitled to a rebate under subsection (2) is engaged in one or more activities in separate branches or divisions and is required under subsection 259(10) to file separate applications for rebates under section 259 in respect of a branch or division, the person

- (a) shall file separate applications under this section in respect of the branch or division; and
- (b) shall not make more than one such application in respect of the branch or division for any claim period of the person.

**(2) Subsection (1) applies to acquisitions or importations of property in respect of which tax becomes payable after October 23, 1996.**

## **EXPLANATORY NOTES TO DRAFT LEGISLATION AMENDING THE EXCISE TAX ACT**

### Rebate for Printed Books

ETA  
259.1

New section 259.1 of the Act provides for a 100 per cent rebate of the GST that becomes payable after October 23, 1996 by specified persons upon their acquisition or importation of printed books, audio recordings of printed books and printed versions of religious scriptures.

### Definitions

ETA  
259.1(1)

New subsection 259.1(1) defines certain expressions used in new section 259.1.

#### “claim period”

This expression refers to the period for which an application for a rebate under section 259.1 may be made. The definition “claim period” currently used for the purpose of claiming rebates under section 259 will also be used for the purposes of new section 259.1. Thus, where the applicant is registered for GST purposes, the claim period is the registrant’s reporting period. For non-registrants, their claim periods are their first and last two fiscal quarters of their fiscal year.

#### “printed book”

The expression “printed book” will take on its ordinary common-law meaning, subject to specific exclusions. For greater certainty, the expression is defined to exclude newspapers, as well as magazines and periodicals that either are not purchased by subscription by the rebate applicant or that have more than 5% of their printed space devoted to advertising. Also excluded are books designed primarily for writing or drawing on or affixing thereto items, such as clippings, pictures, coins, stamps or stickers. Agendas, calendars, directories and rate books (e.g., insurance rate books) are excluded. It should be noted that an item (sometimes referred to as a “multi-media item”) that consists of a book and another medium (e.g., a record, cassette or disc) that are packaged and sold together for an all-inclusive price is not generally considered a book.

#### “qualifying non-profit organization”

The definition “qualifying non-profit organization” that is currently used for the purposes of section 259 will also be used for the purposes of section 259.1. That term refers to non-profit organizations that receive government funding equal to at least 40 per cent of their gross annual revenue, as determined by rules set out in regulations made for the purposes of section 259.

## “specified person”

The definition “specified person” is relevant in determining which persons are eligible for the rebate under new section 259.1. “Specified persons” are defined to be municipalities, universities, public colleges and school authorities, as well as charities and qualifying non-profit organizations that operate a public lending library (all within the meaning of subsection 123(1) of the *Excise Tax Act*, as it will read following enactment of the April 23, 1996 Notice of Ways and Means Motion to amend the *Excise Tax Act* and related Acts). In addition, charities and qualifying non-profit organizations, the primary purpose of which is the promotion of literacy, will qualify as specified persons provided they are prescribed by regulations that will be made for the purposes of the section.

## Rebate

ETA  
259.1(2)

New subsection 259.1(2) provides authority for the Minister of National Revenue to pay to specified persons rebates equal to the full amount of tax payable in respect of their acquisitions or importations of printed books, audio recordings of such books and printed versions of religious scriptures, except where the specified persons have acquired or imported these items for resale.

## Application for Rebate

ETA  
259.1(3)

New subsection 259.1(3) provides that specified persons have up to four years after the end of their claim period in which the tax became payable to claim a rebate of that tax.

## Limitation

ETA  
259.1(4)

New subsection 259.1(4) provides that, except where a specified person is required to file separate applications for rebates under section 259 in respect of a branch or division, only one application for rebates under new section 259.1 can be made for a particular claim period of the person.

## Application by Branches or Divisions

ETA

259.1(5)

New subsection 259.1(5) provides that, where a specified person's branches or divisions are required to file separate applications for rebates claimed under section 259, those branches or divisions are also required to file separate applications for rebates to which the specified person is entitled under section 259.1.