

(a) the financial institution is a corporation that, under the rules prescribed in any of sections 402 to 405 of the *Income Tax Regulations*, has or would, if it had taxable income for the particular year and the preceding taxation year, have taxable income earned in the particular year and the preceding taxation year in any of the participating provinces and taxable income earned in the particular year and the preceding taxation year in any of the non-participating provinces;

(b) the financial institution is an individual, the estate of a deceased individual or a trust that, under the rules prescribed in section 2603 of the *Income Tax Regulations*, has or would, if it had income for the particular year and the preceding taxation year, have income earned in the particular year and the preceding taxation year in any of the participating provinces and income earned in the particular year and the preceding taxation year in any of the non-participating provinces;

(c) the financial institution is a specified partnership during the particular year and the preceding taxation year; or

(d) the financial institution is a prescribed financial institution.

Adjustment to  
net tax

(2) In determining the net tax for a particular reporting period in a fiscal year that ends in a taxation year of a selected listed financial institution of a prescribed class, the financial institution shall add all positive amounts, and may deduct all negative amounts, each of which is determined, for a participating province, by the formula

$$[(A - B) \times C \times (D/E)] - F + G$$

where

A is the total of

(a) all tax that became payable under any of subsection 165(1) and sections 212 and 218 by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable, and

(b) all tax under subsection 165(1) that would have become payable by the financial institution during the particular reporting period but for an election made

under section 150;

B is the total of

(a) all input tax credits of the financial institution for the particular reporting period or preceding reporting periods of the financial institution claimed by the financial institution in the return under this Division filed by the financial institution for the particular reporting period, and

(b) all amounts that would have been input tax credits of the financial institution for the particular reporting period of the financial institution if the financial institution had not made an election under section 150;

C is the financial institution's percentage for the participating province for the taxation year, determined in accordance with the prescribed method that applies to financial institutions of that class;

D is the tax rate for the participating province;

E is 7%;

F is the total of all tax under subsection 165(2) in respect of supplies made in the participating province to the financial institution or under section 212.1 in respect of goods imported by the financial institution for use in the participating province that became payable by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable; and

G is the total of all amounts each of which is a positive or negative prescribed amount.

Exclusions from  
adjustment

(3) In determining an amount that a selected listed financial institution is required to add or may deduct under subsection (2) in determining its net tax,

(a) tax that the financial institution is deemed to have paid under any of subsections 129.1(5), 171(1), 171.1(2), 206(2) and (3) and 208(2) and (3) shall be excluded from the totals for A and F in the formula in subsection (2); and

(b) input tax credits in respect of tax referred to in paragraph (a) and input tax credits that the financial

institution is permitted to claim under subsection 193(1) or (2) shall be excluded from the total for B in that formula.

Meaning of  
"specified  
partnership"

(4) For the purposes of this section, a partnership is a "specified partnership" during a taxation year of the partnership if, at any time in the taxation year, the partnership has

(a) a member that, in the taxation year of the member in which the taxation year of the partnership ends,

(i) where the member is a corporation, has or would, if it had taxable income for the year, have, under the rules prescribed in any of sections 402 to 405 of the *Income Tax Regulations*, taxable income earned in the year in any of the participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership,

(ii) where the member is an individual, the estate of a deceased individual or a trust, has or would, if it had income for the year, have, under the rules prescribed in section 2603 of the *Income Tax Regulations*, income earned in the year in any of the participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership, and

(iii) where the member is another partnership, would have, under the rules prescribed in section 402 of the *Income Tax Regulations*, taxable income earned in the year in any of the participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership if the other partnership were a corporation that is a taxpayer under that Act; and

(b) a member (including a member referred to in paragraph (a)) that, in the taxation year of the member in which the taxation year of the partnership ends,

(i) where the member is a corporation has or would, if it had taxable income for the year, have, under the rules prescribed in any of sections 402 to 405 of the *Income Tax Regulations*, taxable income earned in any of the non-participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership,

(ii) where the member is an individual, the estate of a deceased individual or a trust, has or would, if it had income for the year, have, under the rules prescribed in section 2603 of the *Income Tax Regulations*, income earned in the year in any of the non-participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership, and

(iii) where the member is another partnership, would have, under the rules prescribed in section 402 of the *Income Tax Regulations*, taxable income earned in the year in any of the non-participating provinces from a business (within the meaning assigned by subsection 248(1) of the *Income Tax Act*) carried on through the partnership if the other partnership were a corporation that is a taxpayer under that Act.

**(2) Subsection (1) comes into force on April 1, 1997 except that, for the purpose of determining the net tax of a selected listed financial institution for the reporting period of the financial institution that begins before that day and that ends on or after that day, subsection 225.2(2) of the Act, as enacted by subsection (1), shall be read as follows:**

(2) In determining the net tax for a particular reporting period in a fiscal year that ends in a taxation year of a selected listed financial institution of a prescribed class, the financial institution shall add all positive amounts, and may deduct all negative amounts, each of which is determined, for a participating province, by the formula

$$[(A - B) \times (H/I) \times C \times (D/E)] - F + G$$

where

A is the total of

(a) all tax that became payable under any of subsection 165(1) and sections 212 and 218 by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable, and

(b) all tax under subsection 165(1) that would have become payable by the financial institution during the particular reporting period but for an election made under section 150;

B is the total of

(a) all input tax credits of the financial institution for the particular reporting period or preceding reporting periods of the financial institution claimed by the financial institution in the return under this Division filed by the financial institution for the particular reporting period, and

(b) all amounts that would have been input tax credits of the financial institution for the particular reporting period of the financial institution if the financial institution had not made an election under section 150;

C is the financial institution's percentage for the participating province for the taxation year, determined in accordance with the prescribed method that applies to financial institutions of that class;

D is the tax rate for the participating province;

E is 7%;

F is the total of all tax under subsection 165(2) in respect of supplies made in the participating province to the financial institution or under section 212.1 in respect of goods imported by the financial institution for use in the participating province that became payable by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable;

G is the total of all amounts each of which is a positive or negative prescribed amount;

H is the number of days in the particular reporting period after March 1997; and

I is the total number of days in the particular reporting period.

**210. (1) Subsection 226(4) of the Act is replaced by the following:**

Input tax  
credit for  
returnable  
containers

(4) Tax that is paid or that becomes payable by a registrant in respect of a supply or the bringing into a participating province of a returnable container shall not be included in determining an input tax credit of the registrant unless the

registrant is acquiring the container or bringing it into the province, as the case may be, for the purpose of making a zero-rated supply of the container or a supply of the container outside Canada.

1993, c. 27, s.  
89(1)

**(2) Subsection 226(6) of the Act is replaced by the following:**

Change in  
practice

(6) Where subsection (3) at any time ceases to apply to a registrant in respect of a returnable container owned by the registrant at that time and the registrant was not entitled, because of subsection (4), to claim an input tax credit in respect of the last acquisition of the container by the registrant or in respect of bringing the container into a participating province after it was last acquired, for the purposes of this Part, the registrant is deemed to have received at that time a supply of the container and to have paid at that time tax in respect of the supply equal to the basic tax content of the container at that time.

1993, c. 27, s.  
89(1)

**(3) The portion of subsection 226(7) of the Act before paragraph (b) is replaced by the following:**

Change in  
practice

(7) Where subsection (3) at any time begins to apply to a registrant in respect of a returnable container owned by the registrant at that time and the registrant was entitled to claim an input tax credit in respect of the last acquisition of the container by the registrant or in respect of bringing the container into a participating province after it was last acquired, for the purposes of this Part, the registrant is deemed

(a) to have made immediately before that time a supply of the container and to have collected at that time tax in respect of the supply equal to the basic tax content of the container at that time; and

**(4) Subsections (1) to (3) come into force on April 1, 1997.**

1990, c. 45, s.  
12(1); 1993, c.

27, s. 203(Sch.  
I, item 1(b))

**211. (1) Subsection 228(1) of the Act is replaced by the following:**

Calculation of  
net tax

**228. (1)** Every person who is required to file a return under this Division shall, in the return, calculate the net tax of the person for the reporting period for which the return is required to be filed, except where subsection (2.1) or (2.3) applies in respect of the reporting period.

1996, c. 21, s.  
65(1)

**(2) The portion of subsection 228(2) of the Act before paragraph (a) is replaced by the following:**

Remittance

(2) Where the net tax for a reporting period of a person is a positive amount, the person shall, except where subsection (2.1) or (2.3) applies in respect of the reporting period, remit that amount to the Receiver General,

1990, c. 45, s.  
12(1); 1993, c.  
27, s. 203  
(Sch. I, item  
1(b))

**(3) Subsection 228(3) of the Act is replaced by the following:**

Selected listed  
financial  
institutions -  
interim return  
and remittance

(2.1) Where a person who is a selected listed financial institution is required to file an interim return for a reporting period under subsection 238(2.1),

(a) subject to subsection (2.2), the person shall calculate in the interim return the amount (in this Part referred to as the "interim net tax") that would be the net tax of the person for the reporting period if the reference in the description of C in the formula in subsection 225.2(2) to "the financial

institution's percentage for the participating province for the taxation year" were a reference to "the lesser of the financial institution's percentage for the participating province for the taxation year and the financial institution's percentage for the immediately preceding taxation year"; and

(b) where the interim net tax for the reporting period is a positive amount, the person shall pay that amount, on account of the person's net tax for the reporting period that the person is required to remit under paragraph (2.3)(b), to the Receiver General on or before the day on or before which that interim return is required to be filed.

Selected listed  
financial  
institutions -  
interim returns  
in the first  
fiscal year

(2.2) For the purposes of paragraph (2.1)(a), where a person becomes a selected listed financial institution during a reporting period of the person that ends in a fiscal year of the person that begins on or after April 1, 1997, the interim net tax for each reporting period in the fiscal year is the amount that would be the net tax of the person for the reporting period if the reference in the description of C in the formula in subsection 225.2(2) to "the financial institution's percentage for the participating province for the taxation year" were a reference to "the financial institution's percentage for the participating province for the immediately preceding reporting period".

Selected listed  
financial  
institutions -  
final return

(2.3) Where a person who is a selected listed financial institution is required to file a final return under subsection 238(2.1) for a reporting period,

(a) the person shall calculate in the final return the net tax of the person for the reporting period;

(b) where the net tax of the person for the reporting period is a positive amount, the person shall remit that amount to the Receiver General on or before the day on or before which the final return for the reporting period is required to be filed;

(c) the person shall report in the final return the positive



amount, if any, that the person paid on account of the person's net tax for the period under subsection (2.1) or the negative amount, if any, that the person claimed in the interim return for the period as an interim net tax refund for the period under subsection (2.4); and

(d) where the person claimed an interim net tax refund for the reporting period under subsection (2.4),

(i) if the interim net tax refund exceeds the amount that would be the net tax refund for the period payable to the person under subsection (3) if the person had not claimed that interim net tax refund, the person shall pay an amount equal to the excess to the Receiver General on or before the day on or before which the final return for the reporting period is required to be filed, and

(ii) if the person's net tax for the period is a positive amount, the person shall pay an amount equal to the interim net tax refund to the Receiver General on or before the day on or before which the final return for the reporting period is required to be filed.

Interim refund  
for selected  
listed  
financial  
institutions

(2.4) Where the amount determined in accordance with paragraph (2.1)(a) for a reporting period of person who is a selected listed financial institution is a negative amount, the person may claim that amount, in the interim return for that reporting period filed before the day on or before which the final return for the period is required to be filed, as an interim net tax refund for the period payable to the person by the Minister.

Net tax refund

(3) Where the net tax for a reporting period of a person is a negative amount,

(a) where the person is a selected listed financial institution that is required to file a final return for the reporting period under subsection 238(2.1), the person may claim, in the final return for that reporting period as a net tax refund for the period payable to the person by the Minister, the amount, if any, determined by the formula

where

A is the absolute value of that net tax, and

B is the amount, if any, that the person claimed as an interim net tax refund for the period under subsection (2.4); and

(b) in any other case, the person may claim in the return for that reporting period the amount of that net tax as a net tax refund for the period, payable to the person by the Minister.

**(4) Subsections 228(6) and (7) of the Act, as enacted by subsection 47(2), are replaced by the following:**

Set-off of  
refunds or  
rebates

(6) Where at any time a person files a particular return under this Part in which the person reports an amount (in this subsection referred to as the "remittance amount") that is required to be remitted under subsection (2) or (2.3) or paid under subsection (2.1) or (4) or Division IV or IV.1 by the person and the person claims a refund or rebate payable to the person at that time under this Part (other than Division III) in the particular return or in another return, or in an application, filed under this Part with the particular return, the person is deemed to have remitted at that time on account of the person's remittance amount, and the Minister is deemed to have paid at that time on account of the refund or rebate, an amount equal to the lesser of the remittance amount and the amount of the refund or rebate.

Refunds and  
rebates of  
another person

(7) A person may, in prescribed circumstances and subject to prescribed conditions and rules, reduce or offset the tax that is required to be remitted under subsection (2) or (2.3) or paid under subsection (2.1) or (4) or Division IV or IV.1 by that person at any time by the amount of any refund or rebate to which another person may at that time be entitled under this Part.

**(5) Subsections (1) to (4) apply to reporting periods that end after March 1997.**

1990, c. 45, s.  
12(1)

**212. (1) Subsection 229(2) of the Act is replaced by the**

**following:**

Restriction

(2) A net tax refund for a reporting period of a person shall not be paid to the person under subsection (1) until such time as

(a) in the case of an interim net tax refund, all returns required to be filed under this Division by the person for all preceding reporting periods have been filed with the Minister; and

(b) in any other case, all returns required to be filed under this Division by the person for the reporting period and all preceding reporting periods have been filed with the Minister.

**(2) Subsection (1) comes into force on April 1, 1997.**

**213. (1) Subsection 230(1) of the Act, as enacted by subsection 48(1), is replaced by the following:**

Refund of  
payment

**230. (1)** Where a person has paid instalments or interim net tax for a reporting period of the person, or any other amounts on account of the person's net tax for the period, that exceed the amount of the net tax remittable by the person for the period and the person claims a refund of the excess in a return (other than an interim return) for the period filed under this Division by the person, the Minister shall refund the excess to the person with all due dispatch after the return is filed.

**(2) Subsection (1) comes into force on April 1, 1997.**

1990, c. 45, s.  
12(1)

**214. (1) Paragraph 233(2)(a) of the Act is replaced by the following:**

(a) to have reduced, at that time, the total consideration for those supplies by the amount determined by the formula

$$(A/B) \times C$$

where

A is 100,

B is 107, and

C is

(i) where the particular person has made an election under this subparagraph that is in effect for that fiscal year, the part of the dividend that is in respect of taxable supplies (other than zero-rated supplies) made to the other person, and

(ii) in any other case, the specified amount in respect of the dividend;

(a.1) where the supplies include supplies made in a participating province to the other person, to have, at that time, reduced further the total consideration for those supplies made in that province by the amount determined by the formula

$$A \times 100\% / B$$

where

A is

(i) where the particular person has made an election under subparagraph (i) of the description of C in paragraph (a), the part of the dividend that is in respect of taxable supplies (other than zero-rated supplies) made in that province to the other person in respect of which tax under subsection 165(2) was payable, and

(ii) in any other case, the amount determined by the formula

$$(C/D) \times E$$

where

C is the part of the dividend that may reasonably be regarded as being in respect of supplies made in that province to the other person in respect of which tax under subsection 165(2) was payable,

D is the total amount of the dividend, and

E is the specified amount, and

B is the total of 100% and the tax rate for that province; and

1993, c. 27, s.  
94(4)

**(2) Subsections 233(4) and (5) are replaced by the following:**

Time for  
election

(4) An election made under subparagraph (i) of the description of C in paragraph (2)(a) or under subsection (3) by a person shall be made before any patronage dividend is paid by the person in the fiscal year of the person in which the election is to take effect.

Revocation of  
election

(5) An election made under subparagraph (i) of the description of C in paragraph (2)(a) or under subsection (3) by a person may be revoked by the person before any dividend is paid by the person in the fiscal year of the person in which the revocation is to take effect.

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

**215. (1) Section 234 of the Act is amended by adding the following after subsection (2):**

Deduction in  
respect of  
supply in a  
participating  
province

(3) Where a registrant makes a supply in a participating province and the registrant pays to, or credits in favour of, the recipient of the supply a prescribed amount in respect of the supply, the registrant may deduct that amount in determining the net tax of the registrant for the reporting period of the registrant in which the amount was paid or credited.

Restriction on  
input tax  
credits etc.  
for amounts  
paid or  
credited

(4) No amount of tax under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1 shall be included in determining any input tax credit, rebate, refund or remission under this or any other Act of Parliament where the amount is prescribed for the

purposes of subsection (3).

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
96(1)

**216. (1) The portion of subsection 235(1) of the Act before paragraph (b) is replaced by the following:**

Net tax where  
passenger  
vehicle leased

**235. (1)** Where, in a taxation year of a registrant, tax becomes payable, or is paid without having become payable, by the registrant in respect of supplies of a passenger vehicle made under a lease and

(a) the total of the consideration for the supplies that would be deductible in computing the registrant's income for the year for the purposes of the *Income Tax Act*, if the registrant were a taxpayer under that Act and that Act were read without reference to section 67.3 thereof,

exceeds

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
98(1)

**217. (1) Subsection 237(1) of the Act is replaced by the following:**

Instalments

**237. (1)** Where the reporting period of a registrant is a fiscal year or a period determined under subsection 248(3), the registrant shall, within one month after the end of each fiscal quarter of the registrant ending in the reporting period, pay to the Receiver General an instalment equal to

(a) except where paragraph (b) applies, 1/4 of the registrant's instalment base for that reporting period; or

(b) the amount determined under subsection (5).

1990, c. 45, s.  
12(1)

**(2) Subsection 237(5) of the Act is replaced by the following:**

Selected listed  
financial  
institution –  
Instalments in  
first fiscal  
year

(5) For the purposes of subsection (1), where a person becomes a selected listed financial institution during a reporting period of the person that begins on or after April 1, 1997, the instalment to be paid within one month after the end of each fiscal quarter in the reporting period is

(a) where the fiscal quarter is the first fiscal quarter in the reporting period, 1/4 of the amount determined under subsection (2); and

(b) in any other case, the lesser of

(i) 1/4 of the amount determined under paragraph (2)(a), and

(ii) the amount determined by the formula

$$A + B$$

where

A is 1/4 of the financial institution's instalment base for the reporting period determined under paragraph (2)(b) as if the financial institution were not a selected listed financial institution and tax were not imposed under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1, and

B is the total of all amounts, each of which is determined for a participating province by the formula

$$C \times D$$

where

C is the amount determined for A in this subparagraph, and

D is the financial institution's percentage for the participating province for the immediately

preceding fiscal quarter, determined in accordance with the prescribed method that applies to that financial institution.

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

**218. (1) Section 238 of the Act is amended by adding the following after subsection (2):**

Filing by  
certain  
selected listed  
financial  
institutions

(2.1) Notwithstanding paragraph (1)(b) and subsection (2), where a selected listed financial institution's reporting period is a fiscal month or fiscal quarter, the financial institution shall

(a) file an interim return for the period with the Minister within one month after the end of the period; and

(b) file a final return for the period with the Minister within three months after the end of the fiscal year in which the period ends.

**(2) Subsection (1) applies to reporting periods that end after March 1997.**

1993, c. 27, s.  
100(2)

**219. (1) The portion of paragraph 240(3)(d) of the Act after subparagraph (ii) is replaced by the following:**

where all or substantially all of the property of the other corporation is, for the purposes of section 186, property that was last acquired or imported by the other corporation for consumption, use or supply exclusively in the course of its commercial activities.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
107(1)

**220. (1) The portion of subsection 252.4(1) of the French version of the Act before paragraph (a) is replaced by the following:**

Remboursement



au promoteur  
d'un congrès  
étranger

**252.4** (1) Sous réserve du paragraphe (2), le ministre rembourse le promoteur d'un congrès étranger, sur présentation par celui-ci d'une demande au cours de l'année suivant le jour du congrès, dans le cas où le promoteur paie la taxe payable aux fournitures, importations ou transferts suivants :

1993, c. 27, s.  
107(1)

**(2) Paragraph 252.4(1)(c) of the Act is replaced by the following:**

(c) property that is imported or brought into a participating province by the sponsor, or an imported taxable supply (within the meaning assigned by section 217) of services that are acquired by the sponsor, for consumption, use or supply by the sponsor as related convention supplies,

1993, c. 27, s.  
107(1)

**(3) Paragraph 252.4(1)(e) of the Act is replaced by the following:**

(e) in any other case, the tax paid by the sponsor in respect of the supply or importation of the property or service or the bringing into a participating province of the property.

1993, c. 27, s.  
107(1)

**(4) Subsection 252.4(3) of the Act is replaced by the following:**

Rebate to  
organizer

(3) Where an organizer of a foreign convention who is not registered under Subdivision d of Division V pays tax in respect of a supply of the convention facility or a supply, importation or the bringing into a participating province of related convention supplies, the Minister shall, on the application of the organizer filed within one year after the convention ends, pay a rebate to the organizer equal to the amount of that tax.

**(5) Subsections (1) to (4) come into force on April 1, 1997.**

**221. (1) Paragraph 253(1)(a) of the Act, as enacted by subsection 62(1), is replaced by the following:**

(a) a musical instrument, motor vehicle, aircraft or any other property or a service is or would, but for subsection 272.1(1), be regarded as having been acquired, imported or brought into a participating province by an individual who is

**(2) Paragraphs 253(1)(a.1) and (b) of the Act, as enacted by subsection 62(1), and paragraph 253(1)(c) of the Act are replaced by the following:**

(a.1) in the case of an individual who is a member of a partnership, the instrument, vehicle, aircraft or other property or service acquired, imported or brought into a participating province was not acquired or imported by the individual on the account of the partnership,

(b) the individual has paid the tax (in this subsection referred to as the "tax paid by the individual") payable in respect of the acquisition or importation of the property or service, or the bringing into a participating province of the property, as the case may be, and

(c) in the case of an acquisition, importation or bringing into a participating province, of a musical instrument, the individual is not entitled to claim an input tax credit in respect of the instrument,

1993, c. 27, s.  
108(1)

**(3) The description of A in subsection 253(1) of the Act is replaced by the following:**

A is

(a) where the tax paid by the individual includes only tax imposed under subsection 165(1) or section 212 or 218, 7/107,

(b) where the tax paid by the individual does not include any tax imposed under any of those provisions, 8/108, and

(c) in any other case, 15/115,

1990, c. 45, s.  
12(1)

**(4) Subsections (1) to (3) come into force on April 1, 1997.**

**222. (1) Paragraph 254(2)(d) of the Act is replaced by the following:**

(d) the particular individual has paid all of the tax under Division II payable in respect of the supply of the complex or unit and in respect of any other supply to the individual of an interest in the complex or unit (the total of which tax under subsection 165(1) is referred to in this subsection as the "total tax paid by the particular individual"),

1990, c. 45, s.  
12(1)

**(2) Paragraph 254(2)(h) of the French version of the Act is replaced by the following:**

h) si la contrepartie totale est de 350 000 \$ ou moins, un montant égal à 8 750 \$ ou, s'il est inférieur, le montant représentant 36 % du total de la taxe payée par le particulier;

**(3) Section 254 of the Act is amended by adding the following after subsection (2):**

Rebate in Nova  
Scotia

(2.1) Where an individual is entitled to a rebate under subsection (2), or to be paid or credited the amount of such a rebate under subsection (4), in respect of a single unit residential complex or a residential condominium unit that is for use, in Nova Scotia, as the primary place of residence of the individual or a relation of the individual or the individual would be so entitled if the total consideration (within the meaning of paragraph (2)(c)) in respect of the complex or unit were less than \$450,000, the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and the amount determined by the formula

$$A \times B$$

where

A is 18.75%; and

B is the total of all tax under subsection 165(2) payable in respect of the supply of the complex or unit to the individual and in respect of any other supply to the individual of an interest in the complex or unit.

**(4) Subsection 254(3) of the Act, as enacted by subsection 63(1), is replaced by the following:**

Application for  
rebate

(3) A rebate under this section in respect of a residential complex or residential condominium unit shall not be paid to an individual unless the individual files an application for the rebate within two years after the day ownership of the complex or unit is transferred to the individual.

**(5) Paragraph 254(4)(c) of the Act, as enacted by subsection 63(2), is replaced by the following:**

(c) the individual, within two years after the day ownership of the complex or unit is transferred to the individual under the agreement for the supply, submits to the builder in prescribed manner an application in prescribed form containing prescribed information for the rebate to which the individual would be entitled under subsection (2) or (2.1) in respect of the complex or unit if the individual applied therefor within the time allowed for such an application,

1990, c. 45, s.  
12(1)

**(6) Paragraph 254(4)(e) of the Act is replaced by the following:**

(e) the tax payable in respect of the supply has not been paid at the time the individual submits an application to the builder for the rebate and, if the individual had paid the tax and made application for the rebate, the rebate would have been payable to the individual under subsection (2) or (2.1), as the case may be,

1990, c. 45, s.  
12(1)

**(7) The portion of subsection 254(5) of the Act before paragraph (a) is replaced by the following:**

Forwarding of  
application by  
builder

(5) Notwithstanding subsections (2) to (3), where an application of an individual for a rebate under this section in respect of a single unit residential complex or a residential condominium unit is submitted under subsection (4) to the builder

of the complex or unit,

**(8) Subsections (1) to (7) come into force on April 1, 1997.**

**223. (1) Paragraph 254.1(2)(a) of the Act, as amended by subsection 64(2), is replaced by the following:**

(a) under an agreement entered into between a particular individual and a builder of a residential complex that is a single unit residential complex or a residential condominium unit, the builder makes to the particular individual

(i) one or more exempt supplies under a long-term lease of, or a supply by way of an assignment of a long-term lease of, the land attributable to the complex, and

(ii) an exempt supply by way of sale of the building or part thereof in which the residential unit forming part of the complex is situated,

1993, c. 27, s.  
110(1)

**(2) Paragraph 254.1(2)(h) of the Act is replaced by the following:**

(h) where the fair market value referred to in paragraph (c) is not more than \$374,500, an amount equal to the lesser of \$8,750 and 2.34% of the total (in this subsection referred to as the "total consideration") of all amounts each of which is the consideration payable by the particular individual to the builder for the supply by way of sale to the particular individual of the building or part of a building referred to in paragraph (a) or of any other structure that forms part of the complex, other than consideration that can reasonably be regarded as rent for the supplies of the land attributable to the complex or as consideration for the supply of an option to purchase that land, and

**(3) Subsection 254.1(2.1) of the Act, as enacted by subsection 64(3), and subsection 254.1(3) of the Act, as enacted by subsection 64(4), are replaced by the following:**

Rebate in Nova  
Scotia

(2.1) Where an individual is entitled to a rebate under subsection (2), or to be paid or credited the amount of such a rebate under subsection (4), in respect of a residential complex situated in Nova Scotia or would be so entitled if the fair market value of the complex, at the time possession of the complex is

given to the individual under the agreement for the supply of the complex to the individual, were less than \$481,500, the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and 1.39% of the total consideration (within the meaning of paragraph (2)(h)) in respect of the complex.

#### Exception

(2.2) A rebate under this section shall not be paid in respect of a residential complex where the builder of the complex is not required, because of an Act of Parliament (other than this Act) or any other law, to pay or remit the tax that the builder is deemed to have paid and collected under subsection 191(1) in respect of a supply of the complex deemed to have been made under that subsection.

#### Application for rebate

(3) A rebate under this section in respect of a residential complex shall not be paid to an individual unless the individual files an application for the rebate within two years after the day possession of the complex is transferred to the individual.

**(4) Paragraph 254.1(4)(b) of the Act, as enacted by subsection 64(5), is replaced by the following:**

(b) the individual, within two years after the day possession of the complex is transferred to the individual under the agreement for the supply, submits to the builder in prescribed manner an application in prescribed form containing prescribed information for the rebate to which the individual would be entitled under subsection (2) or (2.1) in respect of the complex if the individual applied for it within the time allowed for such an application, and

**(5) Subsections (1) to (4) come into force on April 1, 1997.**

**224. (1) Subsection 255(3) of the Act, as enacted by subsection 65(1), is replaced by the following:**

#### Rebate in Nova Scotia

(2.1) Where an individual has acquired a share of the capital stock of a cooperative housing corporation for the purpose of using a residential unit in a residential complex of the corporation that is situated in Nova Scotia as the primary place of residence of the individual or a relation of the individual and the individual is

entitled to a rebate under subsection (2) in respect of the share or would be so entitled if the total (in this subsection referred to as the "total consideration") of all amounts, each of which is the consideration payable for the supply to the individual of the share or an interest in the corporation, complex or unit, were less than \$481,500, the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and 1.39% of the total consideration.

Application for  
rebate

(3) A rebate under this section in respect of a share of the capital stock of a cooperative housing corporation shall not be paid to an individual unless the individual files an application for the rebate within two years after the day ownership of the share is transferred to the individual.

**(2) Subsection (1) comes into force on April 1, 1997.**

1990, c. 45, s.  
12(1)

**225. (1) Paragraph 256(2)(c) of the Act is replaced by the following:**

(c) the particular individual has paid tax in respect of the supply by way of sale to the individual of the land that forms part of the complex or an interest therein or in respect of the supply to, or importation by, the individual of any improvement thereto or, in the case of a mobile home or floating home, of the complex (the total of which tax under subsection 165(1) and sections 212 and 218 is referred to in this subsection as the "total tax paid by the particular individual"),

1993, c. 27, s.  
112(3)

**(2) Paragraph 256(2)(e) of the French version of the Act is replaced by the following:**

e) si la juste valeur marchande visée à l'alinéa b) est d'au plus 350 000\$, 8 750 \$ ou, s'il est inférieur, le montant représentant 36 % du total de la taxe payée par le particulier avant l'envoi de la demande de remboursement au ministre;

1993, c. 27, s.  
112(3)

**(3) The description of A in paragraph 256(2)(f) of the French version of the Act is replaced by the following:**

A représente 8 750 \$ ou, s'il est inférieur, le montant représentant 36 % du total de la taxe payée par le particulier avant l'envoi de la demande de remboursement au ministre,

1993, c. 27, s.  
112(4)

**(4) Subsection 256(2.1) of the Act is replaced by the following:**

Rebate in Nova  
Scotia

(2.1) Where

(a) an individual is entitled to a rebate under subsection (2) in respect of a residential complex that the individual has constructed or has engaged another person to construct and that is for use, in Nova Scotia, as the primary place of residence of the individual or a relation of the individual or the individual would be so entitled if the fair market value of the complex, at the time the construction thereof is substantially completed, were less than \$450,000, and

(b) the individual has paid all of the tax payable by the individual in respect of the supply by way of sale to the individual of the land that forms part of the complex or an interest therein or in respect of the supply to, or importation, or bringing into Nova Scotia, by the individual of any improvement to the complex or, in the case of a mobile home or floating home, of the complex (the total of which tax under subsection 165(2), and sections 212.1, 218.1, 220.05, 220.06 and 220.07 is referred to in this subsection as the "total tax in respect of the province paid by the individual"),

the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and 18.75% of the total tax in respect of the province paid by the individual.

Mobile homes  
and floating  
homes

(2.2) For the purposes of this section, where



(a) a particular individual purchases, imports or brings into Nova Scotia a mobile home or floating home that has never been used or occupied by any individual as a place of residence or lodging and does not file with the Minister, or submit to the supplier, an application for a rebate in respect of the home under section 254 or 254.1,

(b) the particular individual is acquiring, importing or bringing into Nova Scotia the mobile home or floating home for use as the primary place of residence of the particular individual or of a relation of the particular individual, and

(c) the first individual to occupy the mobile home or floating home at any time is the particular individual or a relation referred to in paragraph (b), or the particular individual at any time transfers ownership of the home under an agreement for an exempt supply by way of sale of the home,

the particular individual is deemed to have constructed the mobile home or floating home and to have substantially completed the construction immediately before the earlier of the times referred to in paragraph (c) and, in the case of a mobile home or floating home imported by the individual, any use or occupation of the home outside Canada is deemed not to be use or occupation of the home.

**(5) The portion of subsection 256(3) of the Act before paragraph (a), as enacted by subsection 66(3), is replaced by the following:**

Application for  
rebate

(3) A rebate under this section in respect of a residential complex shall not be paid to an individual unless the individual files an application for the rebate within two years after the earliest of

**(6) Subsections (1) to (5) come into force on April 1, 1997.**

1993, c. 27, s.  
113(1)

**226. (1) The description of A in subsection 256.1(1) of the Act is replaced by the following:**

A is the total (in this subsection referred to as the "total tax charged in respect of the land") of the tax that was or would, but for section 167, have been payable by the landlord in respect of the last acquisition of the land by the landlord and the tax that was payable by the landlord in respect of improvements to the land acquired, imported or brought into a

participating province by the landlord after the land was last so acquired, and

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
114(1)

**227. (1) Subsection 257(1) of the Act is replaced by the following:**

Non-registrant  
sale of real  
property

**257. (1)** Where a person who is not a registrant makes a particular taxable supply of real property by way of sale, the Minister shall, subject to subsection (2), pay a rebate to the person equal to the lesser of

(a) the basic tax content of the property at the particular time, and

(b) the tax that is or would, but for section 167, be payable in respect of the particular taxable supply.

**(2) Subsection (1) applies to supplies of real property made on or after April 1, 1997.**

1993, c. 27, s.  
115(2)

**228. (1) Subparagraph (a)(i) of the definition "non-creditable tax charged" in subsection 259(1) of the Act is replaced by the following:**

(i) tax in respect of the supply, importation or bringing into a participating province of the property or service that became payable by the person during the period or that was paid by the person during the period without having become payable (other than tax deemed to have been paid by the person or in respect of which the person is not entitled to claim an input tax credit only because of subsection 226(4)),

**(2) Subsection 259(3) of the Act, as enacted by subsection 69(5), is replaced by the following:**

Rebate for  
persons other

than designated  
municipalities

(3) Where a person (other than a listed financial institution, a registrant prescribed for the purposes of subsection 188(5) and a person designated to be a municipality for the purposes of this section) 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 selected public service body, charity or qualifying non-profit organization, the Minister shall, subject to subsections (4.1), (4.2) and (5), pay a rebate to the person equal to the prescribed percentage of the non-creditable tax charged in respect of property or a service (other than a prescribed property or service) for the claim period.

**(3) Subsection 259(4) of the Act, as amended by subsection 69(6), is replaced by the following:**

Rebate for  
designated  
municipalities

(4) Where a person is, on the last day of a claim period of the person or of the person's fiscal year that includes that claim period, designated to be a municipality for the purposes of this section in respect of activities (in this subsection referred to as the "designated activities") specified in the designation, the Minister shall, subject to subsections (4.1), (4.2), (4.3) and (5), pay a rebate to the person in respect of property or a service (other than a prescribed property or service) equal to the total of all amounts, each of which is an amount determined by the formula

$$A \times B \times C$$

where

A is the prescribed percentage;

B is an amount that is included in the total tax charged in respect of the property or service for the claim period and is an amount of tax in respect of a supply made to, or the importation or bringing into a participating province of the property by, the person at any time, an amount deemed to have been paid or collected at any time by the person, an amount required to be added under subsection 129(7) in determining the person's net tax as a result of a branch or division of the person becoming a small supplier division at any time, or an amount required to be added under paragraph 171(4)(b) in determining the person's net tax as a result of the person ceasing, at any time, to be a registrant; and

C is the extent (expressed as a percentage) to which the person intended, at that time, to consume, use or supply the property or service in the course of the designated activities.

**(4) The portion of subsection 259(4.1) of the Act after paragraph (b) and before paragraph (c), as enacted by subsection 69(7), is replaced by the following:**

<?[ip0n,0n]>subject to subsection (4.2), the rebate, if any, payable to the person under subsection (3) or (4) in respect of property or a service for a claim period is equal to the total of

**(5) Paragraph 259(4.1)(d) of the Act, as enacted by subsection 69(7), is replaced by the following:**

(d) the amount that would be determined by the formula in subsection (4) if that subsection applied to the person and if

(i) the reference therein to "prescribed percentage" were read as a reference to "the prescribed percentage applicable to a selected public service body described in whichever of paragraphs (a) to (e) of the definition of that expression in subsection (1) applies to the person minus 50%", and

(ii) in the case of a person who is not designated to be a municipality for the purposes of this section, the reference in that formula to "designated activities" were read as a reference to

(A) in the case of a person determined to be a municipality under paragraph (b) of the definition "municipality" in subsection 123(1), activities engaged in by the person in the course of fulfilling the person's responsibilities as a local authority, and

(B) in any other case, activities engaged in by the person in the course of operating a recognized degree-granting institution, a college affiliated with, or research body of, such an institution, a public hospital, an elementary or secondary school or a post-secondary college or technical institute, as the case may be.

**(6) Section 259 of the Act, as amended by section 69, is amended by adding the following after subsection (4.1):**

Rebates in  
respect of tax  
in

participating  
provinces

(4.2) In determining a rebate under this section payable to a person (other than a person to whom subsection (4.3) applies), no tax under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1 payable or deemed to have been paid or collected by the person shall be included

(a) in any amount referred to in any of subparagraphs (a)(i) to (iv) of the definition "non-creditable tax charged" in subsection (1),

(b) in any amount referred to in subparagraph (v) of that definition that is required under subsection 129(7) to be added in determining the body's net tax, or

(c) in determining any amount referred to in subparagraph (v) of that definition that is an input tax credit required under paragraph 171(4)(b) to be added in determining the body's net tax,

unless the person is a

(d) charity or qualifying non-profit organization resident in a participating province,

(e) selected public service body resident in Nova Scotia, or

(f) a municipality resident in New Brunswick.

Rebate to  
qualifying non-  
profit  
organization in  
Newfoundland

(4.3) Where a rebate under this section is payable to a qualifying non-profit organization that is resident in Newfoundland and designated by the Minister to be a municipality for the purposes of this section, the amount of the rebate is equal to the total of

(a) the amount of the rebate that would be determined if subsection (4.2) applied to the organization, and

(b) the amount that would be determined by the formula in subsection (4) if the percentage prescribed for the purposes of that subsection were 50%, if the reference to "designated activities" in the description of C in the formula were a reference to "activities of the person that are not designated

activities" and if no tax under any of subsection 165(1) and sections 212 and 218 were included in

(i) any amount referred to in any of subparagraphs (a)(i) to (iv) of the definition "non-creditable tax charged" in subsection (1),

(ii) in any amount referred to in subparagraph (v) of that definition that is required under subsection 129(7) to be added in determining the organization's net tax, and

(iii) in determining any amount referred to in subparagraph (v) of that definition that is an input tax credit required under paragraph 171(4)(b) to be added in determining the organization's net tax.

**(7) Subsections (1) to (6) come into force on April 1, 1997.**

**229. (1) Section 259.1 of Act, as enacted by subsection 69.1(1), is amended by adding the following after subsection (5):**

No adjustment  
of provincial  
component of  
tax

(6) No amount of tax under subsection 165(2) in respect of a supply of property referred to in subsection 259.1(2) shall be included in the amount that may be deducted or that is required to be added, as the case may be, under section 231 or 232 in determining the net tax of the person for any reporting period of the person.

**(2) Subsection (1) comes into force on April 1, 1997.**

**230. (1) The Act is amended by adding the following after section 261:**

Rebate in  
respect of  
goods removed  
from a  
participating  
province

**261.1 (1) Where**

(a) a supply by way of sale of property that is tangible personal property (other than property included in any of paragraphs 252(1)(a) to (c)), a mobile home or a floating home

is made in a particular participating province to a person (other than a selected listed financial institution) who is resident in Canada and who, in the case of property other than a specified motor vehicle, is not a consumer resident in a participating province,

(b) the property is acquired for consumption, use or supply exclusively outside the participating provinces,

(c) the person removes the property from the particular participating province to a non-participating province within thirty days after it is delivered to the person, and

(d) the person pays all taxes, if any, payable by the person in respect of the property under Acts of the legislature of the province that are prescribed for the purposes of section 154,

the Minister shall, subject to section 261.4, pay a rebate to the person equal to the tax paid under subsection 165(2) by the person in respect of the supply.

#### Stored goods

(2) For the purposes of subsection (1), where a person places property in storage after it is delivered to the person in a participating province, the period during which the person holds the property in storage shall not be taken into account in determining whether the person removes the property from the province within thirty days after delivery.

Rebate in  
respect of  
goods imported  
at a place in a  
non-  
participating  
province

#### **261.2** Where

(a) a person (other than a selected listed financial institution) who is resident in a participating province pays tax under subsection 212.1(2) in respect of property that the person imports at a place in a non-participating province,

(b) the property is not imported for consumption or use in any participating province, and

(c) the person pays all taxes, if any, payable by the person in respect of the property that are imposed under Acts of the

legislatures of non-participating provinces and that are prescribed for the purposes of section 154,

the Minister shall, subject to section 261.4, pay a rebate to the person equal to the amount of the tax under subsection 212.1(2) paid by the person.

Rebate in  
respect of  
intangible  
personal  
property or  
services  
supplied in a  
participating  
province

**261.3** Where a person (other than a selected listed financial institution) who is resident in Canada is the recipient of a supply of intangible personal property or a service that is acquired by the person for consumption, use or supply primarily outside the participating provinces and tax under subsection 165(2) is payable in respect of the supply, the Minister shall, subject to section 261.4, pay a rebate to the person equal to the amount determined by the formula

$$A \times B$$

where

A is the amount of the tax payable; and

B is the extent (expressed as a percentage) to which the intangible personal property or service is acquired by the person for consumption, use or supply outside the participating provinces.

Restriction

**261.4** A rebate shall not be paid under any of sections 261.1 to 261.3 unless

(a) the person files an application for the rebate within one year after

(i) in the case of a rebate under section 261.1 in respect of property supplied in a participating province, the day the person removes the property from the participating province, and

(ii) in the case of a rebate under section 261.2 or 261.3



in respect of tax payable by the person, the day that tax became payable;

(b) except where the application is a prescribed application, where the person is an individual, the individual has not made another application under this section in the calendar quarter in which the application is made;

(c) where the person is not an individual, the person has not made another application under this section in the calendar month in which the application is made;

(d) in the case of a rebate under section 261.1 or 261.3, each receipt that substantiates the rebate includes tax paid under subsection 165(2), totalling at least \$4, in respect of supplies that are otherwise eligible for a rebate under that section; and

(e) the total of all rebates for which the application is made is at least \$16.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
118(1)

**231. (1) The portion of section 263 of the Act before paragraph (a) is replaced by the following:**

Restriction on  
rebate

**263.** A rebate of an amount under subsection 215.1(1) or (2) or 216(6) or any of sections 252 to 261.3 or a refund of an amount that, because of subsection 215.1(3) or 216(7), is payable under section 69, 73, 74 or 76 of the *Customs Act*, shall not be paid to a person to the extent that it can reasonably be regarded that

**(2) Subsection (1) comes into force on April 1, 1997.**

**232. (1) Section 269 of the Act, as enacted by subsection 73(1), is replaced by the following:**

Distribution by  
trust

**269.** For the purposes of this Part, where a trustee of a trust distributes property of the trust to one or more persons, the distribution of the property is deemed to be a supply of the property made by the trust at the place at which the property is delivered or made available to the persons and for consideration

equal to the amount determined under the *Income Tax Act* to be the proceeds of disposition of the property.

**(2) Subsection (1) comes into force on April 1, 1997.**

**233. (1) Paragraph 272.1(2)(a) of the Act, as enacted by subsection 76(1), is replaced by the following:**

(a) except as otherwise provided in subsection 175(1), the partnership is deemed

(i) not to have acquired or imported the property or service, and

(ii) where the property was brought by the member from a non-participating province into a participating province, not to have so brought it into that province;

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
124(1)

**234. (1) Paragraph 273(1)(a) of the Act is replaced by the following:**

(a) all properties and services that are, during the period the election is in effect, supplied, acquired, imported or brought into a participating province under the agreement by the operator on behalf of the co-venturer in the course of the activities for which the agreement was entered into shall, for the purposes of this Part, be deemed to be supplied, acquired, imported or brought into the province, as the case may be, by the operator and not by the co-venturer;

1993, c. 27, s.  
124(1)

**(2) Subsection 273(1.1) of the Act is replaced by the following:**

Exception

(1.1) Paragraph (1)(a) does not apply to the acquisition, importation or bringing into a participating province of property or a service by an operator on behalf of a co-venturer where the property or service is so acquired, imported or brought into the province for consumption, use or supply in the course of activities that are not commercial activities and the operator

(a) is a government other than a specified Crown agent; or

(b) would not be required, because of an Act of Parliament other than this Act, to pay tax in respect of the acquisition, importation or bringing into the province of the property or service if the operator acquired or, imported the property or service or brought it into the province for that purpose otherwise than on behalf of the co-venturer.

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

**235. The Act is amended by adding the following after section 277:**

Definition of  
"harmonized tax  
system

**277.1** (1) In this section, "harmonized tax system" means the system established under this Part for the payment, collection and remittance of tax imposed under subsection 165(2) and sections 212.1, 218.1, 220.05, 220.06, 220.07 and 220.08 and of allowing input tax credits, rebates and refunds in respect of any such tax paid or deemed to be paid.

Temporary  
regulations

(2) For the purpose of facilitating the administration and enforcement of the harmonized tax system or the transition to the harmonized tax system, the Governor in Council may, at any time before May 1999, make regulations

(a) adapting any provision of this Part or of the regulations made under section 277 to the harmonized tax system or modifying any provision of this Part or those regulations to adapt it to the harmonized tax system;

(b) defining, for the purposes of this Part or the regulations made under section 277, or any provision of this Part or those regulations, in its application to the harmonized tax system, words or expressions used in this Part, including words or expressions defined in a provision of this Part;

(c) providing that a provision of this Part or of the regulations made under section 277, or a part of such a provision does not apply to the harmonized tax system; and

(d) prescribing, determining or regulating for the purposes only of the harmonized tax system, or for the purposes of this Part other than the harmonized tax system, anything that by this Part is to be prescribed or is to be determined or regulated by regulation.

### Retroactivity

(3) Notwithstanding subsection 277(2), a regulation made under this section may be made to be effective on a day that is before the day it is made but not before April 1, 1997, or made to apply to supplies that were made before the day the regulation was made.

### Cessation of regulation

(4) Every regulation made under this section, other than a regulation made under paragraph (2)(d), ceases to have effect, and is deemed to be repealed, on May 1, 2000.

**236. (1) Section 280 of the Act is amended by adding the following after subsection (1):**

Penalty and  
interest on net  
tax of selected  
listed  
financial  
institutions

(1.1) Notwithstanding subsection (1), where a selected listed financial institution that is required to pay an amount under paragraph 228(2.1)(a) on account of the financial institution's net tax for a reporting period fails to pay all of that amount within the time specified in that paragraph, the financial institution shall pay, on the amount not paid,

(a) a penalty of 6% per year, and

(b) interest at the prescribed rate,

computed for the period beginning on the first day following that time and ending on the earlier of

(c) the day the total of the amount, penalty and interest is paid, and

(d) the day on or before which the financial institution is required under subsection 238(2.1) to file a final return for that reporting period.

**(2) Section 280 of the Act is amended by adding the following after subsection (4):**

Unpaid penalty  
and interest

(4.01) Where a selected listed financial institution is required to pay a penalty or interest under subsection (1.1) in respect of an amount required under paragraph 228(2.1)(a) to be paid within the time specified in that paragraph and the penalty or interest, as the case may be, has not been paid on or before the day on or before which the financial institution is required under subsection 238(2.1) to file a final return for that reporting period, the penalty or interest, as the case may be, is deemed, for the purposes of this Part, to be an amount required to be remitted by the financial institution or before that day that has not been remitted on or before that day.

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

1993, c. 27, s.  
128(3); 1996,  
c. 23, par.  
187(b)

**237. Subparagraphs 295(5)(d)(ii) and (iii) of the Act are replaced by the following:**

(ii) to an official solely for the purposes of the initial implementation of a fiscal policy or for the purposes of the administration or enforcement of the *Canada Pension Plan*, the *Employment Insurance Act* or an Act of Parliament that provides for the imposition or collection of a tax or duty or that provides that displays or indications of the price or consideration for property or services include tax under this Act,

(iii) to an official solely for the purposes of the administration or enforcement of a law of a province that provides for the imposition or collection of a tax or duty, that provides that displays or indications of the price or consideration for property or services include tax under this Act or that provides for reimbursements to persons of amounts paid or payable by the persons as or on account of tax under this Act,

1990, c. 45, s.  
12(1)

**238. (1) Paragraph 296(1)(b) of the Act is replaced by the following:**

(b) any tax payable by a person under Division II, IV or IV.1,

1990, c. 45, s.  
12(1); 1993, c.  
27, s. 129(1)

**(2) Paragraph 296(1)(d) of the Act is replaced by the following:**

(d) any amount payable by a person under any of paragraphs 228(2.1)(b) and (2.3)(d) and section 230.1, and

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

**239. (1) Section 298 of the Act is amended by adding the following after paragraph (a):**

(a.1) in the case of an assessment of an amount payable under paragraph 228(2.1)(b) or (2.3)(d) that a person is required to pay on or before a day, more than four years after that day;

**(2) Subsection 298(1) of the Act is amended by adding the following after paragraph (d):**

(d.1) in the case of an assessment of tax payable by the person under Division IV.1, more than four years after

(i) where the person is required to report the tax in a return, the later of the day on or before which the person was required to file the return with the Minister and the day the return was filed, and

(ii) in any other case, the day the person is required to pay the tax to the Receiver General.

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

1990, c. 45, s.  
12(1)

**239.1 (1) Subsection 323(1) of the Act is replaced by the following:**

Liability of  
directors

**323. (1)** Where a corporation fails to remit an amount of net tax as required under subsection 228(2) or (2.3), the directors of the corporation at the time the corporation was required to remit the amount are jointly and severally liable, together with the corporation, to pay that amount and any interest thereon or penalties relating thereto.

**(2) Subsection (1) comes into force on April 1, 1997.**

1990, c. 45, s.  
12(1)

240. (1) Subsection 337(9) of the Act is repealed.

(2) Subsection (1) comes into force on April 1, 1997.

241. The Act is amended by adding the following after section 347:

DIVISION X

TRANSITIONAL PROVISIONS FOR PARTICIPATING PROVINCES

Subdivision a

Interpretation

Definitions

348. The definitions in this section apply in this Division.

"announcement  
date"  
« *date de  
publication* »

"announcement date" for a participating province means October 23, 1996 in the case of Nova Scotia, New Brunswick or Newfoundland.

"implementation  
date"  
« *date de mise  
en œuvre* »

"implementation date" for a participating province means April 1, 1997 in the case of Nova Scotia, New Brunswick or Newfoundland.

"specified pre-  
implementation  
date"  
« *date de mise  
en œuvre  
anticipée* »

"specified pre-implementation date" for a participating province means February 1, 1997 in the case of Nova Scotia, New Brunswick or Newfoundland.

Subdivision b

Application

## Real Property

**349.** (1) Subject to Subdivision c, where a province is a participating province, subsection 165(2) and the provisions of this Part relating to tax under that subsection apply to

(a) any supply by way of sale of real property made in that participating province where ownership and possession of the property are transferred on or after the implementation date for that province,

(b) any supply of real property made in a participating province by way of lease, licence or similar arrangement where all of the consideration for the supply becomes due or is paid, or is deemed to have become due or to have been paid, on or after the implementation date for that province and is not deemed to have become due or to have been paid before that day, and

(c) any supply of real property made in a participating province by way of lease, licence or similar arrangement where part of the consideration for the supply becomes due or is paid, or is deemed to have become due or been paid, on or after the implementation date for that province,

except that tax is not payable under that subsection (otherwise than because of Subdivision c) in respect of any part of the consideration for a supply referred to in paragraph (c) that becomes due or is paid before that day and is not deemed to have become due or to have been paid on or after that day.

## Personal property and services

(2) Subject to Subdivision c, where a province is a participating province, subsection 165(2), section 218.1 and subsection 220.08(1) and the provisions of this Part relating to tax under that section or either of those subsections apply to

(a) any supply of personal property or a service

(i) made in that participating province, or

(ii) made in a non-participating province where the property or service is acquired for consumption, use or supply in that participating province

where all of the consideration for the supply becomes due or is paid, or is deemed to have become due or to have been paid, on or after the implementation date for that province and is



not deemed to have become due or to have been paid before that day, and

(b) any supply of personal property or a service

(i) made in that participating province, or

(ii) made in a non-participating province where the property or service is acquired for consumption, use or supply in that participating province

where part of the consideration for the supply becomes due or is paid, or is deemed to have become due or to have been paid, on or after the implementation date for that province,

except that tax is not payable under any of those provisions (otherwise than because of Subdivision c) in respect of any part of the consideration for a supply referred to in paragraph (b) that becomes due or is paid before that day and is not deemed to have become due or to have been paid on or after that day.

#### Imported goods

(3) Subject to Subdivision c, where a province is a participating province, sections 212.1 and 220.07 and the provisions of this Part relating to tax under those sections apply to tangible personal property, a mobile home that is not affixed to land and a floating home imported by a person on or after the implementation date for that province and to such property that is imported by a person before that day and that is accounted for under subsection 32(1), (2) or (5) of the *Customs Act* on or after that day.

Tangible  
personal  
property  
brought into a  
participating  
province

(4) Subject to Subdivision c, where a province is a participating province, subsections 220.05(1) and 220.06(1) and the provisions of this Part relating to tax under those subsections apply to tangible personal property, a mobile home that is not affixed to land and a floating home brought into that participating province on or after the implementation date for that province and to such property brought into that province before that day by a carrier where the property is delivered in the province to a consignee on or after that day.

#### Subdivision c

Transition

Transfer of  
real property  
before  
implementation

**350.** Where a taxable supply by way of sale of real property is made in a participating province and ownership or possession of the property is transferred under the agreement for that supply to the recipient of the supply before the implementation date for that province, no tax is payable under subsection 165(2) in respect of the supply.

Transfer of  
single unit  
residential  
complex after  
implementation

**351.** (1) Where

(a) a taxable supply by way of sale of a single unit residential complex is made in a participating province to an individual under an agreement in writing between the supplier and the individual entered into on or before the announcement date for that province, and

(b) ownership of the complex is not transferred to the individual under the agreement before the implementation date for that province and possession thereof is transferred to the individual under the agreement on or after that implementation date,

the following rules apply:

(c) no tax is payable under subsection 165(2) in respect of the supply made under that agreement or in respect of any supply of the complex deemed under subsection 191(1) to have been made before possession thereof is transferred to the individual under that agreement, and

(d) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of

(i) the complex, the land included in the complex or an improvement thereto, or

(ii) any other property or service to the extent that it

was acquired, imported or brought into a participating province by the supplier for consumption or use in making a supply of the complex.

Resupply of a  
single unit  
residential  
complex

(2) Where a supply referred to in paragraph (1)(a) of a single unit residential complex is made to a recipient who is a builder of the complex only because of paragraph (d) of the definition "builder" in subsection 123(1),

(a) no tax is payable under subsection 165(2) in respect of any supply of the complex made by that builder or any successor in title other than

(i) a taxable supply made by way of lease, licence or similar arrangement, or

(ii) a taxable supply by way of sale made after either the builder or the successor has used the complex as capital property in a business of the builder or successor, substantially renovated the complex or made another supply by way of sale of the complex and subsequently reacquired it; and

(b) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the builder or successor in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the builder or successor for consumption or use in making a supply of the complex in respect of which tax under subsection 165(2) is not payable because of paragraph (a).

Transfer of  
residential  
condominium  
unit after  
implementation

(3) Where

(a) a taxable supply by way of sale of a residential condominium unit is made in a participating province to a person under an agreement in writing between the supplier and the person entered into on or before the announcement date for that province, and

(b) ownership of the unit is not transferred to the person under the agreement before the implementation date for that province and possession thereof is transferred to the person under the agreement on or after that implementation date,

the following rules apply:

(c) no tax is payable under subsection 165(2) in respect of the supply made under that agreement or in respect of any supply of the unit deemed under subsection 191(1) to have been made before possession thereof is transferred to the person under that agreement, and

(d) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of

(i) the unit, the land included in the unit or an improvement thereto, or

(ii) any other property or service to the extent that it was acquired, imported or brought into a participating province by the supplier for consumption or use in making a supply of the unit.

Resupply of a  
residential  
condominium  
unit

(4) Where a supply referred to in paragraph (3)(a) of a residential condominium unit is made to a recipient who is a builder of the unit only because of paragraph (d) of the definition "builder" in subsection 123(1),

(a) no tax is payable under subsection 165(2) in respect of any supply of the unit made by that builder or any successor in title other than

(i) a taxable supply made by way of lease, licence or similar arrangement, or

(ii) a taxable supply by way of sale made after either the builder or the successor has used the unit as capital property in a business of the builder or successor, substantially renovated the unit or made another supply by way of sale of the unit and subsequently reacquired it; and

(b) no amount in respect of tax payable under subsection

165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the builder or successor in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the builder or successor for consumption or use in making a supply of the unit in respect of which tax under subsection 165(2) is not payable because of paragraph (a).

Transfer of  
condominium  
complex after  
implementation

(5) Where

(a) a taxable supply by way of sale of a condominium complex is made in a participating province to a person under an agreement in writing between the supplier and the person entered into on or before the announcement date for that province, and

(b) ownership and possession of the complex are not transferred to the person under the agreement before the implementation date, and

(c) at any time on or after the implementation date, ownership of the complex is transferred to the person under the agreement or the complex is registered as a condominium,

the following rules apply:

(d) no tax is payable under subsection 165(2) in respect of the supply made under that agreement or in respect of any supply of any residential condominium unit located in the complex deemed under subsection 191(1) to have been made before ownership thereof is transferred to the person under that agreement, and

(e) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of

(i) the complex, the land included in the complex or an improvement thereto, or

(ii) any other property or service to the extent that it was acquired, imported or brought into a participating province by the supplier for consumption or use in making a supply of the complex.

Resupply of  
condominium  
complex

(6) Where a supply referred to in paragraph (5)(a) of a condominium complex is made to a recipient who is a builder of the complex only because of paragraph (d) of the definition "builder" in subsection 123(1),

(a) no tax is payable under subsection 165(2) in respect of any supply of the complex or any residential condominium unit located in the complex made by that builder or any successor in title other than

(i) a taxable supply made by way of lease, licence or similar arrangement,

(ii) a taxable supply by way of sale of the condominium complex made after either the builder or the successor has used the complex as capital property in a business of the builder or successor, substantially renovated the complex or made another supply by way of sale of the complex and subsequently reacquired it, or

(iii) a taxable supply by way of sale of a residential condominium unit located in the complex made after either the builder or the successor has used the unit as capital property in a business of the builder or successor or made another supply by way of sale of the unit and subsequently reacquired it; and

(b) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the builder or successor in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the builder or successor for consumption or use in making a supply of the complex or the residential condominium unit located in the complex in respect of which tax under subsection 165(2) is not payable because of paragraph (a).

Transfer of  
residential  
condominium  
unit by limited  
partnership

(7) Where

(a) an offering memorandum (within the meaning assigned by

subsection 336(6)), in respect of an offer to sell interests in a limited partnership, is issued to prospective subscribers on or before the announcement date for a participating province,

(b) at the time the offering memorandum is issued, it is proposed that the limited partnership will exclusively engage in the activities of acquiring land in that province or a beneficial interest therein, constructing a condominium complex on the land, owning residential condominium units located in the complex and supplying those units by way of lease, licence or similar arrangement for the purpose of their occupancy by individuals as places of residence,

(c) the offering memorandum does not provide for an increase in the subscription prices (within the meaning assigned by subsection 336(6)) of the interests in the partnership because of a change in the application of taxes and those subscription prices are not increased after that day and before the offer to sell the interests expires,

(d) a particular interest in the limited partnership is transferred to a subscriber in accordance with the offering memorandum,

(e) the limited partnership, whether or not in concert with another person,

(i) acquires ownership of land in that province or a beneficial interest therein before the implementation date for that province, and

(ii) engages a person to construct a condominium complex on that land

under agreements in writing entered into on or before the announcement date for that province or under agreements in writing entered into after that day that substantially conform with terms and conditions relating to those agreements as set out in the offering memorandum,

(f) the particular interest relates to a particular residential condominium unit that is owned by the limited partnership and is located in the condominium complex, and

(g) possession of the particular residential condominium unit is given on or after the implementation date for that province to a person under a lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence,

the following rules apply:

(h) no tax is payable by the limited partnership under subsection 165(2) in respect of a supply made under an agreement referred to in paragraph (e),

(i) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the supplier for consumption or use in making the supply,

(j) no tax is payable by the limited partnership under subsection 165(2) in respect of a supply of any unit located in the complex deemed under subsection 191(1) to have been made, and

(k) no amount in respect of tax payable by the limited partnership under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the limited partnership in respect of

(i) any improvement to the land or complex, or

(ii) any other property or service to the extent that it was acquired, imported or brought into a participating province by the limited partnership for consumption or use in making a supply of the complex or a unit located in the complex.

Agreement for  
progress  
payments before  
implementation

(8) Where a taxable supply is made in a participating province to an individual under an agreement in writing entered into on or before the announcement date for that province between the supplier and the individual to construct or substantially renovate a single unit residential complex, a residential condominium unit or a multiple unit residential complex that does not contain more than two residential units for use as the primary place of residence of the individual or another individual who is related to, or the former spouse of, the individual,

(a) no tax is payable under subsection 165(2) in respect of the supply; and



(b) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the supplier for consumption or use in making the supply.

*Property and Services*

Transfer of  
personal  
property before  
implementation

**352.** (1) Where a taxable supply by way of sale of tangible personal property is made in a participating province to a person under an agreement in writing entered into on or before the announcement date for that province, to the extent that

(a) the property is delivered to the person before the implementation date for that province, or

(b) ownership of the property is transferred to the person before that implementation date,

no tax is payable under subsection 165(2) in respect of any consideration for the supply of the property under the agreement.

Imported  
taxable supply  
under  
pre-announcemen  
t date  
agreement

(2) Where an imported taxable supply (within the meaning assigned by section 217) of tangible personal property is made, under an agreement in writing entered into on or before the announcement date for a participating province, to a person who is

(a) resident in that province, or

(b) a registrant to whom physical possession of the property is transferred in that province,

and physical possession of the property is transferred to the person before the implementation date for that province, no tax is payable under subsection 218.1(1) in respect of any consideration for the supply of the property under the agreement.

No written  
agreement

(3) Where a taxable supply by way of sale of tangible personal property (other than a supply to which subsection (1) applies) is made in a participating province to a person, to the extent that

(a) the property is delivered to the person before the implementation date for that province, or

(b) ownership of the property is transferred to the person before that implementation date,

no tax is payable under subsection 165(2) in respect of any consideration for the supply that is paid or becomes due before the day that is four months after that implementation date.

Imported  
taxable supply

(4) Where an imported taxable supply (within the meaning assigned by section 217) of tangible personal property (other than a supply to which subsection (2) applies) is made to a person who is

(a) resident in a participating province, or

(b) a registrant to whom physical possession of the property is transferred in that province,

and physical possession of the property is transferred to the person before the implementation date for that province, no tax is payable under subsection 218.1(1) in respect of any consideration for the supply that is paid or becomes due before the day that is four months after that implementation date.

Continuous  
supplies

(5) To the extent that consideration for a supply made in a participating province of electricity, natural gas, steam or any property or service that

(a) in the case of property, is delivered or made available, or

(b) in the case of a service, is performed or made available

on a continuous basis by means of a wire, pipeline or other conduit is paid or becomes due before the day that is four months after the implementation date for that province, no tax is payable under

subsection 165(2) in respect of the property or service delivered, performed or made available, as the case may be, to the recipient before the implementation date for that province.

Continuous  
supplies

(6) To the extent that consideration for a taxable supply made in a participating province of electricity, natural gas, steam or any property or service that

(a) in the case of property, is delivered or made available,  
or

(b) in the case of a service, is performed or made available

on a continuous basis by means of a wire, pipeline or other conduit becomes due on or after the day that is four months after the implementation date for that province, or is paid on or after that day without having become due, and at a time when the supplier is a registrant, subsection 165(2) applies to the supply in respect of that consideration regardless of when the property or service is delivered, performed or made available, as the case may be.

Payment before  
implementation  
for  
subscription

(7) No tax is payable under subsection 165(2) or section 212.1 in respect of any consideration for a taxable supply made in a participating province of a subscription for newspapers, magazines or other publications published periodically that is paid before the implementation date for that province.

Prepayment  
after specified  
pre-implemenat  
ion date for  
tangible  
personal  
property

(8) Except where subsection (7) applies, where a taxable supply of tangible personal property by way of sale is made

(a) in a participating province, or

(b) outside Canada to a person who is resident in a participating province,

any consideration that becomes due, or is paid without having become due, on or after the specified pre-implementation date for that province and before the implementation date for that province for property that is not delivered to the recipient and ownership of which is not transferred to the recipient before that implementation date is deemed, for the purpose of applying subsection 165(2) or section 218.1 to the supply, as the case may require, to have become due on that implementation date and not to have been paid before that implementation date.

Prepayment  
before  
specified  
pre-implementation date for  
tangible  
personal  
property

(9) Subject to subsections (5) and (7), where a taxable supply of tangible personal property is made by way of sale

(a) in a participating province by a registrant to a person who is not a consumer, or

(b) outside Canada to a person who is resident in a participating province and who is not a consumer,

ownership and possession of the property are not transferred to the person before the implementation date for that province and consideration for the supply becomes due or is paid without having become due after the announcement date for that province and before the specified pre-implementation date for that province,

(c) tax under subsection 165(2) or 218.1(1), as the case may require, is, notwithstanding subsection 218.1(2), payable in respect of that consideration if it would, but for that subsection, have been payable if the consideration had become due and been paid on the implementation date for the province, unless, in the case of tax under subsection 165(2), the property is acquired by the person for consumption, use or supply exclusively in commercial activities of the person and the person is neither a registrant that is a selected listed financial institution nor a registrant whose net tax is determined under section 225.1 or under Part IV or V of the *Streamlined Accounting (GST) Regulations*,

(d) where the person is a registrant whose return under section 238 for the reporting period that includes the implementation date for the province is required to be filed on a particular day before the day that is four months after

that implementation date, the person shall pay the tax to the Receiver General on or before the particular day and report the tax in that return, and

(e) where paragraph (d) does not apply, section 219 does not apply in respect of that tax and the person shall, before the day that is four months after that implementation date, pay the tax to the Receiver General and file with the Minister in prescribed manner a return in respect of the tax in prescribed form containing prescribed information.

Prepayments  
before  
specified  
pre-implementation date for  
services

(10) Subject to subsections (5) and 356(1), 358(1) and 359(1), where a taxable supply of a service is made

(a) in a participating province by a registrant to a person who is not a consumer, or

(b) outside the participating provinces to a person who is resident in a participating province and who is not a consumer,

and consideration became due or was paid without having become due after the announcement date for that province and before the specified pre-implementation date for that province for any part of the service that was not performed before the implementation date for that province,

(c) tax under subsection 165(2), 218.1(1) or 220.08(1), as the case may require, is, notwithstanding subsection 218.1(2) and section 220.04, payable in respect of that consideration if, but for subsection 218.1(2) and section 220.04, it would have been payable if the consideration had become due and been paid on the implementation date for the province and, in the case of tax under subsection 220.08(1), if section 1 of Part II of Schedule X did not apply, unless, in the case of tax under subsection 165(2) or 220.08(1),

(i) the person is neither a registrant that is a selected listed financial institution nor a registrant whose net tax is determined under section 225.1 or under Part IV or V of the *Streamlined Accounting (GST) Regulations*, and

(ii) the service is acquired by the person for consumption, use or supply exclusively in commercial

activities of the person,

(d) where the person is a registrant whose return under section 238 for the reporting period that includes the implementation date for the province is required to be filed on a particular day before the day that is four months after that implementation date, the person shall pay the tax to the Receiver General on or before the particular day and report the tax in that return, and

(e) where paragraph (d) does not apply, section 219 and subsection 220.09(1) do not apply in respect of that tax and the person shall, before the day that is four months after that implementation date, pay the tax to the Receiver General and file with the Minister in prescribed manner a return in respect of the tax in prescribed form containing prescribed information.

Tangible  
personal  
property  
returned after  
implementation

(11) Where a person purchased tangible personal property in a participating province from a supplier before the implementation date for that province and, on or after that implementation date and before the day that is four months after that implementation date, the person returns the property to the supplier in exchange for other tangible personal property that the supplier supplies to the person in the province,

(a) if the consideration for the supply of the other property exceeds the consideration for the returned property, tax under subsection 165(2) in respect of the other property applies only on the excess amount; and

(b) if the consideration for the supply of the other property is less than or equal to the consideration for the returned property, no tax under subsection 165(2) is payable in respect of the supply of the other property.

Supply  
completed

(12) Where all or part of the consideration for a taxable supply by way of sale of tangible personal property made in a participating province becomes due or is paid without having become due on or after the day that is four months after the implementation date for that province and ownership or possession of the property was transferred before that implementation date to

the recipient under the agreement for the supply,

(a) where paragraph 168(3)(a) applies, ownership and possession of the property, and

(b) where paragraph 168(3)(b) applies, ownership of the property,

is, for the purpose of determining when tax under subsection 165(2) becomes payable in respect of the supply, deemed to have been transferred to the recipient on the day that is four months after that implementation date.

#### Application

(13) This section does not apply to a supply in a participating province to which section 353 applies.

#### Budget arrangements

**353.** (1) Where a supply of property or a service (other than a subscription for newspapers, magazines or other publications published periodically) is made in a participating province and the consideration for the supply of the property or service delivered, performed or made available during any period beginning before the implementation date for that province and ending on or after that implementation date is paid by the recipient under a budget payment arrangement with a reconciliation of the payments to take place at or after the end of the period and before the day that is one year after that implementation date, at the time the supplier issues an invoice for the reconciliation of the payments, the supplier shall determine the positive or negative amount determined by the formula

$$A - B$$

where

A is the tax that would be payable under subsection 165(2) by the recipient for the part of the property or service supplied during the period that was delivered, performed or made available on or after that implementation date if the consideration therefor had become due and been paid on or after that implementation date; and

B is the total tax payable under subsection 165(2) by the recipient in respect of the supply of the property or service delivered, performed or made available during the period.

#### Collection of tax

(2) Where the amount determined under subsection (1) in respect of a supply of property or a service is a positive amount and the supplier is a registrant, the supplier shall collect, and is deemed to have collected on the day the invoice for the reconciliation of payments is issued, that amount from the recipient as tax under subsection 165(2).

Refund of  
excess

(3) Where the amount determined under subsection (1) in respect of a supply of property or a service is a negative amount and the supplier is a registrant, the supplier shall refund or credit that amount to the recipient and issue a credit note for that amount in accordance with section 232.

Continuous  
supply

(4) Where a supply of property or a service, during any period for which the supplier issues an invoice for the supply, is made in a participating province on a continuous basis by means of a wire, pipeline or other conduit and, because of the method of recording the delivery of the property or the provision of the service, the time at which the property or a part thereof is delivered, or the time at which the service or a part thereof is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed, for the purposes of this section, to have been delivered or provided, as the case may be, on each day of the period.

Prepayments of  
rent and  
royalties after  
specified  
pre-implementation  
date

**354.** (1) Subject to subsection (4), where

(a) a taxable supply of property by way of lease, licence or similar arrangement is made

(i) in a participating province by a registrant to a person, or

(ii) outside the participating provinces to a person who is resident in a participating province, and

(b) consideration for the supply that is rent, royalty or a



similar payment attributable to a period on or after the implementation date for that participating province became due on or after the specified pre-implementation date for that participating province and before the implementation date for that province or was paid on or after that specified pre-implementation date and before that implementation date without having become due,

that consideration is deemed, for the purpose of applying subsection 165(2), 218.1(1) or 220.08(1) to the supply, as the case may require, to have become due on that implementation date and not to have been paid before that implementation date.

Prepayments of  
rent and  
royalties  
before  
specified  
pre-implementation date

(2) Subject to subsection (4), where

(a) a taxable supply of property by way of lease, licence or similar arrangement is made

(i) in a participating province by a registrant to a person who is not a consumer, or

(ii) outside the participating provinces to a person who is resident in a participating province and who is not a consumer, and

(b) consideration for the supply that is a rent, royalty or similar payment attributable to a period on or after the implementation date for that participating province became due after the announcement date for that participating province and before the specified pre-implementation date for that province or was paid after that announcement date and before that specified pre-implementation date without having become due,

the following rules apply:

(c) tax under subsection 165(2), 218.1(1) or 220.08(1), as the case may require, is, notwithstanding subsection 218.1(2) and section 220.04, payable in respect of that consideration if, but for subsection 218.1(2) and section 220.04, it would have been payable if the consideration had become due and been paid on the implementation date for the province and, in the case of tax under subsection 220.08(1), if section 1 of Part II of

Schedule X did not apply, unless, in the case of tax under subsection 165(2) or 220.08(1),

(i) the person is neither a registrant that is a selected listed financial institution nor a registrant whose net tax is determined under section 225.1 or under Part IV or V of the *Streamlined Accounting (GST) Regulations*, and

(ii) the service is acquired by the person for consumption, use or supply exclusively in commercial activities of the person,

(d) where the person is a registrant whose return under section 238 for the reporting period that includes the implementation date for the province is required to be filed on a particular day before the day that is four months after that implementation date, the person shall pay the tax to the Receiver General on or before the particular day and report the tax in that return, and

(e) where paragraph (d) does not apply, section 219 and subsection 220.09(1) do not apply in respect of that tax and the person shall, before the day that is four months after that implementation date, pay the tax to the Receiver General and file with the Minister in prescribed manner a return in respect of the tax in prescribed form containing prescribed information.

Periods before  
implementation

(3) Where a taxable supply of property by way of lease, licence or similar arrangement is made

(a) in a participating province to a person, or

(b) in a non-participating province to a person who is resident in a participating province,

no tax is payable under subsection 165(2) or 220.08(1) in respect of the consideration for the supply that becomes due before the particular day that is four months after the implementation date for that participating province, or is paid before the particular day without having become due, to the extent that the consideration is rent, royalty or a similar payment attributable to a period before that implementation date.

Period  
including  
implementation  
date

(4) Where a taxable supply of property by way of lease, licence or similar arrangement is made

(a) in a participating province to a person, or

(b) in a non-participating province to a person who is resident in a participating province,

no tax is payable under subsection 165(2) or 220.08(1) in respect of consideration for the supply that is rent, royalty or a similar payment attributable to a period that begins before the implementation date for that participating province and ends before the day that is one month after the day immediately before that implementation date.

#### Application

(5) Subsections (1) to (4) do not apply in respect of payments of consideration for the use of, or the right to use, intangible personal property where the amount of the payment is not dependent on the amount of the use of or production from, or the profit from the use of or production from, the property.

#### Adjustments

**355.** (1) Where a person pays tax under subsections 352(9) or (10) or 354(2) calculated on the consideration or a part thereof for a taxable supply and that consideration or part thereof is subsequently reduced, to the extent that the person did not claim, and is not, but for this section, entitled to claim, an input tax credit or a rebate in respect of the portion of the tax payable under subsection 165(2), 218.1(1) or 220.08(1) that was calculated on the amount by which the consideration or part thereof was reduced, that portion is deemed, for the purpose of determining a rebate under section 261, to be an amount that was not payable or remittable by the person.

#### Application

(2) Subsection (1) does not apply in circumstances in which section 161 applies.

Services  
substantially  
all performed  
before  
implementation

**356.** (1) Where a supply (other than a supply to which subsection (6) applies) of a service (other than a freight transportation service or a service that is the transportation of

an individual) is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and all or substantially all of the service was performed before the implementation date for that participating province, no tax is payable under subsection 165(2), 218.1(1) or 220.08(1) in respect of any consideration for the supply that is paid or becomes due before the day that is four months after that implementation date.

Services partly  
performed  
before  
implementation

(2) Where a supply (other than a supply to which subsection (6) applies) of a service (other than a freight transportation service or a service that is the transportation of an individual) is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and all or substantially all of the service was not performed before the implementation date for that province, no tax is payable under subsection 165(2), 218.1(1) or 220.08(1) in respect of any consideration for the supply that is paid or becomes due before the day that is four months after that implementation date to the extent that the consideration relates to any part of the service that was performed before that implementation date.

Pre-payments  
after specified  
pre-implementation  
date for  
services

(3) Subject to subsections 351(8) and 352(5), where a taxable supply (other than a supply to which subsection (6) applies) of a service (other than a freight transportation service or a service that is the transportation of an individual) is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and any consideration for the supply becomes due, or is paid without having become due, on or after the specified pre-implementation date for that province, and before the implementation date for that province, for any part of the service that was not performed before that implementation date that consideration is deemed, for the purpose of applying subsection 165(2), section 218.1 or subsection 220.08(1), as the case may require, to the supply, to have become due on that implementation date and not to have been paid before that implementation date.

Memberships and  
admissions

(4) For the purposes of this Division, a supply of a membership in a club, an organization or an association and a supply of an admission in respect of a place of amusement, a seminar, an activity or an event in a participating province are each deemed to be a supply of a service, but a supply of a right to acquire a membership in a club, an organization or an association is deemed to be a supply of property.

Admissions sold  
before  
announcement

(5) Where a taxable supply of an admission to a dinner, ball, concert, show or like event in a participating province is made to a person on or before the announcement date for the participating province,

(a) no tax is payable under subsection 165(2) in respect of any supply of an admission to that event; and

(b) no amount in respect of tax payable under subsection 165(2), section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) shall be included in determining an input tax credit of the supplier in respect of any property or service to the extent that it was acquired, imported or brought into a participating province by the supplier for consumption or use in making supplies of those admissions or in holding that event.

Lifetime  
memberships

(6) Where a supply of a membership for the lifetime of an individual is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and the total of all amounts that were paid after the announcement date for that province and before the implementation date for that province as consideration for the supply exceeds 25% of the total consideration for the supply, for the purpose of applying subsection 165(2), 218.1(1) or 220.08(1) to the supply, as the case may require, the excess amount is deemed to have become due on that implementation date and not to have been paid before that implementation date.

Combined supply

(7) For the purpose of determining when tax under subsection 165(2) becomes payable in respect of a supply made in a participating province, where

(a) any combination of service, personal property or real

property (each of which is in this subsection referred to as an "element") is supplied in a participating province,

(b) the consideration for each element is not separately identified, and

(c) no tax would be payable under subsection 165(2) in respect of an element that is property, the ownership or possession of which is transferred to the recipient before the implementation date for that province, if that element were supplied separately,

the element mentioned in paragraph (c) is deemed to have been supplied separately from all of the other elements.

#### Application

(8) This section does not apply to a supply in respect of which section 353 applies.

Legal service  
performed  
before  
implementation

**357.** (1) Where a supply of a legal service is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and the consideration for the supply does not become due under the agreement for the supply until allowed, directed or ordered by a court or until the completion or termination of the service provided by the supplier, no tax is payable under subsection 165(2), 218.1(1) or 220.08(1) in respect of that consideration to the extent that it relates to any part of the service that was performed before the implementation date for that province.

Service of  
representative,  
trustee,  
receiver or  
liquidator

(2) Where

(a) a supply of

(i) a service of a personal representative in respect of the administration of an estate, or

(ii) a service of a trustee, receiver or liquidator

is made in a participating province, or is made outside the participating provinces to a person who is resident in a participating province, and

(b) consideration for the supply does not become due

(i) in the case of the service of a personal representative, until it is approved by all beneficiaries of the estate or in accordance with the terms of the trust binding the personal representative,

(ii) in the case of the service of a trustee, until a date determined under the terms of the trust or an agreement in writing for the supply, or

(iii) in any case, until it is allowed, directed or ordered by a court,

no tax is payable under subsection 165(2), 218.1(1) or 220.08(1) in respect of that consideration to the extent that it relates to any part of the service that was performed before the implementation date for that province.

Services  
performed  
before  
implementation

(3) For the purposes of subsections (1) and (2), where substantially all of a service supplied in a participating province or outside the participating province to a person resident in a participating province is performed before the implementation date for that province, all of the service is deemed to have been performed before that implementation date.

Transportation  
of individuals

**358.** (1) Where a supply is made by a person in a participating province of a service that is the transportation of an individual (other than a service to which subsection (4) applies) and the service begins before the implementation date for that province, no tax is payable under subsection 165(2) in respect of any consideration, that is paid or becomes due before the day that is four months after the implementation date, for that supply or for a supply of a service provided by the person of transporting the individual's baggage in connection with the transportation of the individual.

Transportation  
of individuals

(2) Where any consideration for a supply made in a participating province of a service that is the transportation of an individual (other than a service to which subsection (4) applies) becomes due, or is paid without having become due, on or after the specified pre-implementation date for that province and before the implementation date for that province for any part of the service that was not performed before the implementation date for that province, for the purpose of applying subsection 165(2) to the supply, that consideration is deemed to have become due on that implementation date and not to have been paid before that implementation date.

Transportation  
pass within 30  
days of  
implementation

(3) No tax is payable under subsection 165(2) in respect of a supply made in a participating province by a person to an individual of a transportation pass that entitles the individual to transportation services, during a period beginning before the implementation date for that province and ending before the day that is one month after that implementation date, without payment of consideration by the individual each time a supply of a transportation service is made to the individual.

Transportation  
pass

(4) Where a supply is made in a participating province by a person to an individual of a transportation pass that entitles the individual to transportation services, during a period beginning before the implementation date for that province and ending on or after the day that is one month after that implementation date, without payment of consideration by the individual each time a supply of a transportation service is made to the individual and consideration for the pass becomes due, or is paid without having become due, on or after the specified pre-implementation date for that province and before the day that is four months after that implementation date, the part of the consideration for the pass determined by the formula

$$A \times B/C$$

where

A is amount of the consideration for the pass,

B is the number of days in the period that are on or after that implementation date, and



C is the number of days in the period,

is deemed, for the purpose of applying subsection 165(2) to the supply, to have become due on that implementation date and not to have been paid before that implementation date.

Freight  
transportation  
services

**359.** (1) Where one or more carriers make a supply in a participating province of freight transportation services in respect of a continuous freight movement of tangible personal property and, before the implementation date for that province, the shipper of the property transfers possession of the property to the first carrier engaged in the continuous freight movement, no tax is payable under subsection 165(2) in respect of any consideration for the supply that is paid or becomes due before the day that is four months after that implementation date.

Freight  
transportation  
services after  
implementation

(2) Where

(a) one or more carriers make a supply of freight transportation services in a participating province in respect of a continuous freight movement of tangible personal property,

(b) the shipper of the property does not transfer possession of the property before the implementation date for that province to the first carrier engaged in the continuous freight movement, and

(c) consideration for the supply is paid or becomes due on or after the specified pre-implementation date for that province and before that implementation date,

that consideration is deemed, for the purpose of applying subsection 165(2) to the supply, to have become due on that implementation date and not to have been paid before that implementation date.

Interpretation

(3) For the purposes of this section, "continuous freight movement", "freight transportation service" and "shipper" have the same meanings as in Part VII of Schedule VI.

Meaning of  
"funeral  
services"

**360.** (1) In this section, "funeral services" includes the provision of a coffin, a headstone or any other property relating to the funeral, burial or cremation of an individual that is provided under an arrangement for the provision of funeral services.

Funeral  
arrangements  
entered into  
before  
implementation

(2) Where

(a) an arrangement to supply funeral services in respect of an individual is entered into in writing before the implementation date for a participating province,

(b) under the terms of the arrangement, the funds required to pay for the funeral services are held by a trustee who is responsible for acquiring funeral services in respect of the individual, and

(c) at the time the arrangement is entered into, it is reasonable to expect that all or a part of those funds will be advanced to the trustee before the individual's death,

no tax is payable by the trustee under subsection 165(2) in respect of the supply in that province of funeral services under the arrangement or under section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) in respect of funeral services supplied under the arrangement for consumption or use in that province.

Funeral  
arrangements  
entered into  
before  
implementation

(3) Where an arrangement to supply funeral services in respect of an individual is entered into in writing at any time before the implementation date for a participating province and, at that time, it is reasonable to expect that all or a part of the consideration for the supply of the funeral services will be paid before the individual's death, no tax is payable under subsection 165(2) in respect of the supply in that province of funeral services under

the arrangement or under section 212.1 or subsection 218.1(1), 220.05(1), 220.06(1), 220.07(1) or 220.08(1) in respect of funeral services supplied under the arrangement for consumption or use in that province.

Exclusive  
products held  
on  
implementation

**361.** (1) Where before the implementation date for a participating province, when an approval of the Minister for the application of section 178.3 to a direct seller is in effect, the direct seller has made a taxable supply by way of sale (other than a zero-rated supply) of an exclusive product of the direct seller to an independent sales contractor of a direct seller who is not a distributor in respect of whom an approval granted under subsection 178.2(4) on application made jointly with the direct seller is in effect and the independent sales contractor holds, at the beginning of that day, the exclusive product for sale in a participating province, for the purpose of applying subsection 165(2) or 220.05(1), as the case may require, the direct seller is deemed to have made and the independent sales contractor is deemed to have received, on that implementation date, a supply by way of sale of the exclusive product in accordance with the rules provided in subsection 178.3(1).

Exclusive  
products held  
on  
implementation

(2) Where before the implementation date for a participating province, when an approval of the Minister for the application of section 178.4 to a distributor of a direct seller is in effect, the distributor has made a taxable supply by way of sale (other than a zero-rated supply) of an exclusive product of the direct seller to an independent sales contractor of a direct seller who is not a distributor in respect of whom an approval granted under subsection 178.2(4) on application made jointly with the direct seller is in effect and the independent sales contractor holds, at the beginning of that day, the exclusive product for sale in a participating province, for the purpose of applying subsection 165(2) or 220.05(1), as the case may require, the distributor is deemed to have made and the independent sales contractor is deemed to have received, on that implementation date, a supply by way of sale of the exclusive product in accordance with the rules provided in subsection 178.4(1).

Definitions

(3) In this section, "direct seller", "distributor", "exclusive product" and "independent sales contractor" have the meanings assigned by section 178.1.

Subdivision d

Special cases

Definitions

**362.** (1) In this section, "Advisory Group", "Crossing" and "Developer" have the meanings assigned by section 1 of the *Northumberland Strait Crossing Act*, S.N.B. 1993, c. N-8.1.

Construction of  
Northumberland  
Strait Crossing

(2) No tax is payable under subsection 165(2) in respect of a supply of property or services that are acquired by the recipient of the supply for consumption or use exclusively in the construction of the Crossing.

Exemption  
certificate

(3) Subsection (2) does not apply to a supply made to a recipient who is not the Developer unless the recipient provides the supplier with a valid exemption certificate in respect of the supply issued by the Advisory Group.

Instalment base  
following  
implementation

**363.** (1) Notwithstanding subsection 237(2), where a registrant (other than a selected listed financial institution) to whom subsection 237(1) applies is resident in a participating province and a reporting period of the registrant begins during the calendar year in which the province becomes a participating province, for the purpose of determining the amount of instalment payments under subsection 237(1), if any, that become payable after the first fiscal quarter of the registrant beginning on or after the implementation date for the province, the registrant's instalment base for the reporting period is equal to the lesser of

(a) the amount determined under paragraph 237(2)(a); and

(b) 200% of the amount determined under paragraph 237(2)(b).

Selected listed

financial  
institutions -  
instalment base  
in transitional  
year

(2) Notwithstanding subsection 237(1), where a particular reporting period of a selected listed financial institution ends in a particular fiscal year ending in a taxation year of the financial institution and the particular fiscal year begins before April 1, 1997 and ends on or after that day, the instalment to be paid under that subsection within one month after the end of each fiscal quarter ending on or after that day in the particular reporting period is the amount determined under whichever of the following paragraphs the financial institution has elected in prescribed form to determine the instalments for those fiscal quarters under:

(a) the lesser of

(i) 1/4 of the amount determined under paragraph 237(2)(a), and

(ii) the amount determined by the formula

$$A + (B/4)$$

where

A is the total of all amounts, each of which is determined, for a participating province, by the formula

$$H = \frac{C \times D \times (E/F) \times G}{365}$$

where

C is the financial institution's instalment base for the particular reporting period determined under paragraph 237(2)(b) as if the financial institution were not a selected listed financial institution and tax were not imposed under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1,

D is the lesser of the financial institution's percentage for the participating province for the taxation year and the financial institution's percentage for the participating province for the immediately preceding taxation year, each determined in accordance

with the prescribed method that applies to that financial institution,

E is the tax rate for the participating province,

F is 7%,

G is the number of days in the particular reporting period after March 1997, and

H is the number of fiscal quarters ending on or after April 1, 1997 and in the particular reporting period, and

B is the financial institution's instalment base for the particular reporting period determined under paragraph 237(2)(b) as if the financial institution were not a selected listed financial institution and tax were not imposed under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1;

(b) the amount determined by the formula

$$A + B/4$$

where

A is the total of all amounts, each of which is determined, for a participating province, by the formula

$$\frac{C \times D \times (E/F) \times G}{365}$$

H

where

C is the amount determined under paragraph 237(2)(b),

D is the financial institution's percentage for the participating province for the immediately preceding taxation year, determined in accordance with the prescribed method that applies to that financial institution,

E is the tax rate for the participating province,

F is 7%,

G is the number of days in the particular reporting period after March 1997, and

H is the number of fiscal quarters ending on or after April 1, 1997 and in the particular reporting period, and

B is the amount determined under paragraph 237(2)(b);

(c) the lesser of

(i) 1/4 of the amount determined under paragraph 237(2)(a), and

(ii) the amount determined by the formula

$$(A + B) + C/4$$

where

A is the total of all amounts, each of which is determined, for a participating province, by the formula

$$[(D - E) \times F \times (G/H) \times I/365] - K$$

J

where

D is the total of

(A) all tax that became payable under any of subsection 165(1) and sections 212 and 218 by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable, and

(B) all tax under subsection 165(1) that would have become payable by the financial institution during the particular reporting period but for an election made under section 150,

E is the total of

(A) all input tax credits of the financial institution for the particular reporting period or preceding reporting periods of the financial institution claimed by the financial institution in the return under this Division filed by the financial institution for the

particular reporting period, and

(B) all amounts that would have been input tax credits of the financial institution for the particular reporting period of the financial institution if the financial institution had not made an election under section 150,

F is the lesser of the financial institution's percentage for the participating province for the taxation year and the financial institution's percentage for the participating province for the immediately preceding taxation year, each determined in accordance with the prescribed method that applies to that financial institution,

G is the tax rate for the participating province,

H is 7%,

I is the number of days in the particular reporting period after March 1997,

J is the number of fiscal quarters ending on or after April 1, 1997 and in the particular reporting period, and

K is the total of all tax under subsection 165(2) in respect of supplies made in the participating province to the financial institution or under section 212.1 in respect of goods imported by the financial institution for use in the participating province that became payable by the financial institution during the particular reporting period or that was paid by the financial institution during the particular reporting period without having become payable,

B is the total of all amounts that became collectible and all other amounts collected by the financial institution in the fiscal quarter as or on account of tax under subsection 165(2), and

C is the financial institution's instalment base for the particular reporting period determined under paragraph 237(2)(b) as if the financial institution were not a selected listed financial institution



and tax were not imposed under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1; or

(d) the amount determined by the formula

$$(A + B) + C/4$$

where

A is the total of all amounts, each of which is determined, for a participating province, by the formula

$$\frac{[(D - E) \times F \times (G/H) \times (I/365)] - K}{J}$$

J

where

D is the total of all amounts each of which is

(i) tax that became payable under any of subsection 165(1) and sections 212 and 218 by the financial institution during a reporting period (in this paragraph referred to as the "earlier reporting period") of the financial institution ending in the twelve-month period immediately preceding the particular reporting period or that was paid by the financial institution during the earlier reporting period without having become payable, and

(ii) tax under subsection 165(1) that would have become payable by the financial institution during the earlier reporting period but for an election made under section 150,

E is the total of

(i) all input tax credits of the financial institution for the earlier reporting period or preceding reporting periods of the financial institution claimed by the financial institution in the return under Division V filed by the financial institution for the earlier reporting period, and

(ii) all amounts that would have been input tax credits of the financial institution for the earlier reporting period if the financial institution had not made an election under

section 150,

F is the financial institution's percentage for the participating province for the immediately preceding taxation year, determined in accordance with the prescribed method that applies to that financial institution,

G is the tax rate for the participating province,

H is 7%,

I is the number of days in the particular reporting period after March 1997,

J is the number of fiscal quarters ending on or after April 1, 1997 and in the particular reporting period, and

K is the total of all tax under subsection 165(2) in respect of supplies made in the participating province to the financial institution or under section 212.1 in respect of goods imported by the financial institution for use in the participating province that became payable by the financial institution during the fiscal quarter or that was paid by the financial institution during the fiscal quarter without having become payable,

B is the total of all amounts that became collectible and all other amounts collected by the financial institution in the fiscal quarter as or on account of tax under subsection 165(2), and

C is the financial institution's instalment base for the particular reporting period determined under paragraph 237(2)(b) as if the financial institution were not a selected listed financial institution and tax were not imposed under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1.

**242. (1) The Act is amended by adding the following after section 363:**

DIVISION XI

TAX INCLUSIVE PRICING

Definitions

**364.** The definitions in this section apply in this Division.

"electronic  
advertisement"  
« *publicité  
électronique* »

"electronic advertisement" of a registrant includes any audible or visual communication sent or transmitted by radio or television broadcast, or through an electronic or telecommunication medium, by or on the direction of the registrant, whether in response to an enquiry or otherwise, that describes or depicts any property or service that the registrant offers or is willing to supply, but does not include any such communication that does not indicate, either in the communication itself or in any other electronically transmitted message that relates to the communication, the price or consideration for the property or service to which the communication or message relates.

"national  
catalogue"  
« *catalogue  
national* »

"national catalogue" means a prescribed publication.

"price  
information"  
«  
*renseignements  
sur le prix* »

"price information" in respect of property or a service means

- (a) a price tag for the property;
- (b) a price list in respect of the property or service;
- (c) an advertisement that in any way indicates the price or consideration for which the supplier of the property or service will supply the property or service to a consumer;
- (d) any oral or written offer made by the supplier of the property or service to a consumer that indicates the price or consideration for which the supplier will supply the property or service to the consumer, or
- (e) any oral or written contract for the supply of property or a service to a consumer that indicates or sets out the price or consideration for the property or service.

"price list"  
« *liste de prix*  
»

"price list" in respect of property or a service means any list, menu, catalogue or other document, whether written, printed or electronically produced or disseminated, that indicates the price or consideration for which the supplier of the property or service will supply the property or service to a consumer.

"price tag"  
« *étiquette de prix* »

"price tag" for property means any tag, sticker, label, sign or other device (other than a prescribed tag, sticker, label, sign or device) that is printed on, embossed on, attached to, or displayed in conjunction with, or in relation to, the property and that indicates visually the price or consideration for which the supplier of the property will supply the property to a consumer and includes the portion of any package containing the property on which the price of the property is printed or embossed for visual reading.

"specified  
supplier"  
« *fournisseur  
déterminé* »

"specified supplier" means a supplier (other than a prescribed supplier) who is

(a) Her Majesty in right of Canada;

(b) a board, commission, corporation or other body established under an Act of Parliament to perform any function or duty on behalf of the Government of Canada;  
or

(c) a person who carries on a work, undertaking or business that is within the legislative authority of Parliament.

"specified  
supply"  
« *fourniture  
déterminée* »

"specified supply" means a supply (other than a prescribed supply) of property or a service that is made by a specified supplier and

(a) that is within the legislative authority of Parliament; or

(b) the consideration for which is payable to Her Majesty in right of Canada, to a board, commission, corporation or other body established under an Act of Parliament to perform any function or duty on behalf of the Government of Canada or to an agent of Her Majesty in right of Canada or of such a board, commission, corporation or body.

"written advertisement"  
« *publicité écrite* »

"written advertisement" of a registrant includes any written or printed communication sent or distributed by or on the direction of the registrant, whether in response to an enquiry or otherwise, that describes or depicts any property or service that the registrant offers or is willing to supply, but does not include

(a) any such communication that does not indicate, either in the communication itself, or in other written or printed material accompanying or that usually accompanies it, the price or consideration for any property or service to which the communication or material relates; or

(b) a national catalogue.

Price information - federal works etc.

**365.** (1) Every specified supplier who is a registrant and who makes or offers to make a specified supply of property or a service to a consumer shall indicate in all price information in respect of the property or service the total of

(a) the consideration for the supply, and

(b) the tax imposed on the consumer under this Act in respect of the supply,

and, where in the price information there is any indication of the consideration or the tax, in such a way that the total is at least as prominent as that indication of the consideration or the tax.

### Exception

(2) Subsection (1) does not apply to a specified supplier in respect of a specified supply of a property or service of a prescribed class of properties or services made in prescribed circumstances if the supplier indicates the price or consideration for the property or service in a manner, and in compliance with standards, prescribed for supplies of that class of properties or services when made in those circumstances.

### Interprovincial written advertisements

**366.** (1) Every registrant (other than a prescribed registrant) who is not resident in a participating province and who distributes, or causes to be distributed, in the province, or sends, or causes to be sent, to a person at an address in the province a written advertisement of the registrant that can reasonably be considered to be directed to one or more consumers and that in any way indicates the price of, or the consideration for the supply of, any property or service that the registrant offers or is willing to supply shall

(a) indicate the price of the property or service as the total of

(i) the consideration for the supply of the property or service, and

(ii) the tax in respect of the supply of the property or service when made in the province; or

(b) comply in respect of the advertisement with prescribed standards.

### Interprovincial electronic advertisements

(2) Every registrant (other than a prescribed registrant) who is not resident in a participating province and who transmits, or causes to be transmitted, into the province an electronic advertisement of the registrant that can reasonably be considered to be directed to one or more consumers and that in any way indicates the price of, or the consideration for the supply of, any property or service that the registrant offers or is willing to supply shall

(a) indicate the price of the property or service as the total of

(i) the consideration for the supply of the property or service, and

(ii) the tax in respect of the supply of the property or service when made in a participating province; or

(b) comply in respect of the advertisement with prescribed standards.

#### National catalogues

(3) Every publisher of a national catalogue that in any way indicates the price or consideration for any property or service listed, enumerated, described or depicted in the catalogue shall either

(a) indicate every price for a property or service in the catalogue as the total of

(i) the consideration for the supply of the property or service, and

(ii) the tax payable in respect of the supply of the property or service when made in the province; or

(b) indicate in a clear and unambiguous manner and in readily readable print, on the first page of the catalogue and on every second page of the catalogue thereafter, that the prices indicated in the catalogue do not include tax.

#### Agents of suppliers

**367.** Where an agent of a registrant offers to supply property or a service on behalf of the registrant, the agent shall comply with this Part.

#### Offence

**368.** (1) Every person who fails to comply with this Part is guilty of an offence and liable on summary conviction to a fine of not less than \$100 and not more than \$5,000 or to imprisonment for not more than 30 days or to both.

#### Continuing offence

(2) Where a failure to comply with this Part continues on more than one day, each day on which the failure occurs constitutes a separate offence.

Application of  
ss. 736 & 737  
of *Criminal*  
*Code*

(3) Sections 736 and 737 of the *Criminal Code* do not apply in respect of an offence under this Part.

Acts of  
employees etc.

(4) In a prosecution for an offence under this Part, it is sufficient proof of the offence to establish that it was committed by an employee or agent of the accused whether the employee or agent is identified or has been prosecuted for the offence, unless the accused establishes that the offence was committed without the accused's knowledge or consent and that all due diligence was exercised to prevent its commission.

(2) Division XI of the Act, as enacted by subsection (1), except subsection 366(3) of the Act, comes into force on April 7, 1997, and subsection 366(3) of the Act, as enacted by subsection (1), comes into force on a day to be fixed by order of the Governor in Council.

1993, c. 27, s.  
147(1)

**243. (1) Section 2 of Part I of Schedule V to the Act is replaced by the following:**

2. A supply by way of sale of a residential complex or an interest therein made by a person who is not a builder of the complex or, where the complex is a multiple unit residential complex, an addition thereto, unless the person claimed an input tax credit in respect of the last acquisition by the person of the complex or in respect of an improvement to the complex acquired, imported or brought into a participating province by the person after the complex was last acquired by the person.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
147(1)

**244. (1) The portion of section 3 of Part I of Schedule V to the Act after paragraph (b) is replaced by the following:**

unless the individual claimed an input tax credit in respect of the last acquisition by the individual of the real property included in the complex or in respect of an improvement to the real property



acquired, imported or brought into a participating province by the individual after the real property was last acquired by the individual.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
147(1)

**245. (1) Paragraph 4(d) of Part I of Schedule V to the Act is replaced by the following:**

(d) the builder claimed an input tax credit in respect of the last acquisition by the builder of the complex, unit or premises or in respect of an improvement to the complex, unit or premises acquired, imported or brought into a participating province by the builder after the complex, unit or premises was last acquired by the builder.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
147(1)

**246. (1) Paragraph 5(d) of Part I of Schedule V to the Act is replaced by the following:**

(d) the person claimed an input tax credit in respect of the last acquisition by the person of the complex or an addition thereto or in respect of an improvement to the complex acquired, imported or brought into a participating province by the person after the complex was last acquired by the person, other than an input tax credit in respect of the construction of an addition to the complex.

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
147(1)

**247. (1) The portion of section 5.3 of Part I of Schedule V to the Act after paragraph (b) is replaced by the following:**

unless the person claimed an input tax credit in respect of the last acquisition by the person of the park or an additional area thereof or in respect of an improvement to the park acquired, imported or brought into a participating province by the person after the park was last acquired by the person, other than an input tax credit in respect of an improvement to an additional area that was acquired, imported or brought into a participating province by the person before the additional area was last acquired by the

person.

**(2) Subsection (1) comes into force on April 1, 1997.**

**248. (1) Paragraph 6(a) of Part I of Schedule V to the Act, as enacted by subsection 86(1), is replaced by the following:**

(a) of a residential complex or a residential unit in a residential complex by way of lease, licence or similar arrangement for the purpose of its occupancy as a place of residence or lodging by an individual, where the period throughout which continuous occupancy of the complex or unit is given to the same individual under the arrangement is at least one month; or

**(2) Subsection (1) comes into force on April 1, 1997.**

1993, c. 27, s.  
148(1)

**249. (1) The portion of section 6.1 of Part I of Schedule V to the Act between paragraphs (c) and (d) is replaced by the following:**

made by way of lease, licence or similar arrangement for a lease interval (within the meaning assigned by subsection 136.1(1) of the Act) throughout which the lessee or any sub-lessee makes, or holds the property for the purpose of making, one or more supplies of the property or parts of the property and all or substantially all of those supplies

**(2) Subsection (1) comes into force on April 1, 1997.**

**250. (1) The portion of paragraph 7(a) of Part I of Schedule V to the Act before subparagraph (i), as enacted by subsection 88(1), is replaced by the following:**

(a) of land (other than a site in a residential trailer park) made, under a lease, licence or similar arrangement which provides for continuous possession or use of the land for a period of at least one month, to

**(2) The portion of paragraph 7(b) of Part I of Schedule V to the Act before subparagraph (i), as enacted by subsection 88(2), is replaced by the following:**

(b) of a site in a residential trailer park made, under a lease, licence or similar arrangement which provides for continuous possession or use of the site for a period of at least one month, to the owner, lessee or person in occupation or possession of

**(3) Subsections (1) and (2) come into force on April 1, 1997.**

1993, c. 27, s.  
150(1); 1994,  
c. 9, par.  
35(a)(F)

**251. (1) Paragraph 8(b) of Part I of Schedule V to the Act is replaced by the following:**

(b) the space was, at any time, supplied to the supplier by way of sale and the supplier did not, after that time, claim an input tax credit in respect of an improvement to the space.

**(2) Subsection (1) comes into force on April 1, 1997.**

**252. (1) Section 8.1 of Part I of Schedule V to the Act, as amended by subsection 89(1), is replaced by the following:**

8.1 A supply of a parking space made, under a lease, licence or similar arrangement which provides for any such space to be made available throughout a period of at least one month,

(a) to a person (in this paragraph referred to as an "occupier") who is a lessee or person in occupation or possession of a single unit residential complex, a residential unit in a multiple unit residential complex or a site in a residential trailer park where

(i) the space forms part of the residential complex or residential trailer park, as the case may be, or

(ii) the supplier of the space is an owner or occupier of the single unit residential complex, residential unit or site, as the case may be, and the use of the space is incidental to the use and enjoyment of the complex, unit or site, as the case may be, as a place of residence for individuals;

(b) to the owner, lessee or person in occupation or possession of a residential condominium unit in a condominium complex where the space forms part of the complex; or

(c) by a supplier to the owner, lessee or person in occupation or possession of a floating home where the home is moored to mooring facilities or a wharf under an agreement with the supplier for a supply that is an exempt supply described in section 13.2 and the use of the space is incidental to the use and enjoyment of the home as a place of residence for individuals.

(2) Subsection (1) comes into force on April 1, 1997.

1990, c. 45, s.  
18

253. (1) Paragraph 1(2)(a) of Part VII of Schedule VI to the Act is replaced by the following:

(a) the particular carrier is deemed to have made a supply of a freight transportation service, having the same destination as the continuous freight movement, to the shipper or consignee, as the case may be, for consideration equal to the particular amount, whether the particular amount includes an amount paid to the particular carrier as agent of any of the other several carriers;

(2) Subsection (1) comes into force on April 1, 1997.

254. The Act is amended by adding the following after Schedule VII:

SCHEDULE VIII  
(Subsection 123(1))

PARTICIPATING PROVINCES AND APPLICABLE TAX RATES

| Participating Province | Tax Rate |
|------------------------|----------|
| 1. Nova Scotia         | 8%       |
| 2. New Brunswick       | 8%       |
| 3. Newfoundland        | 8%       |

SCHEDULE IX  
(Section 144.1)

SUPPLY IN A PROVINCE

PART I

INTERPRETATION

1. The definitions in this section apply in this Schedule.

"lease interval", in respect of a supply by way of lease, licence or similar arrangement, has the same meaning as in section

136.1 of the Act.

"place of negotiation" of a supply means the location of the supplier's permanent establishment at which the individual principally involved in negotiating for the supplier the agreement for the supply ordinarily works, or to which that individual ordinarily reports, in the performance of the individual's duties in relation to the activities of the supplier in the course of which the supply is made.

2. For the purposes of this Schedule,

(a) a floating home, and

(b) a mobile home that is not affixed to land

are each deemed to be tangible personal property and not real property.

3. For the purposes of this Schedule, where an agreement for the supply of property or a service is entered into but the property is never delivered to the recipient or the service is never performed, the property is deemed to have been delivered, or the service is deemed to have been performed, where the property or service was to be delivered or performed, as the case may be, under the terms of the agreement.

4. For the purposes of this Schedule, where a supply of tangible personal property or of intangible personal property that relates to tangible personal property is made and, from time to time, the supplier and recipient mutually agree upon what is to be the ordinary location of the tangible personal property at a particular time, that location is deemed to be the ordinary location of that property at the particular time.

## PART II

### TANGIBLE PERSONAL PROPERTY

1. Subject to section 3 of Part VI, a supply by way of sale of tangible personal property is made in a province if the supplier delivers the property or makes it available in the province to the recipient of the supply.

2. A supply of tangible personal property otherwise than by way of sale is made in a province if

(a) in the case of a supply made under an agreement under which continuous possession or use of the property is provided for a period of no more than three months, the supplier

delivers the property or makes it available in the province to the recipient of the supply; and

(b) in any other case,

(i) where the property is a specified motor vehicle, it is required, at the beginning of the lease interval in respect of the supply, to be registered under the laws of the province relating to the registration of motor vehicles, and

(ii) where the property is not a specified motor vehicle, the ordinary location of the property, as determined at the beginning of the lease interval in respect of the supply, is in the province.

3. For the purposes of this Part, property is deemed to be delivered in a particular province by a supplier and is deemed not to be delivered in any other province by the supplier where the supplier

(a) ships the property to a destination in the particular province that is specified in the contract for carriage of the property or transfers possession of the property to a common carrier or consignee that the supplier has retained on behalf of the recipient to ship the property to such a destination; or

(b) sends the property by mail or courier to an address in the particular province.

### PART III

#### INTANGIBLE PERSONAL PROPERTY

1. In this Part, "Canadian rights", in respect of intangible personal property, means that part of the property that can be used in Canada.

2. A supply of intangible personal property is made in a province if

(a) in the case of property that relates to real property,

(i) all or substantially all of the real property that is situated in Canada is situated in the province, or

(ii) the place of negotiation of the supply is in the province and it is not the case that all or substantially all of the real property is situated outside the

province;

(b) in the case of property that relates to tangible personal property,

(i) all or substantially all of the tangible personal property that is ordinarily located in Canada is ordinarily located in the province, or

(ii) the place of negotiation of the supply is in the province and it is not the case that all or substantially all of the tangible personal property is ordinarily located outside the province;

(c) in the case of property that relates to services to be performed,

(i) all or substantially all of the services that are to be performed in Canada are to be performed in the province, or

(ii) the place of negotiation of the supply is in the province and it is not the case that all or substantially all of the services are to be performed outside the province; and

(d) in any other case,

(i) all or substantially all of the Canadian rights in respect of the property can be used only in the province, or

(ii) the place of negotiation of the supply is in the province and the property can be used otherwise than exclusively outside the province.

3. Subject to section 2, where a supply of intangible personal property is made and

(a) in case of intangible personal property that relates to real property,

(i) the real property that is situated in Canada is situated primarily in the participating provinces, and

(ii) where the place of negotiation of the supply is outside Canada, all or substantially all of the real property is situated in Canada,

(b) in the case of intangible personal property that relates to tangible personal property,

(i) the tangible personal property that is ordinarily located in Canada is ordinarily located primarily in the participating provinces, and

(ii) where the place of negotiation of the supply is outside Canada, all or substantially all of the personal property is ordinarily located in Canada,

(c) in the case of intangible personal property that relates to services to be performed,

(i) the services to be performed in Canada are to be performed primarily in the participating provinces, and

(ii) where the place of negotiation of the supply is outside Canada, all or substantially all of the services are to be performed in Canada, and

(d) in the case of intangible personal property that does not relate to real property, tangible personal property or services to be performed,

(i) the Canadian rights in respect of the intangible personal property cannot be used otherwise than primarily in the participating provinces, and

(ii) where the place of negotiation of the supply is outside Canada, the property cannot be used otherwise than exclusively in Canada,

the supply of the intangible personal property is made in the participating province in which the greatest proportion of the real property that is situated in the participating provinces is situated, the tangible personal property ordinarily located in the participating provinces is ordinarily located, the services to be performed in the participating provinces are to be performed, or the Canadian rights that can be used only in the participating provinces can be used, as the case may be.

#### PART IV

#### REAL PROPERTY

1. A supply of real property is made in a province if the property is situated in the province.

2. A supply of a service in relation to real property is made in a province if

(a) all or substantially all of the real property that is



situated in Canada is situated in the province; or

(b) the place of negotiation of the supply is in the province and it is not the case that all or substantially all of the real property is situated outside the province.

3. Subject to section 2, where a supply of a service in relation to real property is made and the real property that is situated in Canada is situated primarily in participating provinces, the supply is made in the participating province in which the greatest proportion of the real property that is situated in the participating provinces is situated, unless the place of negotiation of the supply is outside Canada and it is not the case that all or substantially all of the property is situated in Canada.

## PART V

### SERVICES

1. In this Part, "Canadian element" of a service means the portion of the service that is performed in Canada.

2. Subject to Parts IV and VI to VIII, a supply of a service is made in a province if

(a) all or substantially all of the Canadian element of the service is performed in the province; or

(b) the place of negotiation of the supply is in the province and it is not the case that all or substantially all of the service is performed outside the province.

3. Subject to section 2, where the Canadian element of a service is performed primarily in the participating provinces, the supply of the service is made in the participating province in which the greatest proportion of the Canadian element is performed, unless the place of negotiation of the supply is outside Canada and it is not the case that all or substantially all of the service is performed in Canada.

## PART VI

### TRANSPORTATION SERVICES

1. The definitions in this section apply in this Part.

"continuous journey" has the meaning assigned by section 1 of Part VII of Schedule VI.

"destination" of a freight transportation service means the place specified by the shipper of the property where possession of the property is transferred to the person to whom the property is consigned or addressed by the shipper.

"freight transportation service" has the meaning assigned by section 1 of Part VII of Schedule VI but does not include a service referred to in Part VII of this Schedule.

"leg" of a journey on a conveyance means a part of the journey that begins where passengers embark or disembark the conveyance or where it is stopped to allow for its servicing or refuelling and ends where it is next stopped for any of those purposes.

"origin" of a continuous journey has the meaning assigned by section 1 of Part VII of Schedule VI.

"stopover", in respect of a continuous journey, has the meaning assigned by section 1 of Part VII of Schedule VI except that it does not include, in the case of a continuous journey of an individual or group of individuals that does not include transportation by air and the origin and termination of which are in Canada, any place outside Canada where, at the time the journey begins, the individual or group is not scheduled to be outside Canada for an uninterrupted period of at least 24 hours during the course of the journey.

"termination" of a continuous journey has the meaning assigned by section 1 of Part VII of Schedule VI.

2. A supply of a passenger transportation service that is part of a continuous journey is made in a province if,

(a) where the ticket or voucher issued in respect of the passenger transportation service included in the continuous journey that is provided first specifies the origin of the continuous journey, the origin is a place in the province and the termination, and all stopovers, in respect of the continuous journey are in Canada; and

(b) in any other case, the place of negotiation of the supply is in the province.

3. Where a supply by way of sale of tangible personal property or a service (other than a passenger transportation service) is made to an individual on board a conveyance in the course of a business of supplying passenger transportation services and physical possession of the property is transferred to the individual, or the service is wholly performed, on board the conveyance during any leg of the journey that begins in any participating province and ends in any participating province, the

supply is made in the participating province in which that leg of the journey begins.

4. A supply by a person of a service of transporting an individual's baggage in connection with a passenger transportation service supplied by the person to the individual is made in a province if the supply of the transportation service is made in the province.

5. A supply of a freight transportation service is made in a province if the destination of the service is in the province.

#### PART VII

##### POSTAGE

1. A supply by the Canada Post Corporation of a service of delivering tangible personal property is made in a province if payment for the supply is evidenced by a stamp, postage impression or postage meter impression authorized by the Corporation for the purpose of paying postage and the place of negotiation of the supply is in the province, unless the consideration for the supply is \$5 or more and the address to which the property is sent is not in a participating province.

#### PART VIII

##### TELECOMMUNICATION SERVICES

1. For the purposes of this Part, the billing location for a telecommunication service supplied to a recipient is in a province if,

(a) where the consideration paid or payable for the service is charged or applied to an account that the recipient has with a person who carries on the business of supplying telecommunication services and the account relates to telecommunications facilities that are used or are available for use by the recipient to obtain telecommunication services, all those telecommunications facilities are ordinarily located in the province; and

(b) in any other case, the telecommunications facility used to initiate the service is located in the province.

2. A supply of a telecommunication service (other than a service referred to in section 3) is made in a province if,

(a) in the case of a telecommunication service of making

telecommunications facilities available,

(i) all of those facilities are ordinarily located in the province, or

(ii) where not all of those telecommunications facilities are ordinarily located in the province, the invoice for the supply of the service is sent to an address in the province; and

(b) in any other case,

(i) the telecommunication is emitted and received in the province,

(ii) the telecommunication is emitted or received in the province and the billing location for the service is in the province, or

(iii) the telecommunication is emitted in the province and is received outside the province and the billing location for the service is not in a province in which the telecommunication is emitted or received.

3. A supply of a telecommunication service of granting to the recipient of the supply sole access to a telecommunications channel, within the meaning assigned by section 136.4 of the Act, is made in a province if the supply is deemed under that section to be made in the province.

## PART IX

### DEEMED SUPPLIES AND PRESCRIBED SUPPLIES

1. Notwithstanding any other Part of this Schedule, a supply of property that is deemed under any of sections 129, 129.1, 171, 171.1 and 172, subsections 183 (1) and (4) and 184(1) and (3) and sections 196.1 and 268 of the Act to have been made or received at any time is made where the property is situated at that time.

2. Notwithstanding any other Part of this Schedule, a supply of property or a service is made in a province if the supply is deemed under Part IX of the Act or regulations made under that Part to be made in the province.

3. Notwithstanding any other Part of this Schedule, a supply of property or a service is made in a province if the supply is prescribed to be made in the province.

SCHEDULE X

NON-TAXABLE PROPERTY AND SERVICES FOR PURPOSES OF DIVISION IV.1  
OF PART IX

PART I

NON-TAXABLE PROPERTY FOR PURPOSES OF SUBDIVISION A

(Subsections 220.05(3) and 220.06(3))

1. Property that is at any time brought into a participating province and that is described in heading No. 98.01, 98.10 or 98.12 of Schedule I to the *Customs Tariff* to the extent that the property would not be subject to customs duties under that Act.

2. Conveyances temporarily brought into a participating province by a person who is resident in that province, to be employed in the non-commercial transportation of that person and accompanying persons using the same conveyance.

3. Conveyances and baggage temporarily brought into a participating province by a person who is not resident in that province, for use by that person in that province.

4. Arms, military stores and munitions of war brought into a participating province by the Government of Canada in replacement of or in anticipation or actual exchange for similar goods loaned to or exchanged or to be exchanged with the governments of a foreign country designated by the Governor in Council under heading No. 98.10 of Schedule I to the *Customs Tariff*, under such regulations as the Minister may make for purposes of heading No. 98.11 of that Act.

5. Property that is clothing or books brought into a participating province for charitable purposes, and photographs, not exceeding three, where they are brought into a participating province other than for the purpose of sale.

6. Property, (other than advertising matter, tobacco or an alcoholic beverage) that is a casual donation sent by a person in a non-participating province to a person in a participating province, or brought into a particular participating province by a person who is not resident in the participating provinces as a gift to a person in that participating province, where the fair market value of the property does not exceed \$60, under such regulations as the Minister may make for purposes of heading No. 98.16 of Schedule I to the *Customs Tariff*.

7. Property that is brought into a participating province for

a period not exceeding six months for the purpose of display at a convention (within the meaning assigned by the *Display Goods Temporary Importation Regulations* made under the *Customs Tariff*) or a public exhibition at which the goods of various manufacturers or producers are displayed.

8. Property that is brought into a participating province on a temporary basis after having been removed from Mexico or the United States, where the property is

(a) intended for display or demonstration;

(b) commercial samples;

(c) advertising films; or

(d) conveyances or containers based in the United States or Mexico engaged in the international traffic of goods.

9. Property that is at any time brought into a participating province by an individual who

(a) was formerly resident in the participating province and is, at that time, returning to resume residence in the participating province after being resident in another province for a period of not less than one year,

(b) is a resident of the participating province who is, at that time, returning after being absent from the participating province for a period of not less than one year, or

(c) is, at that time, entering the province with the intention of establishing a residence for a period of not less than twelve months, (other than a person who enters Canada in order to reside in Canada for the purpose of employment for a temporary period not exceeding 36 months or for the purpose of studying at an institute of learning)

where the property is for the individual's personal or household use and was owned and in the individual's possession before that time, provided that, where the property was owned and in the individual's possession for less than 31 days prior to the time when it is brought into the participating province

(d) the individual has paid any retail sales tax applicable to the property in the province from which the property has been brought, and

(e) the individual is not entitled to claim a rebate or a refund of that retail sales tax.

10. Property that is brought into a participating province, where the property is

(a) personal and household effects of an individual who died outside the participating provinces and was, at the time of death, resident in a participating province, or

(b) personal and household effects received, by an individual who is resident in a participating province, as a result or in anticipation of the death of an individual who was not resident in a participating province,

where the property is given as a gift to an individual who is resident in a participating province.

11. Medals, trophies and other prizes, not including usual merchantable goods, that are won outside the participating provinces in competitions, that are bestowed, received or accepted outside the participating provinces or that are donated by persons outside the participating provinces, for heroic deeds, valour or distinction.

12. Printed matter that is to be made available to the general public, without charge, for the promotion of tourism, where the printed matter is brought into a participating province

(a) by or on the order of a foreign government or a government outside the participating province or by an agency or representative of such a government; or

(b) 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.

13. Property that is brought into a participating province by a charity or a public institution and that has been donated to the charity or the institution.

14. Property that is brought into a participating province by a person where it is supplied to the person for no consideration, other than shipping and handling charges, as a replacement part under a warranty in respect of tangible personal property.

15. Property that is brought into a participating province, the supply of which is included in any of Parts I to IV and VIII of Schedule VI.

16. Containers that are brought into a participating province where, because of regulations made under Note 11(c) to Chapter 98 of Schedule I to the *Customs Tariff*, they would, if they were

imported, be imported free of customs duties under that Act.

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

18. Property that is brought into a participating province by a person after having been supplied to the person by another person in circumstances in which tax was payable in respect of the property by the person under subsection 165(2) or section 218.1 of the Act.

19. Property that a person brings at any time into a participating province and that at that time is being supplied in a non-participating province to the person by way of lease, licence or similar arrangement under which continuous possession or use of the property is provided for a period of more than three months and in circumstances in which tax under subsection 165(1) is payable by the person in respect of that supply.

20. Property that is brought into a participating province by a person after having been imported by the person in circumstances in which

(a) tax was not payable under section 212 of the Act in respect of the property because of section 213 of the Act; or

(b) tax was payable under section 212.1 of the Act and the person was not entitled to a rebate of that tax under section 261.2 of the Act.

21. Property that is brought into a participating province by a person after having been used in, and removed from, a participating province by the person.

22. Property, other than a specified motor vehicle, that is brought into a participating province by a registrant (other than a registrant whose net tax is determined under section 225.1 of the Act or under Part IV or V of the *Streamlined Accounting (GST) Regulations*) for consumption, use or supply exclusively in the course of commercial activities of the registrant.

23. Prescribed property brought into a participating province in prescribed circumstances, subject to such terms and conditions as may be prescribed.

24. A specified motor vehicle that is brought into a participating province by a person after having been supplied to the person by way of sale in a non-participating province, in circumstances in which tax was not payable under subsection 165(1) of the Act in respect of the supply.



25. A mobile home or a floating home that has been used or occupied in Canada as a place of residence for individuals.

26. Property referred to in subsection 178.3(1) or 178.4(1) of the Act where it is brought into a participating province by an independent sales contractor (within the meaning of section 178.1 of the Act) who is not a distributor in respect of whom an approval granted under subsection 178.2(4) on application made jointly with a direct seller is in effect.

## PART II

### NON-TAXABLE PROPERTY AND SERVICES FOR PURPOSES OF SUBDIVISION B

#### (Subsection 220.08(3))

1. A supply of property or a service to a registrant (other than a registrant whose net tax is determined under section 225.1 of the Act or under Part IV or V of the *Streamlined Accounting (GST) Regulations*) who is acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the registrant.

2. A zero-rated supply.

3. A supply of a service (other than a custodial or nominee service in respect of securities or precious metals of the person) in respect of tangible personal property that is removed from the participating provinces as soon after the service is performed as is reasonable having regard to the circumstances surrounding the removal and is not consumed, used or supplied in the participating provinces after the service is performed and before the removal of the property.

4. A supply of a service rendered in connection with criminal, civil or administrative litigation outside the participating provinces, other than a service rendered before the commencement of such litigation.

5. A supply of a transportation service.

6. A supply of a telecommunication service.

7. A prescribed supply of property or a service where the property or service is acquired by the recipient of the supply in prescribed circumstances, subject to such terms and conditions as may be prescribed.

**255. (1) The Act is amended in the manner and to the extent set out in the schedule.**

(2) Subsection (1) comes into force on April 1, 1997.

PART III

TRANSITIONAL PROVISIONS

Deregistration  
of public  
service body

256. Where, under subsection 242(2) of the *Excise Tax Act*, the Minister of National Revenue receives a request from a public service body to cancel the registration of the body at any time in the two-year period commencing on April 23, 1996 and that registration was not one which had become effective in that period and for which an application under subsection 240(3) of that Act had been made by the body, paragraph 242(2)(b) of that Act does not apply in respect of the request and where the registration is cancelled at that time,

(a) subsection 171(3) of that Act does not apply to deem the body to have, at or immediately before that time, made or received supplies of property of the body that was held by the body immediately before that time, to have collected tax or to have, immediately before that time, ceased to use such property in commercial activities;

(b) paragraph 171(4)(b) of that Act does not apply for the purpose of determining the net tax of the body for the last reporting period of the body beginning before that time; and

(c) in determining the input tax credits of the body for the first reporting period of the body ending after the body next becomes a registrant,

(i) subsection 171(1) of that Act does not apply to any property referred to in paragraph (a), and

(ii) paragraph 171(2)(a) of that Act does not apply to any tax that was included in determining an input tax credit of the body for a reporting period of the body ending before that first reporting period.

Small supplier  
divisions of a  
public service  
body

257. Where at any time in the two-year period commencing on April 23, 1996 a branch or division of a public service body that

is a registrant becomes a small supplier division within the meaning of subsection 129(1) of the *Excise Tax Act*,

(a) subsection 129(6) of that Act does not apply to deem the body to have, immediately before that time, made a supply of any property that was held by the body immediately before that time for consumption, use or supply in the course of activities engaged in by the body through the branch or division or to have collected tax in respect of the property;

(b) any consumption, use or supply of the property in the course of activities engaged in by the body through the branch or division during the period beginning at that time and ending at the time the branch or division ceases to be a small supplier division is deemed, for the purposes of subsections 129.1(4) to (6) of that Act, not to be in the course of activities engaged in through a small supplier division; and

(c) paragraph 129(7)(e) of that Act does not apply for the purpose of determining the net tax of the body for its reporting period that includes that time.

Charities and  
change in use  
caused by  
enactment

258. Where, because of the enactment of a provision of this Act amending the *Excise Tax Act*, a charity (within the meaning assigned by subsection 123(1) of that Act, as amended by subsection 1(1)), is deemed under subsection 200(2), 203(2) or 206(4) or (5) of that Act to have made a supply of property and to have collected, at any time, tax in respect of the supply, for the purpose of determining the amount of tax that is deemed under that subsection to have been collected or paid at that time, the amount of tax calculated on the fair market value of the property at that time is deemed to be equal to zero.

Application of  
subsection  
334(1) of the  
*Excise Tax Act*

259. Subsection 334(1) of the *Excise Tax Act* does not apply for the purposes of subsections 1(15) to (17) and (19) to (21), 23(5), 24(2), 33(12), 59(13), 60(4), 62(4), 64(6) and (8), 69(11), 76(2), 86(2), 88(3), 89(2), 116(5) and (6) and 145(2).

Application to  
imported goods

260. Where a provision of the *Excise Tax Act*, as enacted or amended by this Act, applies to goods imported on or after a particular day, that provision also applies to goods imported before that day that were not accounted for under section 32 of the *Customs Act* before that day.

PART IV

R.S., c. F-8,  
R.S., cc. 22,  
39, 44 (1st  
Supp.); cc. 7,  
15, 26, 28 (2nd  
Supp.); cc. 9,  
11, 31 (3rd  
Supp.); cc. 7,  
33, 35, 46 (4th  
Supp.); 1990,  
c. 39; SOR/91-  
40; 1991, cc.  
9, 10, 38, 51;  
1992, cc. 1,  
10, 29; 1993,  
cc. 28, 34;  
1994, c. 2;  
1995, cc. 17,  
24, 28, 29;  
1996, c. 8, 11,  
18

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT

261. Subsection 2(1) of the *Federal-Provincial Fiscal Arrangements Act* is amended by adding the following in alphabetical order:

"sales tax  
harmonization  
agreement"  
« accord  
d'harmonisation  
de la taxe de  
vente »

"sales tax harmonization agreement" means an agreement or arrangement entered into by the Minister on behalf of the Government of Canada and authorized, or ratified and confirmed, under Part III.1 including any amendments or variations to the agreement or arrangement that are authorized, or ratified and confirmed, under that Part;

**262. The Act is amended by adding the following after section 8.1:**

PART III.1

SALES TAX HARMONIZATION AGREEMENTS

Definition of  
"sales taxes"

**8.2** (1) In this Part, "sales taxes" means the taxes imposed under Part IX of the *Excise Tax Act* and taxes levied under Acts of the legislature of a province in respect of supplies of property or services.

Meanings in  
Part IX to  
apply

(2) In this Part, "property", "service" and "supply" have the meanings assigned by subsection 123(1) of the *Excise Tax Act*.

Sales tax  
harmonization  
agreement

**8.3** (1) The Minister, with the approval of the Governor in Council, may on behalf of the Government of Canada enter into an agreement or arrangement with the government of a province respecting sales taxes and, without restricting the generality of the foregoing, respecting

(a) the integration of sales taxes applicable in the province into taxes collected, administered and enforced under a single Act of Parliament;

(b) the collection of taxes applicable in the province, whether imposed under an Act of Parliament or levied under an Act of the legislature of the province, and the administration and enforcement of the Acts imposing the taxes;

(c) the provision to the Government of Canada by the government of the province, or to the government of the province by the Government of Canada, of information acquired in the administration and enforcement of Acts imposing taxes, Acts relating to the disclosure, displaying or advertisement of prices for property or services and Acts providing for rebates, refunds or reimbursements of sales taxes, paid or payable, or of amounts paid or payable as or on account of sales taxes, in respect of the supply, bringing into the

province or importation of certain property or services;

(d) the accounting for taxes collected in accordance with the agreement;

(e) the implementation of the system of integration of the sales taxes contemplated under the agreement and the transition from the system of taxation administered before the agreement to the system of taxation contemplated under the agreement;

(f) payments, and the eligibility for payments, by the Government of Canada to the government of the province in respect of the revenues from, and the transitional costs incurred in converting to, the system of taxation contemplated under the agreement and to which the province is entitled under the agreement, the time when such payments will be made, and the remittance by the government of the province to the Government of Canada of any overpayments by the Government of Canada or the right of the Government of Canada to set off any overpayments against other amounts payable by the Government of Canada to the government of the province, whether under the agreement or any other agreement or arrangement or any Act of Parliament;

(g) the payment by the Government of Canada and its agents and subservient bodies, and by the government of the province and its agents and subservient bodies, of the sales taxes payable under the system of taxation contemplated under the agreement and the accounting for the sales taxes so paid;

(h) the compliance by the Government of Canada and its agents and subservient bodies, and by the government of the province and its agents and subservient bodies, with the Act of Parliament under which the system of taxation is administered and regulations made under that Act;

(i) the enactment, administration and enforcement of laws respecting the disclosure, display and advertisement of the prices for property and services in respect of the supply of which sales taxes are payable under the system of taxation contemplated under the agreement;

(j) the administration and enforcement of Acts of Parliament or the legislature of the province respecting the rebate, refund or reimbursement of sales taxes paid in respect of the supply, bringing into the province or importation of certain property or services; and

(k) other matters that relate to, and that are considered advisable for the purposes of implementing or administering,

the system of taxation contemplated under the agreement.

Amending  
agreements

(2) The Minister, with the approval of the Governor in Council, may on behalf of the Government of Canada enter into an agreement with the government of a province amending or varying an agreement or arrangement with the province entered into under subsection (1) or this subsection or ratified and confirmed under section 8.7.

Payments to  
province

**8.4** Where the Government of Canada has entered into a sales tax harmonization agreement with the government of a province, the federal Minister who, pursuant to the agreement, is responsible for the administration and enforcement of the system of taxation contemplated under the agreement may pay to a province out of the Consolidated Revenue Fund

(a) amounts determined in accordance with the agreement as provided, and at such times as are specified, in the agreement; and

(b) subject to the regulations, advances in respect of the amounts referred to in paragraph (a).

Payments to  
other persons

**8.5** (1) Subject to subsection (2), where, under a sales tax harmonization agreement, a federal Minister is responsible for the administration and enforcement of an Act of the legislature of a province respecting the refund, rebate or reimbursement to persons of sales taxes paid or payable by the persons, or of amounts paid or payable as or on account of sales taxes, in respect of the supply, bringing into the province or importation of certain property or services, that Minister may pay out of the Consolidated Revenue Fund to a person an amount on account of any amount that is payable to the person under that Act in accordance with the agreement.

Advances from  
Consolidated  
Revenue Fund

(2) Where no amount is held on behalf of a province from which payment under subsection (1) may be made in accordance with a sales tax harmonization agreement with the province, or the amount of the

payment exceeds the amount so held, payment under subsection (1) may be made as a recoverable advance from the Consolidated Revenue Fund if the repayment of the amount or excess by the government of the province is provided for in the sales tax harmonization agreement.

Statutory  
authority to  
make payments

**8.6.** Notwithstanding any other Act, the payments paid under a sales tax harmonization agreement under the authority of section 8.4 or 8.5 may be made without any other or further appropriation or authority.

Confirmation of  
past  
agreements,  
etc.

**8.7** Agreements and arrangements that were entered into by the Minister after March 29, 1996, and that, if section 8.3 had been in force on and after that day, could have been authorized under that section, are, for greater certainty, ratified and confirmed and are deemed to have been entered into under that section and approved by the Governor in Council, and all actions taken and payments made under those agreements and arrangements after that day and before this Act is assented to are ratified and confirmed.

**263. Section 32 of the Act is amended by adding the following after paragraph (b):**

(c) for the payment by Her Majesty in right of Canada to that province or the assignees of that province of amounts determined under the agreement in respect of amounts paid by Her Majesty in right of that province and amounts paid by persons identified in the agreement as or on account of any tax imposed under the *Excise Tax Act*;

1992, c. 10, s.  
7(1)

**264. (1) Paragraph 40(b) of the Act is replaced by the following:**

(b) providing for the payment to a province of advances on account of any amount that may become payable to the province under this Act, an administration agreement, a reciprocal taxation agreement or a sales tax harmonization agreement, the adjustment, by way of reduction or set off, of other payments to the province because of those advances and the recovery of



overpayments;

1992, c. 10, s.  
7(2)

**(2) Paragraphs 40(d) and (e) of the Act are replaced by the following:**

(d) prescribing the time and manner of making any payment under this Act, an administration agreement or a sales tax harmonization agreement;

(e) prescribing the accounts to be kept for the purposes of this Act or an agreement entered into under the authority of this Act and the management of those accounts;

**265. Sections 261, 262 and 264 are deemed to have come into force on March 28, 1996.**

**266. Section 263 is deemed to have come into force on October 1, 1996.**

#### PART V

R.S., c. 1 (5th  
Supp.); 1994,  
cc. 7, 8, 13,  
21, 28, 29, 38,  
41; 1995, cc.  
1, 3, 11, 18,  
21, 38, 46;  
1996, cc. 11,  
21, 23

#### INCOME TAX ACT

**267. (1) Paragraph 6(1)(e.1) of the *Income Tax Act* is repealed.**

**(2) Subsection 6(7) of the Act is replaced by the following:**

Cost of  
property or  
service

(7) To the extent that the cost to a person of purchasing a property or service or an amount payable by a person for the purpose of leasing property is taken into account in determining an amount required under this section to be included in computing a taxpayer's income for a taxation year, that cost or amount payable,

as the case may be, shall include any tax that was payable by the person in respect of the property or service or that would have been so payable if the person were not exempt from the payment of that tax because of the nature of the person or the use to which the property or service is to be put.

**(3) Subsections (1) and (2) apply to the 1996 and subsequent taxation years.**

**268. (1) Paragraph 12(1)(y) of the Act is replaced by the following:**

Automobile  
provided to  
partner

(y) where the taxpayer is an individual who is a member of a partnership or an employee of a member of a partnership and the partnership makes an automobile available in the year to the taxpayer or to a person related to the taxpayer, the amounts that would be included by reason of paragraph 6(1)(e) in the income of the taxpayer for the year if the taxpayer were employed by the partnership;

**(2) Subsection (1) applies to the 1996 and subsequent taxation years.**

**269. (1) Subsections 15(1.3) and (1.4) of the Act are replaced by the following:**

Cost of  
property or  
service

(1.3) To the extent that the cost to a person of purchasing a property or service or an amount payable by a person for the purpose of leasing property is taken into account in determining an amount required under this section to be included in computing a taxpayer's income for a taxation year, that cost or amount payable, as the case may be, shall include any tax that was payable by the person in respect of the property or service or that would have been so payable if the person were not exempt from the payment of that tax because of the nature of the person or the use to which the property or service is to be put.

**(2) Subsection 15(5) of the Act is replaced by the following:**

Automobile  
benefit

(5) For the purposes of subsection (1), the value of the

benefit to be included in computing a shareholder's income for a taxation year with respect to an automobile made available to the shareholder, or a person related to the shareholder, by a corporation shall (except where an amount is determined under subparagraph 6(1)(e)(i) in respect of the automobile in computing the shareholder's income for the year) be computed on the assumption that subsections 6(1), (1.1), (2) and (7) apply, with such modifications as the circumstances require, and as though the references therein to "the employer of the taxpayer", "the taxpayer's employer" and "the employer" were read as "the corporation".

**(3) Subsections (1) and (2) apply to the 1996 and subsequent taxation years.**

#### PART VI

1992, c. 18

#### DEBT SERVICING AND REDUCTION ACCOUNT ACT

**270. Section 5 of the *Debt Servicing and Reduction Account Act* is amended by adding the following after paragraph (a):**

(a.1) authorized under section 8.4 or 8.5 of the *Federal-Provincial Fiscal Arrangements Act*;

#### PART VII

1990, c. 45

AN ACT TO AMEND THE EXCISE TAX ACT, THE CRIMINAL CODE, THE CUSTOMS ACT, THE CUSTOMS TARIFF, THE EXCISE ACT, THE INCOME TAX ACT, THE STATISTICS ACT AND THE TAX COURT OF CANADA ACT

**271. (1) Subsection 12(2) of *An Act to amend the Excise Tax Act, the Criminal Code, the Customs Act, the Customs Tariff, the Excise Act, the Income Tax Act, the Statistics Act and the Tax Court of Canada Act*, being chapter 45 of the Statutes of Canada, 1990, is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) with respect to any supply referred to in section 182 of the Act, as enacted by subsection (1), made before 1991, except that no tax is payable under Part IX of the Act in respect of any amount paid or forfeited, or any debt or other obligation reduced or extinguished, before 1991.

(2) Subsection (1) is deemed to have come into force on April 24, 1996.

PART VIII

1994, c. 9

AN ACT TO AMEND THE EXCISE TAX ACT AND A RELATED ACT

272. Subsection 4(2) of *An Act to amend the Excise Tax Act and a related Act*, being chapter 9 of the Statutes of Canada, 1994, is amended by adding the word "and" at the end of paragraph (a), by striking out the word "and" at the end of paragraph (b) and by repealing paragraph (c).

PART IX

1996, c. 21

INCOME TAX BUDGET AMENDMENT ACT

273. Section 69 of the *Income Tax Budget Amendment Act*, being chapter 21 of the Statutes of Canada, 1996, is replaced by the following:

69. For the purpose of determining if a partnership to which section 68 applies is, for the purposes of Part IX of the *Excise Tax Act*, a financial institution throughout its taxation year that begins on January 1, 1997, paragraphs 149(1)(b) and (c) of that Act shall be read as follows:

(b) the total of all amounts, each of which is an amount

(i) that would be included in computing, for the purposes of the *Income Tax Act*, the person's income for the period that is the person's taxation year immediately preceding the particular year if it were a fiscal period of the business of the person for the purposes of that Act, and

(ii) that is interest, a dividend (other than a dividend in kind or a patronage dividend) or a separate fee or charge for a financial service

exceeds \$10,000,000; or

(c) the person was a financial institution throughout that period otherwise than because of paragraph (a).

SCHEDULE  
(Section 255)

1. The words "acquired, imported or brought into a participating province" are substituted for the words "acquired or imported", with such grammatical modifications as the circumstances require, wherever the latter words occur in the following provisions of the Act:

- (a) the definition "related convention supplies" in subsection 123(1);
- (b) paragraph 141.01(6)(b);
- (c) paragraph 271(b); and
- (d) paragraph 272(a).