

Excise and GST/HST News

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Budget 2007

The [Federal Budget](#) tabled by the Minister of Finance on March 19, 2007 included several proposed measures relating to the goods and services tax and the harmonized sales tax (GST/HST), and excise tax. Following the Budget, Bill C-52, the [Budget Implementation Act, 2007](#) was introduced in the House of Commons and received second reading on May 15, 2007. Most of the proposed GST/HST and excise tax measures are contained in Bill C-52.

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Nouvelles sur l'accise et la TPS/TVH.

Canada

The following is a brief synopsis of these proposed measures. For more detailed information please refer to the Department of Finance Web site dedicated to the federal budget at this address: www.fin.gc.ca

Proposed GST/HST measures in Bill C-52

Elimination of GST/HST Visitor Rebate Program and introduction of new Foreign Convention and Tour Incentive Program

Budget 2007 includes measures previously announced that would eliminate the GST/HST Visitor Rebate Program effective April 1, 2007.

A proposed new Foreign Convention and Tour Incentive Program (FCTIP), effective April 1, 2007 was also announced in the budget. This new program will continue to provide relief to non-residents for GST (and the federal component of the HST) in respect of many of the property and services used in the course of conventions held in Canada. Subsequently, the GST/HST participating provinces of Nova Scotia, New Brunswick and Newfoundland and Labrador have each announced their intention to participate in the FCTIP. Accordingly, the Minister of Finance announced on May 16, 2007 that the Government will propose amendments to Bill C-52 to extend the application of the FCTIP to the 8% provincial component of the HST, effective April 1, 2007.

The proposed program continues to provide relief for:

- all of the GST/HST paid on accommodation sold to non-resident tour operators who are not registered for the GST/HST and who include the accommodation in eligible tour packages for non-residents, and
- generally 50% of the GST/HST paid on eligible tour packages that are sold to non-resident consumers and non-resident businesses who are not registered for the GST/HST, including tour operators.

As a result of the Minister of Finance's announcement about the HST, qualifying non-residents who have paid 14% HST on an eligible tour package will receive a rebate generally equal to 50% of the 14% HST paid on eligible tour packages even though they may have only applied for a rebate in respect of the 6% federal component of the HST.

Non-resident tour operators who are not registered for the GST/HST and who have paid 14% HST on accommodation that they included in eligible tour packages, will receive all of the 14% HST they paid on the accommodation even though they may have only applied for a rebate of the 6% federal component of the HST paid.

Non-resident tour operators who are not registered for the GST/HST, who have been charged 14% HST on an eligible tour package, and who have been credited with a percentage (generally 50%) of the 6% federal component of the HST at the point of sale, should ask their suppliers to adjust the amount of the rebate so that the amount credited accounts for the same percentage of the additional 8% provincial component of the HST to ensure that the total amount credited is based on the 14% HST.

The following GST/HST Info Sheets provide detailed information on the GST/HST Visitor Rebate Program and the proposed new Foreign Convention and Tour Incentive Program:

(These Info Sheets reflect the initial budget announcements but do not yet reflect the proposed extension of the FCTIP to the provincial component of the HST.)

Tourism

GI-026 [*Visitor Rebate Program - Accommodation Rebate for Non-Residents*](#)

- GI-032 *Foreign Convention and Tour Incentive Program – Rebate for Non-Residents Purchasing Tour Packages*
- GI-033 *Foreign Convention and Tour Incentive Program – Rebate for Non-Registered Non-Resident Tour Operators Purchasing Accommodation*

Conventions

- GI-027 *Foreign Convention and Tour Incentive Program – Admissions to Domestic Conventions Sold to Non-Residents*
- GI-028 *Foreign Convention and Tour Incentive Program – Rebate for Non-Resident and Non-Registered Exhibitors*
- GI-029 *Foreign Convention and Tour Incentive Program - Rebate for Sponsors of Foreign Conventions*
- GI-030 *Foreign Convention and Tour Incentive Program - Rebate for Non-Registered Organizers*
- GI-031 *Foreign Convention and Tour Incentive Program – Rebates Paid or Credited by Registrant Organizers of Foreign Conventions and Suppliers*

Please note that as announced on [September 25, 2006](#), a rebate of the GST/HST will continue to be available for non-residents exporting goods in the course of their commercial activity.

Exports of intangible personal property (IPP)

Supplies of IPP that may not be used in Canada are considered to be made outside Canada and are therefore not subject to GST/HST. Also, supplies of intellectual property (such as a patent or trademark) and rights to use such property are zero-rated (taxed at 0%) if they are made to non-registered non-residents. Budget 2007 proposes to extend the zero-rating to supplies of IPP, subject to certain exclusions.

Exclusions

Under the proposed provision supplies of IPP made to non-residents who are not registered for GST/HST would be zero-rated with the following exclusions:

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

These proposed measures will apply to supplies made after March 19, 2007 and supplies made on or before March 19, 2007 if GST/HST was neither charged nor collected in respect of the supply.

If you are a registrant who has made eligible supplies on or before March 19, 2007, and the CRA has taken an amount into account in assessing your net tax for a reporting period as GST/HST that became collectible in respect of such supplies, you may obtain a refund of any resulting overpayment of net tax, penalty or interest by requesting that a reassessment be made to take into account that no tax was collectible by the registrant in respect of the supplies.

Please refer to GST/HST Info Sheet GI-034, *Exports of Intangible Personal Property* for more information.

Other proposed GST/HST measures

Increasing GST/HST annual filing and remittance thresholds for business

Budget 2007 proposes changes to the GST/HST annual filing threshold and the remittance threshold (instalment base) to further reduce paper burden of small and medium sized businesses.

The reporting period threshold amount for a fiscal year will be increased from \$500,000 to \$1,500,000. Registrants whose threshold for a fiscal year does not exceed \$1,500,000 will have a fiscal year reporting period unless they elect otherwise. Registrants who are quarterly filers and whose threshold amount does not exceed \$1,500,000 will continue as quarterly filers unless they elect otherwise.

In addition to the proposed change for annual reporting, the instalment base threshold will be increased from \$1,500 to \$3,000, which means that GST/HST annual filers whose net tax remittance for a fiscal year is less than \$3,000 need only make one remittance at the end of the fiscal year.

These changes will apply to fiscal years that begin after 2007.

Proposed excise tax measures in Bill C-52

Excise tax on fuel-inefficient vehicles

A new excise tax imposed on certain fuel-inefficient vehicles was announced in Budget 2007. This proposed tax replaces the existing heavy vehicles weight tax, which no longer applies after March 19, 2007. Following the budget, the Minister of Finance announced a few refinements to this new tax in a Notice of Ways and Means Motion on March 27, 2007, which subsequently received First Reading in Parliament on March 29, 2007 as Bill C-52.

The fuel-inefficient vehicle tax will apply to new automobiles designed primarily to carry passengers, including station wagons, vans, sport utility vehicles (but not pick-up trucks, vans equipped to accommodate 10 or more passengers, ambulances and hearses), in accordance with the automobile's fuel efficiency rating.

This rating is calculated on the basis of the weighted average fuel consumption, as determined by information published by Natural Resources Canada ([EnerGuide label](#)).

Automobiles that have a weighted average fuel consumption of 13 or more litres per 100 km will be subject to the tax at the following rates:

- At least 13, less than 14 litres per 100 km - \$1,000
- At least 14, less than 15 litres per 100 km - \$2,000
- At least 15, less than 16 litres per 100 km - \$3,000
- 16 or more litres per 100 km - \$4,000

The tax will be payable by the manufacturer or importer at the time the automobiles are delivered to a purchaser (usually a dealer) or imported. The tax will not apply to automobiles that are manufactured in Canada and exported for sale in other countries, or to automobiles that are imported and subsequently exported.

This measure applies to automobiles delivered by a manufacturer after March 19, 2007 and each automobile imported into Canada after that day unless the automobile had been put into service before March 20, 2007. However, this measure does not apply to an automobile for which an agreement in writing has been entered into before March 20, 2007 between a person in the business of selling vehicles and a final consumer and for which possession is taken by the final consumer before October 2007.

For more information, please refer to Excise Taxes and Special Levies Notice ETSL64, [Imposition of Excise Tax on Fuel-Inefficient Vehicles](#). The HTML version of this notice includes hyperlinks to a list of vehicles and associated fuel-efficiency ratings as well as a list of 2007 model year vehicles, their weighted average fuel consumption ratings and associated fuel-inefficient vehicle tax rates.

Excise tax end user refunds

Currently, an excise tax is imposed on diesel fuel manufactured and sold in, or imported into Canada. The excise tax is imposed at a rate of \$.04 /litre and is generally payable by the manufacturer at the time of delivery to a purchaser and by the importer at the time of importation.

Since the excise tax is imposed and payable prior to the end use the CRA allows end-users to file refund claims in respect of diesel fuel that was purchased on an excise tax paid basis and subsequently used in exempt circumstances (i.e., for heating oil, the generation of electricity or for use as ships' stores).

Proposed amendments clarify the legislative authority that underlies the CRA's administrative practice of paying end-user refunds. The amendment will apply from the date on which the excise tax on diesel fuel was introduced, for end user refund claims filed after that date, in accordance with the terms and limitations set out in the *Excise Tax Act*.

For end user refund claims filed after March 19, 2007, the proposed amendments will also clarify that where diesel fuel has been sold on a tax paid basis for use as heating oil or to generate electricity, only the end user (or vendor of heating oil) will be entitled to claim a refund of excise tax.

For more information please refer to Excise Taxes and Special Levies Notice ETSL65, [Statutory End-User Refund Program and Elimination of Excise Tax Exemption for Renewable Fuels](#).

Other proposed excise tax measures

Elimination of excise tax exemption for renewable fuels

Currently, renewable fuels are exempt from the federal excise taxes of \$0.10/litre on gas and \$0.04/litre on diesel fuel that would otherwise apply to their use as motive fuels.

Budget 2007 proposes that the excise tax exemptions for renewable fuels, including bio-diesel and alcohol-based fuels be repealed for fuel delivered on or after April 1, 2008.

For more information please refer to Excise Taxes and Special Levies Notice ETSL65, [Statutory End-User Refund Program and Elimination of Excise Tax Exemption for Renewable Fuels](#).

Bill C-28

Bill C-28, *Budget Implementation Act, 2006, No. 2*, a second Act to implement certain provisions of the budget tabled in Parliament on May 2, 2006, received Royal Assent on February 21, 2007.

Bill C-28 amends the legislation relating to the excise duty volume thresholds for Canadian beer and wine as previously announced in the [Department of Finance news release of June 30, 2006](#). These measures are now law.

For more information on these measures please see:

- Excise Duty Notice EDBN9, [Reduced Rates of Excise Duty on Beer Brewed in Canada](#).
- Excise Duty Notice EDBN10, [Related or Associated Persons Rules for Brewers](#)
- Excise Duty Notice EDN15, [Additional Information Relating to the Excise Duty Exemption on 100% Canadian Wine](#)

Financial services sector

On [January 26, 2007](#), the Minister of Finance announced draft legislation for several proposed measures aimed at improving and streamlining the application of the GST/HST to the financial services sector. (This was further to a [November 17, 2005](#) announcement which contained details related to some of the legislative proposals to amend GST/HST provisions relating to the financial services sector.) A few highlights follow.

Imported supplies

The January 26, 2007 draft legislation contains clarifying amendments relating to the rules that apply to taxable imports of services and intangibles between permanent establishments of a person. The amendments to section 220 will be effective December 17, 1990, the day that section 220 came into force.

The draft legislation also contains a new import rule relating to self-assessment for financial institutions that will apply to any taxation year that ends after November 16, 2005 (as the new rule was announced November 17, 2005).

More detailed information is available in GST/HST Technical Information Bulletin B-95, [Import Rules for Financial Institutions under Section 217.1 and Dealings Between Permanent Establishments under Section 220](#).

Input tax credit allocation methods of financial institutions

Where an input is used to make both taxable and exempt supplies, a registrant must apply a method to allocate the use of that input between taxable and exempt supplies in order to determine the percentage of GST/HST paid on the input that can be recovered as an input tax credit (ITC).

Proposed new section 141.02 of the *Excise Tax Act* will provide greater clarity and direction to all financial institutions (FIs) respecting which ITC allocation methods they can use by providing more detailed ITC allocation rules. FIs will generally be required to use allocation methods that conform to criteria specified by the CRA. To this end, the CRA is currently reviewing existing policies and publications regarding allocation, and invites affected parties to make submissions regarding allocation methods they consider to be appropriate. Submissions may be sent to the Director, Financial Institutions and Real Property Division, Excise and GST/HST Rulings Directorate, Legislative Policy and Regulatory Affairs Branch, CRA, 14th Floor, 320 Queen Street, Ottawa, Ontario K1A 0L5.

In addition, proposed amendments particular to large banks, insurers and securities dealers will allow them to obtain pre-approval from the CRA to use their own ITC allocation methods. Where pre-approval is not obtained, those FIs are required to use, depending on the input type, either a prescribed percentage, exclusive allocation, or a specified method conforming to criteria set out by the CRA.

The proposed amendments will apply generally to fiscal years of an FI that begin after March 2007. The amendments requiring the large banks, insurers and securities dealers to obtain pre-approval for their own allocation methods will not apply until fiscal years of an FI that begin after March 2008. For the first year that begins after March 2007, the amendments will allow a special transitional election for these FIs to use an allocation method, related to certain types of inputs, that has been assessed by the CRA in respect of a prior fiscal year.

A new GST/HST rebate for pension plan trusts

The Department of Finance has proposed replacing the current ITC and rebate provisions for pension plan trusts with a single rebate similar to the current Multi-Employer Pension Plan (MEPP) Rebate. The new rebate would replace the MEPP rebate and would apply to all pension plan trusts. The Department of Finance is currently seeking input from industry stakeholders concerning the proposal. Draft legislation has not yet been released.

A new GST/HST annual information schedule for financial institutions

Generally, FIs are providers of tax-exempt supplies of financial services and cannot recover most of the GST/HST they pay on inputs. However, a significant number of FIs also engage in commercial activities both in Canada and internationally. As a result, FIs are subject to a range of unique rules and therefore, currently need to make a variety of calculations to compute the information summarized on the GST/HST return. An annual GST/HST information schedule is proposed for FIs to record the results of this analysis.

This new annual GST/HST information schedule would be filed once per fiscal year, within six months after the end of the fiscal year, by an FI (within the meaning in subsection 149(1) of the *Excise Tax Act*) that is a registrant and has total annual revenue (as stated in its financial statements, which are filed with its income tax returns) in excess of \$1 million.

The information schedule would be implemented for fiscal years of FIs commencing after 2006. This means that an FI with a calendar year as its fiscal year would be required to file its first annual information schedule (for 2007) by June 30, 2008.

More information

Please refer to the Department of Finance Web site at www.fin.gc.ca for more detailed information regarding the [January 26, 2007 news release](#), the related background, draft legislation and explanatory notes.

Overnight recreational camps

The recent Federal Court of Appeal decision in the *Camp Mini-Yo-We* case confirmed that the supply of overnight recreational camps by a public service body, other than day camps for children aged 14 and under and camps for underprivileged and disabled individuals, is subject to the GST/HST. The term public service body includes charities and non-profit organizations.

Further information on this topic can be found in the guides [GST/HST Information for Charities](#) (RC4082) and [GST/HST Information for Non-Profit Organizations](#) (RC4081). Should you have any question concerning your particular situation, please contact GST/HST Rulings at 1-800-959-8287.

Zero-rated medical or surgical prostheses

Part II of Schedule VI to the *Excise Tax Act* lists medical and assistive devices which are zero-rated (taxable at 0%) for GST/HST purposes. Specifically, section 25 states that a supply of a medical or surgical prosthesis that is designed to be worn by an individual is zero-rated.

The CRA considers a medical or surgical prosthesis to be an artificial device that replaces a missing part of the body, corrects a physical deformity or malfunction, or supports a weak or deformed part of the body. This artificial device could be an externally worn device or an implanted device that is worn internally.

For GST/HST purposes, supplies of the following items are considered to fall under this zero-rating provision of the Act:

- Cardiac pacemakers
- Cardioverter defibrillators
- Synthetic cardiac valves
- Stents (cardiovascular, esophageal, tracheobronchial, biliary, colonic, ureteral)
- Detachable coils
- Peripheral vascular grafts and abdominal/thoracic grafts (i.e., flexible tubes in the shape of a vein or artery used to replace a damaged vein, vessel, or artery).
- Fabrics and patches (i.e., ultra-thin knitted or woven cardiovascular patches for handling, healing and haemostasis, which are sewn into a vein to close a rupture)
- Spinal implants, disc replacements

Should you require clarification with respect to any of the above items please contact GST/HST Rulings at 1-800-959-8287 (*Français 1-800-959-8296*)

Subsection 167(1) election concerning the supply of a business or part of a business (Form GST44)

Subsections 167(1) and 167(1.1) of the *Excise Tax Act* permit a supplier to make a supply of a business or part of a business to a recipient with no GST/HST payable on the property or services supplied under the agreement (with some exceptions), if both parties to the transaction elect to do so. The election cannot be made, however, where the supplier is a registrant and the recipient is a non-registrant.

To be eligible to use this election certain conditions must be met, including:

- the supplier must supply a business or part of a business that was established or carried on by the supplier or that was established or carried on by another person and acquired by the supplier; and
- the recipient must be acquiring, under the agreement for the supply of the business, ownership, possession or use of all or substantially all (generally 90% or more) of the property that can reasonably be regarded as being necessary for the recipient to be capable of carrying on the business or part of a business.

To determine whether a supply meets the above-mentioned conditions for eligibility, the following guidelines should be applied to the facts of a particular situation.

1. Is the supplier supplying, and is the recipient acquiring, a business or a part of a business?

For GST/HST purposes, a business is an activity including a profession, calling, trade, manufacture, or undertaking of any kind, but does not include an office or employment. The assets of a business usually include: real property, equipment, inventory, and intangibles such as goodwill. Ordinarily, the supply of one or more individual assets will not be considered a supply of a business. The nature of a business (or part) will normally determine the package of assets that would be required to carry on the business (or part of a business). Generally, no one type of property, regardless of its value, determines whether there has been a supply of a business.

In general, a "part of a business" is an activity that may be a functionally and physically distinct operating unit, or it may be an activity which supports or is related to the broader business but is organized as a separate activity which is capable of operating on its own.

2. Is the recipient acquiring ownership, possession or use of all or substantially all of the property?

To meet the "all or substantially all" condition, any property not acquired under the agreement for the supply of the business (e.g., acquired from other sources or already in the possession of the recipient), but required by the recipient to carry on the business, must fall within the remaining general margin of 10% of the fair market value of all the property required to carry on the business.

In addition, the recipient must be capable of carrying on the same kind of business that was established or carried on by the supplier with the property that the recipient has acquired under the agreement.

Form GST44, *Election Concerning the Acquisition of a Business or Part of a Business* is available on the CRA Web site. For further information please see Policy Statement P-188, *Supply Of A Business Or Part Of A Business For The Purpose Of The Election Under Subsection 167(1)*.

Rainy River First Nations Settlement Agreement Remission Order

On the recommendation of the Minister of Finance, the Governor General in Council has approved the *Rainy River First Nations Settlement Agreement Remission Order*, P.C. 2007-208. The effective date of the Order is February 22, 2007 and it is available on the Canada Gazette website at canadagazette.gc.ca under registration number SI/2007-31.

This remission order provides for the remission of the GST to the Rainy River First Nations ("Rainy River") under the conditions described in the remission order.

The remission of tax applies to the GST paid or payable on:

- the supply of additional land to Rainy River, or its agent;
- the supply to Rainy River, or its agent, of a "third party interest" in additional land;
- the cancellation in favour of Rainy River, or its agent, of a "third party interest" in additional land;
- the supply by way of sale to Rainy River, or its agent, of tangible personal property that is collateral to a supply of additional land at the time that Rainy River, or its agent, acquires an interest in that land;
- costs incurred by Rainy River, or its agent, in the context of the above-noted transactions; and
- the supply of replacement land and any related supply to Rainy river, or its agent.

In addition, remission is granted in respect of any interest and penalties paid or payable by Rainy river or its agent under the GST portion of the *Excise Tax Act* in respect of any transaction

Remission under this order is granted on condition that:

- the tax, interest or penalties have not otherwise been rebated, credited, refunded or remitted to any person under the *Excise Tax Act* or the *Financial Administration Act*; and
- the Department of Indian Affairs and Northern Development (INAC) confirms in writing that the claim for remission is being made with respect to a quantity of additional land or of replacement land, and if the claim is in respect of replacement land, the legal description of the additional land that is being replaced.

Note: The terms “additional land”, “replacement land” and “related supply” are defined in the remission order.

If a supply made to Rainy River, or its agent, meets the conditions specified in the remission order, the supplier is not required to collect the GST. However, if Rainy River, or its agent, has paid GST, interest and penalties under conditions that would qualify for remission as set out in the remission order, Rainy River may apply for remission of those amounts.

Applications for remission of GST, interest and penalties should be filed with the CRA using Form GST189, *General Application for Rebate of GST/HST*. Applicants should check the box for “Remission Order” (part B – Reason for Rebate Request) and note (part G – Details of Rebate application) that the claim is being submitted under the authority of the Rainy River First Nations Settlement Agreement Remission Order, quoting P.C. 2007-208. The form should then be submitted to the Summerside Tax Centre, along with the confirmation letter from INAC and supporting documentation, such as the Statement of Adjustments, to verify that the amounts claimed are pursuant to the remission order.

If the GST, interest and penalties have been paid prior to the effective date of the remission order, Rainy River must apply for a remission of those amounts within two years after the effective date of the remission order. If the GST, interest and penalties are paid on or after the effective date of the remission order, Rainy River must apply for a remission of those amounts within two years after the day that the GST, interest and penalties are paid.

Excise and GST/HST Rulings and Interpretations – third party authorization

Sometimes a third party representative (i.e., a tax professional, an accountant, a bookkeeper, or a lawyer) will request a ruling or interpretation on behalf of a client. In such cases, where the third party representative is acting on behalf of the person for whom the ruling will be made, the CRA requires a written third party authorization letter certifying that the representative is authorized to act on behalf of the client. The letter should include an outline of the purpose, scope, and period of the authorization. This is also a requirement for persons requesting an interpretation where the interpretation applies to a particular named client

A letter notifying the CRA of third party authorization should resemble the following:

[Date]

Dear Sir/Madam:

For purposes of my request for a ruling or interpretation, I hereby authorize officials of the Canada Revenue Agency to provide the following person with confidential information about my operations:

Name of third party, including trading name if applicable
Address of third party and telephone number

This authorization applies to operations relating to my [type of] account and applies from [specify date including year] to [specify date including year].

[Signature of requestor]

[Full name of requestor
Address of requestor
Business Number]

A complete discussion of the documentary requirements for third party authorization may be found in GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*.

My Business Account (MyBA)

Launched September 25, 2006, MyBA provides business owners, including directors and officers of corporations, the convenience of using a single user ID and password to access personalized business information and services online.

As of April 10, 2007, business owners can do the following for their GST/HST accounts:

- make online requests
- view business addresses
- view correspondence

and can do the following for their excise duty and excise tax accounts:

- make online requests
- register a formal dispute (Notice of objection)
- view business addresses
- view correspondence
- view account balance
- view transaction details
- view endorsements

In the fall of 2007, business owners will be able to authorize their employees and other representatives to access their business information online. They will also be able to view update, or cancel the representatives we have on file for their business through MyBA.

In addition to representatives having access to business information online, the “view account balance” and “transactions” will be available for the GST/HST account and the “view account transactions” will be added for the Excise accounts.

For more information about this new electronic service, go to www.cra-arc.gc.ca/mybusinessaccount.

Prescribed rates of interest

Effective April 1, 2007, in accordance with the recent legislative changes relating to standardized accounting, the interest rate calculations for GST/HST and the air travellers security charge will change to harmonize with the interest rate calculations used for income tax, excise tax, excise duty (except excise duty on beer) and the softwood lumber export charge. As of this date, amounts outstanding are subject to a new prescribed rate of interest equal to the “basic rate” plus 4% .

Commencing April 1, 2007

The prescribed annual rate of interest in effect from April 1, 2007, to June 30, 2007, on overdue amounts payable to the Minister is 9%. The prescribed annual rate of interest on amounts owed by the Minister (refunds) is 7%. These rates are applicable to income tax, excise tax, softwood lumber products export charge, goods and services tax, harmonized sales tax and air travellers security charge. These rates are also applicable to excise duty (except excise duty on beer) amounts payable after June 30, 2003.

The prescribed annual rate of interest respecting excise duty on beer, on amounts payable for the indicated period, is set at 7%. This rate is also applicable to excise duty (except excise duty on beer) amounts payable prior to July 1, 2003.

Period	Income Tax, Excise Tax, Softwood Lumber Export Charge, GST/HST and ATSC Excise Duty (wine, spirits, tobacco)		Excise Duty (beer)
	Refund Interest	Arrears and Instalment Interest	Arrears Interest
2007			
April 1 – June 30	7.0 %	9.0 %	7.0 %

Penalties

The standardized accounting amendments eliminate the 6% penalty on overdue amounts of GST/HST. A new failure to file penalty will be charged on a return that is filed late with an unremitted or unpaid amount. This new penalty is equal to: (a) 1% of the amount overdue on the return, plus (b) one quarter of the amount calculated in (a), times the number of complete months the return was overdue, to a maximum of 12 months.

For a more information on the new interest rates and penalties please refer to GST/HST Info sheet GI-024, [Harmonizing the Administrative Provisions Respecting Standardized Accounting](#).

Up to and including March 31, 2007

The prescribed annual rate of interest in effect from January 1, 2007 to March 31, 2007, with respect to the GST/HST and the air travellers security charge (ATSC) is set at 3.6500% . Interest and penalty compound daily. To calculate interest, divide the annual rate by 365 (366 in a leap year) and apply it daily to the previous day’s compound balance.

The prescribed annual rate of interest in effect from January 1 to March 31, 2007, with respect to amounts of income tax, excise tax, excise duty (except excise duty on beer) and the softwood lumber export charge payable to the Minister (i.e., arrears and instalment payments) is established at 9%. The prescribed

interest rate on amounts owed by the Minister (i.e., refunds) is established at 7%. These rates compound daily.

The prescribed annual rate of interest respecting excise duty on beer amounts is set at 7% for the period January 1, 2007 to March 31, 2007. Penalty compounds monthly and interest compounds daily.

Period	GST/HST ATSC (per annum)		Income Tax, Excise Tax, Softwood Lumber Export Charge Excise Duty (wine, spirits, tobacco)		Excise Duty (beer)	
	Interest	Penalty	Refund Interest	Arrears and Instalment Interest	Interest	Penalty
2007						
January 1 – March 31	3.6500 %	6.0 %	7.0 %	9.0 %	7.0 %	6.0 %

[Rates of interest for previous periods](#) are available on the CRA Web site.

New remittance vouchers – cancellation of forms GST58 and GST426

Form GST58, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Remittance (personalized)* and Form GST426 *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Remittance (non-personalized)* will be cancelled as of April 30, 2007.

These remittance forms are replaced by the following four new remittance vouchers:

- **RC158**, *GST/HST Netfile/Telefile Remittance Voucher* - Beginning in October 2007, this form should be used to remit a GST/HST amount owed on a return that is filed using GST/HST NETFILE or GST/HST TELEFILE.
- **RC159**, *GST/HST Amount Owning Remittance Voucher* - This form should be used to remit a GST/HST amount owed after an assessment or a reassessment.
- **RC160**, *GST/HST Interim Payments Remittance Voucher* - This form should be used by annual filers to make a GST/HST instalment payment.
- **RC177**, *GST/HST Balance Due Remittance Voucher* - This form should be used to remit a GST/HST amount owed by April 30 of each year by an individual who has business income for income tax purposes and the business has a December 31 fiscal year-end. (In this case, the payment is due by April 30 but the return is due by June 15.)

There are three ways for a person to order these new remittance vouchers.

- Online at www.cra.gc.ca/mybusinessaccount (with a Government of Canada epass.)
- Online at www.cra.gc.ca/requests-business (no Government of Canada epass required)
- by calling the Business Enquiries line at 1-800-959-5525.

Please note that the CRA guide RC4022, *General Information for GST/HST Registrants* (2007) has been updated to provide further information on these new remittance vouchers. Information related to the new remittance vouchers is on pages 2, 24, and 29 of this guide.

What's new in publications

The following is a list of new or revised excise and GST/HST forms and publications.

GST/HST Info Sheets

- GI-025 *The GST/HST and the Purchase, Use and Sale of Vacation Properties by Individuals*
GI-026 *Visitor Rebate Program - Accommodation Rebate for Non-Residents*
GI-027 *Foreign Convention and Tour Incentive Program – Admissions to Domestic Conventions Sold to Non-Residents*
GI-028 *Foreign Convention and Tour Incentive Program – Rebate for Non-Resident and Non-Registered Exhibitors*
GI-029 *Foreign Convention and Tour Incentive Program - Rebate for Sponsors of Foreign Conventions*
GI-030 *Foreign Convention and Tour Incentive Program - Rebate for Non-Registered Organizers*
GI-031 *Foreign Convention and Tour Incentive Program – Rebates Paid or Credited by Registrant Organizers of Foreign Conventions and Suppliers*
GI-032 *Foreign Convention and Tour Incentive Program – Rebate for Non-Residents Purchasing Tour Packages*
GI-033 *Foreign Convention and Tour Incentive Program – Rebate for Non-Registered Non-Resident Tour Operators Purchasing Accommodation*
GI-034 *Exports of Intangible Personal Property*

Technical Information Bulletins

- B-095 *Import Rules for Financial Institutions Under Section 217.1 and Dealings Between Permanent Establishments Under Section 220*

GST/HST Guides

- RC4022 *General Information for GST/HST Registrants (revised)*
RC4028 *GST/HST New Housing Rebate (revised)*
RC4034 *GST/HST Public Service Bodies Rebate*
RC4405 *GST/HST Rulings – Experts in GST/HST Legislation*
RC4420 *Information on CRA - Service Complaints, Includes Form RC193 Service Related Complaints Form*

GST/HST Notices

- Notice217 *Rainy River First Nations Settlement Agreement Remission Order*
Notice218 *Policy Statement P-212 is Obsolete*
Notice219 *Notice of Change – GST/HST Memoranda Series 4.3, Basic Groceries*

GST/HST Forms

- GST66 *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*
GST190 *New Housing Rebate Application for Houses Purchased from a Builder (revised)*
GST191 *New Housing Rebate Application for Owner-Built Houses (revised)*
GST531 *Return of self-assessment of the First Nations Goods and Services Tax (FNGST)*

Excise Duty Forms

- E146 *Amended Plans and Specifications*
Y15A(07) *Request to Laboratory and Scientific Services Directorate – Alcohol and Tobacco Section*

B270 *Excise Duty Return – Non-Licensee*

Excise Taxes and Special Levies Notices

ETSL63 *For Discussion Purposes Only - Draft form E638A, Statement of Availability or Declination from Authorized Insurers - 10% Tax on Insurance Premiums (Part 1 of the Excise Tax Act)*

ETSL64 *Imposition of Excise Tax on Fuel-Inefficient Vehicles*

ETSL65 *Notice to all Tax Practitioners, Licensed Manufacturers and Wholesalers, Fuel Distributors and Filers of End-User Refunds under the Excise Tax Act – Statutory End-User Refund Program and Elimination of Excise Tax Exemption for Renewable Fuels*

Softwood Lumber Products Export Charge Notices

SWLN3 *Notice to Exporters - Calculation of Export Price*

Softwood Lumber Products Export Charge Forms

B275 *Softwood Lumber Products Export Charge Return*

All GST/HST, Excise Duty, and Excise Taxes and Special Levies publications can be found on the CRA Web site at: www.cra-arc.gc.ca/tax/technical/menu-e.html

GST/HST Enquiries

To make enquiries regarding your GST/HST account, call Business Enquiries at 1-800-959-5525

To make enquiries regarding the status of specific GST/HST domestic rebate claims, call
1-800-565-9353

To make enquiries regarding the status of visitor rebate claims, call 1-800-668-4748

To obtain copies of forms and publications, call 1-800-959-2221

If your business is located in Quebec please call the following toll-free number:
1-800-567-4692 ([Revenu Québec](#))

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