

Election for Nil Consideration

Section 156 of the *Excise Tax Act* (the Act) provides an election that permits corporations and Canadian partnerships (as defined in that section), to treat certain taxable supplies between them as having been made for no consideration, if the requirements for the election are satisfied. The effect is that these corporations or partnerships do not need to account for otherwise fully recoverable GST/HST on the supplies.

This memorandum examines the requirements of the election and the terms set out in section 156 as well as the rules for determining if Canadian partnerships and corporations are closely related for purposes of this election. It also examines the special provision in section 156 that allows a corporation, which exists to receive a transfer of property from an existing corporation as part of a transaction that meets the requirements of paragraph 55(3)(b) of the *Income Tax Act* (a “butterfly” transaction), to be a party to the election if the corporations satisfy certain requirements.

Disclaimer:

The information in this memorandum does not replace the law found in the *Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any Canada Revenue Agency GST/HST rulings office for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation* explains how to obtain a ruling and lists the GST/HST rulings offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec Web site to obtain general information.

Note:

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 15% in Nova Scotia, and 12% in British Columbia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.

Effective April 1, 2013, the 12% HST in British Columbia will be replaced by the 5% GST and a provincial sales tax. It is also proposed that, effective April 1, 2013, the provincial sales tax and the 5% GST currently in effect in Prince Edward Island will be replaced by a 14% HST.

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La version française de la présente publication est intitulée *Choix visant les fournitures sans contrepartie*.



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Nature of the election

ss 156(2)

1. Where a person that satisfies the requirements set out in section 156 for being a specified member of a qualifying group elects jointly with another specified member of the group, every taxable supply, with certain exceptions, made between those two members at a time when the election is in effect is deemed to have been made for no consideration. As a result, there is no GST/HST payable in respect of these taxable supplies while this joint election is in effect.

Eligibility

2. A person making the election under section 156 must be a specified member of a qualifying group. A specified member of a qualifying group is either a qualifying member or a temporary member. Each of these terms are defined in section 156 and are discussed below.

Specified member

3. A “specified member” of a qualifying group means

- (a) a qualifying member of the group; or
- (b) a temporary member of the group during the course of the reorganization referred to in paragraph (f) of the definition of “temporary member”. (This reference in paragraph (f) is to a reorganization under the *Income Tax Act* (the ITA), commonly known as a butterfly transaction. For more information, see paragraphs 10 to 13.)

Qualifying group

4. A “qualifying group” means

- (a) a group of corporations, each member of which is closely related, within the meaning assigned by section 128, to each other member of the group; or
- (b) a group of Canadian partnerships, or of Canadian partnerships and corporations, each member of which is closely related, within the meaning of section 156, to each other member of the group.

5. The rules for determining if corporations are closely related under section 128 are discussed in GST/HST Memorandum 17.14, *Election for Exempt Supplies*.

Canadian partnership

6. A Canadian partnership is defined as a partnership each member of which is a corporation or partnership and is resident in Canada. If a member of a partnership is an individual or an entity other than a corporation or partnership, the partnership does not satisfy the definition of “Canadian partnership” and is not eligible to make the election.

7. The rules for determining if a group of Canadian partnerships or a group of Canadian partnerships and corporations are closely related are discussed starting at paragraph 19.

Qualifying member

8. A “qualifying member” of a qualifying group means a registrant that is a corporation resident in Canada or a Canadian partnership and that meets the following conditions:

- (a) the registrant is a member of the group;
- (b) the registrant is not a party to an election under subsection 150(1); and
- (c) the registrant last manufactured, produced, acquired or imported all or substantially all of its property (other than financial instruments) for consumption, use or supply exclusively in the course of commercial activities of the registrant or, if the registrant has no property (other than financial instruments), all or substantially all of the supplies made by the registrant are taxable supplies.

9. Entities other than corporations or Canadian partnerships such as trusts or individuals cannot be qualifying members and, consequently, are not eligible to elect under section 156.

Example 1

OpCo and NewCo are closely related corporations that are resident in Canada. OpCo is a registrant and substantially all of its property was acquired for consumption, use or supply exclusively in commercial activities. NewCo performs activities in connection with the establishment of the commercial activity that it plans to carry on and therefore becomes a registrant. NewCo acquires electronic equipment for carrying out start-up activities before acquiring certain operating assets from OpCo that will be used in its commercial activity. NewCo and OpCo are not party to an election under section 150 and want to elect under section 156 so that the transfer of these operating assets to NewCo would be deemed to be made for no consideration. The electronic equipment is all or substantially all of the property of the NewCo. This equipment satisfies the “property test” set out in paragraph 156(1)(c) of the definition of “qualifying member”. Consequently, NewCo and OpCo satisfy the requirements for electing under section 156.

Temporary member

10. A specified member also means a “temporary member”. A temporary member is a corporation that exists to receive a supply of property that is made in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the ITA (a butterfly transaction) by a distributing corporation referred to in that subparagraph and that meets certain other conditions.

11. To qualify as a temporary member, a corporation must be resident in Canada and a registrant. A corporation that satisfies the definition of “temporary member” except for the registration requirement is permitted to register under the provisions of paragraph 240(3)(f).

12. To qualify as a temporary member, the corporation must also be a member of the same qualifying group as the distributing corporation. In addition, the corporation cannot be a party to an election made under subsection 150(1) and, prior to receiving the supply, must not have had any business activities or owned any property other than financial instruments. If a corporation meets the requirement of being a qualifying member (as explained in paragraphs 8 and 9), it cannot also be a temporary member. Finally, shares of the corporation must be transferred on the distribution.

Distribution

13. A “distribution” is defined to have the meaning assigned by subsection 55(1) of the ITA.

Resident in Canada

14. As noted above, the corporation or Canadian partnership making the election must be resident in Canada. This residency requirement is set out in the definitions of “Canadian partnership” and “qualifying member” as explained in paragraphs 6 and 8.

15. Section 132 sets out provisions that deem certain persons to be resident in Canada for purposes of the GST/HST. Under paragraph 132(1)(a), any corporation incorporated or continued in Canada and not continued elsewhere is deemed to be resident in Canada.

16. Under paragraph 132(1)(b), a partnership is deemed to be resident in Canada at any time if the member of the partnership, or a majority of the members, having management and control of the partnership is or are resident in Canada at that time.

Permanent establishment

17. Subsection 132(2) provides that where a non-resident person has a permanent establishment in Canada, the person is deemed to be resident in Canada in respect of, but only in respect of, activities of the person carried on through that establishment. A non-resident corporation or partnership with a permanent establishment in Canada does not meet the residency requirement of the election under section 156 since the corporation or partnership itself must be resident in Canada to make the election.

18. Further information on determining if a person is resident in Canada is available in GST/HST Memorandum 3.4, *Residence*.

Closely related Canadian partnerships

19. A group of Canadian partnerships, or of Canadian partnerships and corporations, form a qualifying group if each member of the group is closely related to each other member of the group according to the provisions set out in subsection 156(1.1).

20. Under paragraph 156(1.1)(a), for the purposes of this election, a particular Canadian partnership and another person that is a Canadian partnership are closely related to each other at any time if, at that time,

- (i) all or substantially all of the interest in the other partnership is held by
 - (A) the particular partnership [*example 2*],
 - (B) a corporation, or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member [*example 3*], or
 - (C) any combination of corporations or partnerships referred to in clauses (A) and (B) [*example 4*], or
- (ii) the particular partnership
 - (A) owns at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the other partnership is a member [*example 5*], or
 - (B) holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the other partnership is a member.

Interest in a partnership
ss 156(1.3)

21. For the purposes of section 156, a person, or a group of persons, holds, at any time, all or substantially all of the interest in a partnership only if, at that time,

- (a) the person, or every person in the group of persons, is a member of the partnership; and
- (b) the person, or the members of the group collectively, as the case may be, is or are
 - (i) entitled to receive at least 90% of
 - (A) if the partnership had income for the last fiscal period (within the meaning of the ITA) of the partnership that ended before that time (or, if the partnership's first fiscal period includes that time, for that period), the total of all amounts each of which is the share of that income from all sources that each member of the partnership is entitled to receive, or
 - (B) if the partnership had no income for the last fiscal period or the first fiscal period referred to in clause 156(1.3)(b)(i)(A), as the case may be, the total of all amounts each of which is the share of the income of the partnership that each member of the partnership would be entitled to receive if the income of the partnership from each source were one dollar,
 - (ii) entitled to receive at least 90% of the total amount that would be paid to all members of the partnership (otherwise than as a share of any income of the partnership) if it were wound up at that time, and
 - (iii) able to direct the business and affairs of the partnership or would be so able if no secured creditor had any security interest in an interest in, or the property of, the partnership.

22. The income entitlement part of the preceding tests recognizes the fact that a partnership can have a different income sharing arrangement for each source of income of the partnership.

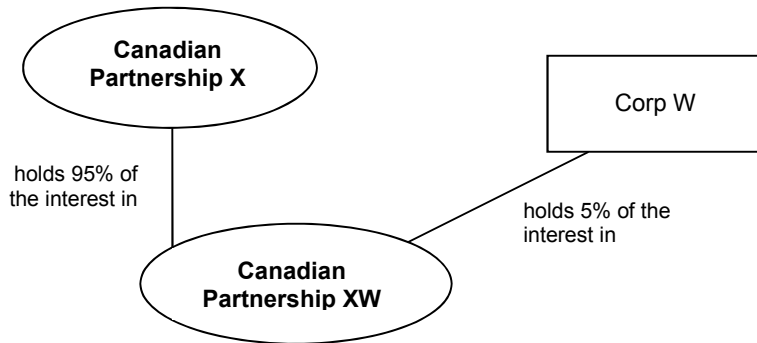
23. Even though a secured creditor (e.g. a bank) holds a security interest in either the property of the partnership or an interest in the partnership and thus may be able to direct to some extent the business and affairs of the partnership, subparagraph 156(1.3)(b)(iii) applies the control test assuming no secured creditor of the partnership has such a security interest.

Examples of closely related Canadian partnerships

24. In the following examples, it is assumed that references to interests in a partnership that are at least 90% are references to partnership interests that satisfy the meaning of "holding all or substantially all of the interest in a partnership" as set out in subsection 156(1.3). As well, references to holding a percentage of shares of a corporation are references to holding a percentage of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation.

Example 2 – clause 156(1.1)(a)(i)(A)

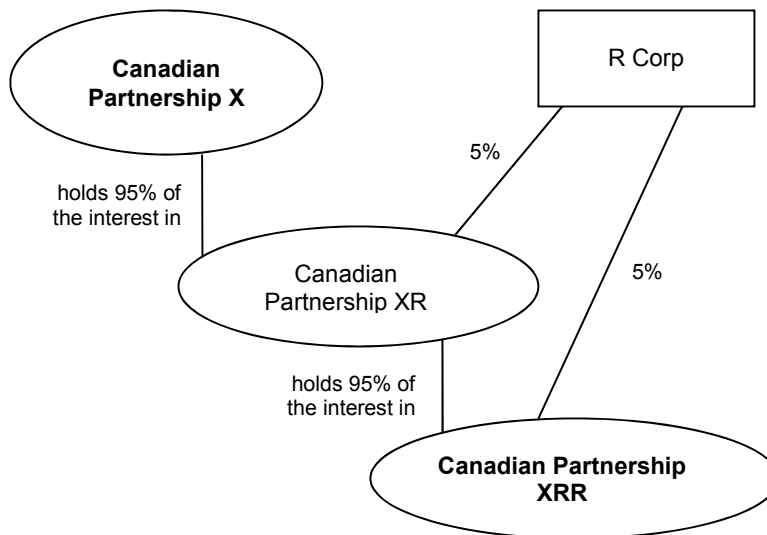
Canadian Partnership X and Canadian Partnership XW are closely related under clause 156(1.1)(a)(i)(A) because Canadian Partnership X holds 95% of the interest in Canadian Partnership XW. Consequently, since Canadian Partnership X and Canadian Partnership XW are closely related to each other, they form a qualifying group.



Example 3 – clause 156(1.1)(a)(i)(B)

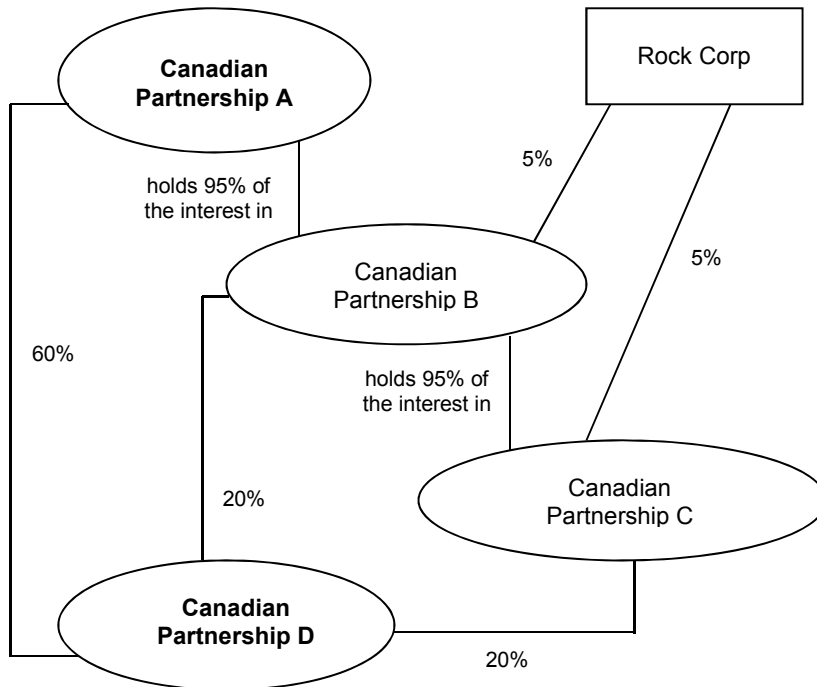
Canadian Partnership X (the particular partnership) and Canadian Partnership XRR (the other partnership) are closely related under clause 156(1.1)(a)(i)(B) because

- Canadian Partnership X holds all or substantially all of the interest in Canadian Partnership XR (thus these two Canadian partnerships form a qualifying group under paragraph (b) of the definition of qualifying group), and
- Canadian Partnership XR holds 95% of Canadian Partnership XRR which makes Canadian Partnership XRR a member of a qualifying group of which Canadian Partnership X is a member. (Consequently, under paragraph (b) of the definition of “qualifying group”, Canadian Partnerships X, XR and XRR constitute a qualifying group.)



Example 4 – clause 156(1.1)(a)(i)(C)

Canadian Partnership A holds 60% of the interest in Canadian Partnership D and 95% interest in Canadian Partnership B. Canadian Partnership B holds 20% interest in Canadian Partnership D and 95% interest in Canadian Partnership C. Canadian Partnership C holds 20% interest in Canadian Partnership D.

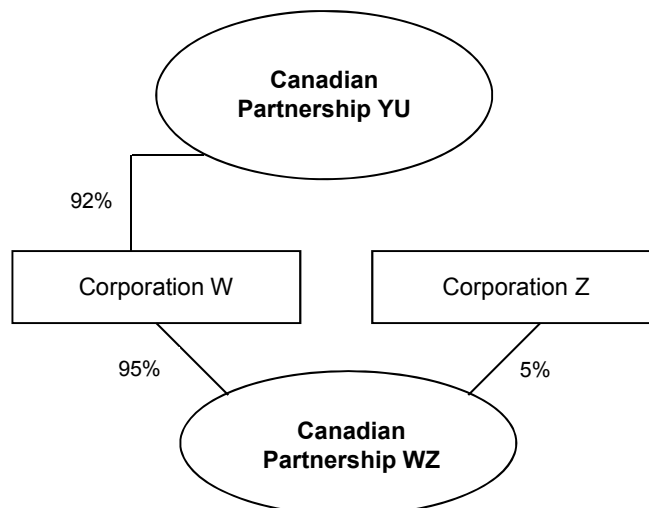


In the same manner as the partnerships in the previous example, Canadian Partnerships A, B and C are closely related and consequently, members of a qualifying group. In combination, these partnerships hold all of the interest in Canadian Partnership D.

Since Canadian Partnership A is a member of a qualifying group which, together with the other members of the group, owns all or substantially all of the interest in Canadian Partnership D, Canadian Partnerships A and D are closely related under clause 156(1.1)(a)(i)(C). In the same manner, Canadian Partnerships B and C are closely related to Canadian Partnership D.

Example 5 – clause 156(1.1)(a)(ii)(A)

Canadian Partnership YU holds 92% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of Corporation W. Corporation W holds 95% of the interest in Canadian Partnership WZ.



Under the provisions of clause 156(1.1)(b)(i)(A), Corporation W and Canadian Partnership WZ are closely related. Consequently, they form a qualifying group. Since Canadian Partnership YU holds at least 90% of the required shares of the capital stock of Corporation W, Canadian Partnership YU is closely related to Canadian Partnership WZ under clause 156(1.1)(a)(ii)(A) because Corporation W is a member of a qualifying group of which Canadian Partnership WZ is a member.

Closely related Canadian partnerships and corporations

25. Under paragraph 156(1.1)(b), for the purposes of the election under section 156, a particular Canadian partnership and another person that is a corporation are closely related to each other at any time if, at that time:

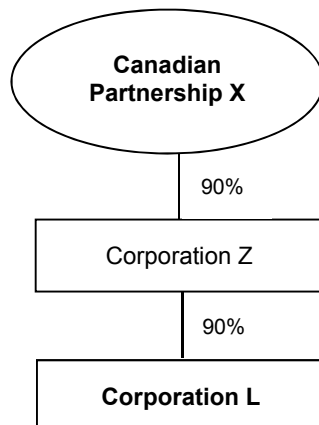
- (i) not less than 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of the corporation are owned by
 - (A) the particular partnership,
 - (B) a corporation, or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member [*example 6*], or
 - (C) any combination of corporations or partnerships referred to in clauses (A) and (B) [*example 7*].
- (ii) not less than 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation are owned by
 - (A) if the corporation is a member of a qualifying group of which the particular partnership is a member, the other person, and
 - (B) if the corporation is a member of a qualifying group of which the other person is a member, the particular partnership.
- (iii) all or substantially all of the interest in the particular partnership is held by
 - (A) the other person,
 - (B) a corporation, or a Canadian partnership, that is a member of a qualifying group of which the other person is a member, or
 - (C) any combination of corporations or partnerships referred to in clauses (A) and (B) [*examples 8 and 9*]; or
- (iv) all or substantially all of the interest in the Canadian partnership is held by
 - (A) if the Canadian partnership is a member of a qualifying group of which the particular partnership is a member, the other person, and
 - (B) if the Canadian partnership is a member of a qualifying group of which the other person is a member, the particular partnership.

Examples of closely related Canadian partnerships and corporations

26. In the following examples, it is assumed that references to interest in a partnership that are at least 90% are references to partnership interests that satisfy the meaning of “holding all or substantially all of the interest in a partnership” as set out in subsection 156(1.3). As well, references to holding a percentage of shares of a corporation are references to holding a percentage of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation.

Example 6 – clause 156(1.1)(b)(i)(B)

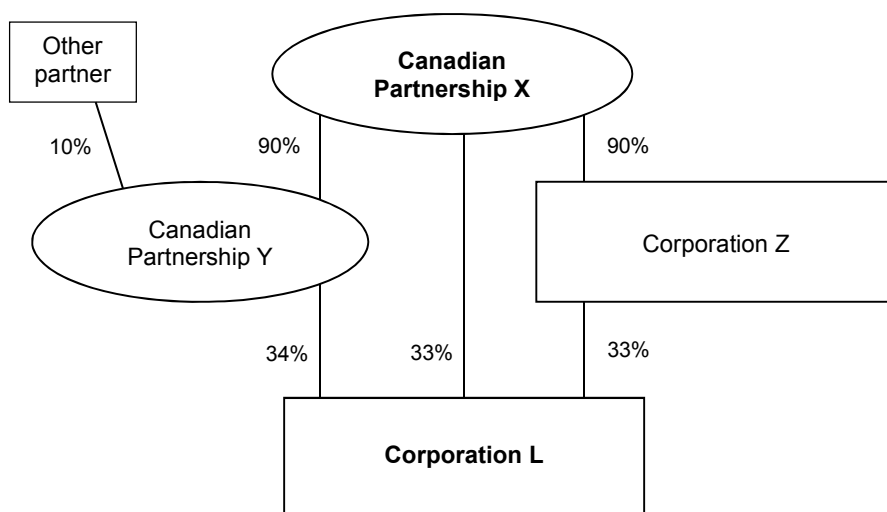
Canadian partnership X holds 90% of the shares of Corporation Z. Corporation Z holds 90% of the shares of Corporation L.



Canadian Partnership X is closely related to Corporation L since Canadian Partnership X and Corporation Z form a closely related group under clause 156(1.1)(b)(i)(A). Consequently, since 90% of the required shares of Corporation L are held by a corporation that is a member of a qualifying group of which Canadian Partnership X is a member, Canadian Partnership X and Corporation L are closely related under clause 156(1.1)(b)(i)(B) and form a qualifying group with Corporation Z.

Example 7 – clause 156(1.1)(b)(i)(C)

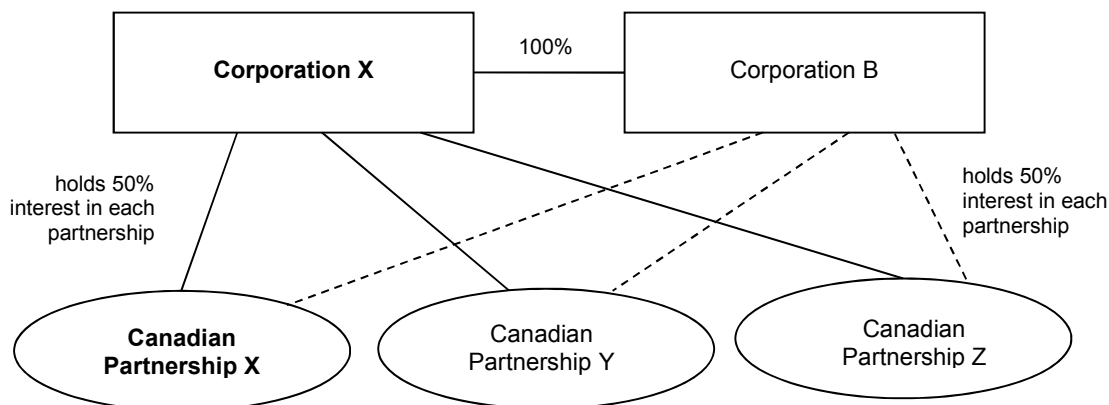
Canadian Partnership X holds 90% of the partnership interest in Canadian Partnership Y and 90% of the shares in Corporation Z. Canadian Partnerships X and Y along with Corporation Z form a qualifying group. Canadian Partnership X and Corporation Z each hold 33% of the shares in Corporation L. Canadian Partnership Y holds 34% of the shares in Corporation L.



Canadian Partnership X (the particular partnership) and Corporation L are closely related under clause 156(1.1)(b)(i)(C) because the required shares of Corporation L are held by a combination of corporations and Canadian partnerships referred to in clauses 156(1.1)(b)(i)(A) and 156(1.1)(b)(i)(B) (i.e. by members of a qualifying group of which Canadian Partnership X is a member). In the same manner, Canadian Partnership Y is closely related to Corporation L. Since Corporation Z and Corporation L are both closely related to Canadian Partnership X, they are closely related to each other. (See paragraph 27.)

Example 8 – clause 156(1.1)(b)(iii)(C)

Corporation X owns 100% of Corporation B. Corporation X also holds 50% of the interest in each of Canadian Partnerships X, Y and Z. Corporation B holds the other 50% interest in each of the partnerships.



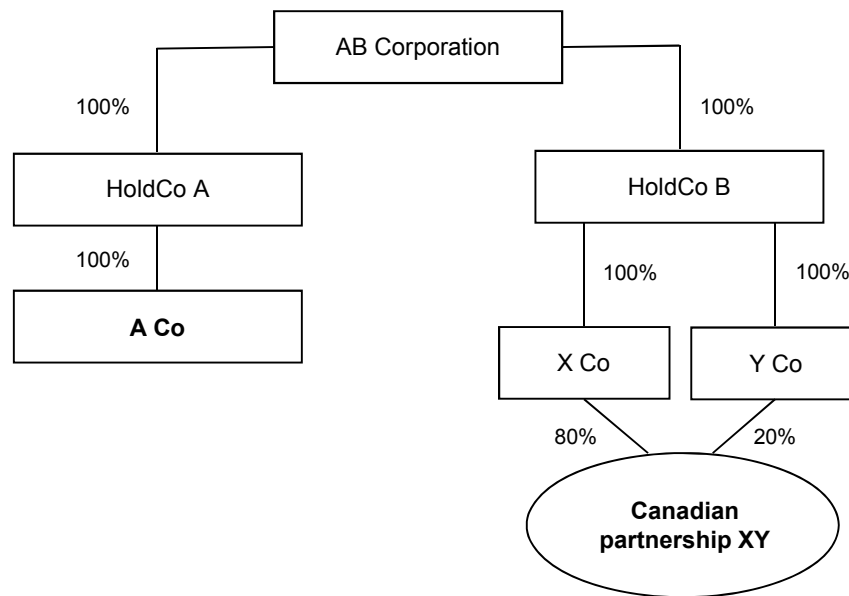
Since Corporation X holds 100% of Corporation B, Corporation X and Corporation B are closely related under subparagraph 128(1)(a)(i). Consequently, Corporation X and Corporation B form a qualifying group.

Corporation X and Corporation B together hold all of the interest in each of the partnerships.

A Canadian partnership (e.g. Partnership X) and another person that is a corporation (e.g. Corporation X) are closely related under the provisions of clause 156(1.1)(b)(iii)(C) if all or substantially all of the interest in the partnership is held by a combination of persons mentioned in clauses 156(1.1)(b)(iii)(A) and 156(1.1)(b)(iii)(B). Clause (A) refers to the “other person” (i.e. Corporation X) while clause (B) refers to a corporation or partnership that is a member of a qualifying group of which Corporation X is a member. Since Corporation B is a member of a qualifying group of which Corporation X is a member and Corporation X and Corporation B together hold all of the interest in Canadian Partnership X, Canadian Partnership X and Corporation X are closely related under the provisions of clause 156(1.1)(b)(iii)(C).

Example 9 – clause 156(1.1)(b)(iii)(C)

AB Corporation owns 100% of the shares of HoldCo A and HoldCo B. HoldCo A owns 100% of the shares of A Co. HoldCo B owns 100% of the shares of X Co and Y Co. These latter two corporations form Canadian Partnership XY, in which X Co holds 80% of the partnership interest and Y Co holds 20%.



In this structure, the corporations form a qualifying group since they are all closely related to each other under the provisions of section 128. A Canadian partnership (e.g. Canadian partnership XY) and another person that is a corporation (e.g. A Co) are closely related under the provisions of clause 156(1.1)(b)(iii)(C) if all or substantially all of the interest in the partnership is held by a combination of persons mentioned in clauses 156(1.1)(b)(iii)(A) and 156(1.1)(b)(iii)(B). Clause 156(1.1)(b)(iii)(B) refers to a corporation, or a Canadian partnership, that is a member of a qualifying group of which the other person is a member. Since all of the interest in Canadian Partnership XY is held by a combination of corporations (X Co and Y Co) that are members of a qualifying group, of which A Co is a member, Canadian Partnership XY is closely related to A Co (as well as to the other corporations that are a members of the qualifying group).

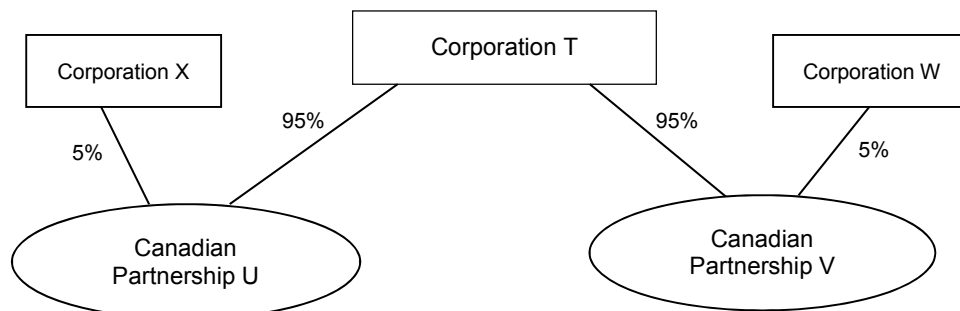
Persons closely related to the same person

ss 156(1.2)

27. Where two persons are each closely related under subsection 156(1.1) to the same corporation or partnership, or they would be so related to that partnership if each member of that partnership were resident in Canada, they are closely related to each other for the purposes of the election under section 156.

Example 10

Corporation T also holds 95% of the interest in each of Canadian Partnerships U and V.



Since 95% of the interest in Canadian Partnership U is held by Corporation T, Canadian Partnership U is closely related to Corporation T under the provisions of clause 156(1.1)(b)(iii)(A). Under the same provision, Canadian Partnership V is also closely related to Corporation T. Consequently, the two Canadian partnerships are closely related to each other under subsection 156(1.2) because they are each closely related to Corporation T.

Exclusions from the election

ss 156(2.1)

28. This election does not apply to:

- (a) a supply by way of sale of real property;
- (b) a supply of property, or of a service, that is not acquired by the recipient for consumption, use or supply exclusively in the course of commercial activities of the recipient; or
- (c) a supply that is not a supply of property made in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the ITA (a butterfly transaction), if the recipient of the supply is a temporary member.

29. A supply by way of sale of real property and a supply of property that is not acquired by the recipient for consumption, use or supply exclusively in the course of commercial activities of the recipient continue to be excluded from the election even if they are part of supplies to a temporary member as part of a butterfly reorganization.

Example 11

Corporation XX enters into a plan of reorganization described in subparagraph 55(3)(b)(i) of the ITA (a butterfly transaction). As part of this reorganization, another corporation satisfies the requirements for being a temporary member as set out in section 156. An election under section 156 is made between Corporation XX and the temporary member and property, including real property, is transferred from Corporation XX to the temporary member. Since transfers of real property by way of sale are excluded from the application of section 156, the election does not apply to the supply of real property.

Input tax credits

30. The election has no effect on the ability of the electing specified members to claim input tax credits (ITCs) in accordance with the general rules found in sections 169 and 141.01. In this regard, subsection 141.01(7) ensures that any provision deeming a supply to be made for no consideration does not apply for the purposes of determining the extent to which inputs used in making the supply are acquired, imported, used or consumed by the person for the purpose of making taxable supplies for consideration in the course of an endeavour of the person.

Example 12

Equipment Co. and Production Co. satisfy the requirements for making an election under section 156. Equipment Co. supplies equipment (some by way of lease and some by way of sale) to Production Co. which uses this equipment exclusively in the course of its commercial activities. While an election is in effect between these two corporations, no GST/HST applies to these supplies of equipment. ITCs in respect of inputs to making these supplies are available to Equipment Co. provided the other requirements for claiming an ITC are satisfied.

Election procedures

ss 156(4)

31. The election must be made jointly by the specified members of the qualifying group who are parties to the election by completing Form GST25, *Closely Related Corporations and Canadian Partnerships – Election or Revocation of the Election to Treat Certain Taxable Supplies as having been made for Nil Consideration* and specifying the day on which the election becomes effective. Registrants are not required to file Form GST25 with the CRA, but must retain a copy of the completed election form with their books and records.

32. If the parties have conducted themselves as if an election were in place and all conditions for making the election were met during the period since the effective date, specified members may make the election with an effective date prior to the date of signing the election form.

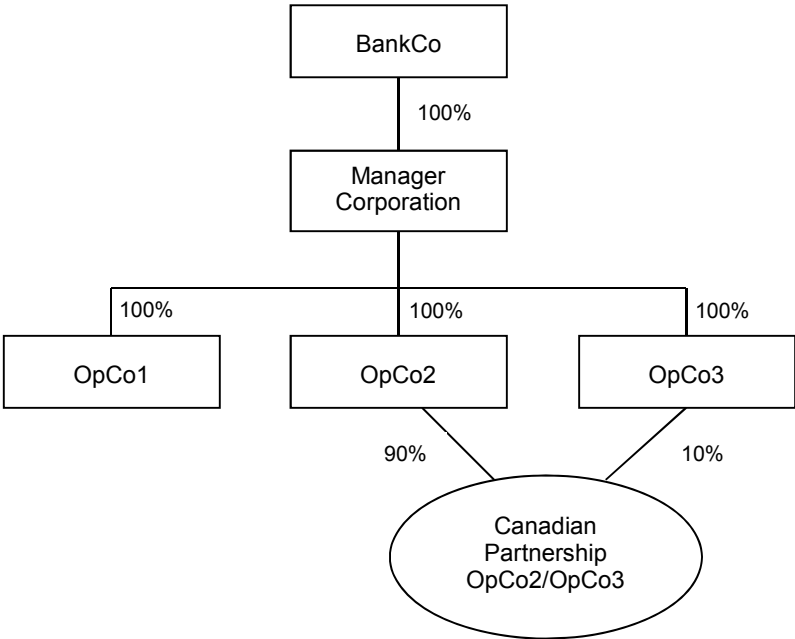
Ceasing the election

ss 156(3)

33. An election between specified members who have jointly elected under section 156 ceases to be in effect on the day on which the election is revoked jointly by those members. The election is revoked using Form GST25. The election between a particular member of a qualifying group and another member of the group also ceases to be in effect on the day when one of them no longer qualifies as a specified member of the group.

Example 13

BankCo holds 100% of the issued and outstanding shares of the capital stock having full voting rights under all circumstances of Manager Corporation, which in turn holds 100% of the capital stock of OpCo1, OpCo2 and OpCo3. OpCo2 also holds 90% of the interest in Canadian Partnership OpCo2/OpCo3.



Valid section 156 elections exist between Manager Corporation and each of the OpCos as well as with the Canadian Partnership.

Bank Co and Manager Corporation enter into a section 150 election. Although Manager Corporation continues to be a member of the qualifying group, it ceases to qualify as a specified member of the group on the day the election under section 150 becomes effective. Consequently, the section 156 election that Manager Corporation has with any other person ceases on that day.

Amalgamations and windings-up

Amalgamations 271

34. Where two or more corporations (the predecessors) amalgamate to form a new corporation, (otherwise than by purchasing the property of the other corporation or acquiring the property of the other corporation through a winding-up), the resulting corporation is generally deemed for the purposes of the GST/HST to be a separate person from each of the predecessors. However, in certain circumstances, the new corporation is deemed under paragraph 271(b) to be the same corporation as, and a continuation of, each predecessor. The *Amalgamations and Winding-up Continuation (GST/HST) Regulations* list the sections of the Act for which the new corporation is prescribed to be the same corporation as, and a continuation of, each predecessor. Section 156 is one of the prescribed sections. Consequently, any election under section 156 that was entered into by a predecessor corporation remains in effect as long as the corporation resulting from the amalgamation satisfies the requirements for being a specified member, i.e. a qualifying member of a qualifying group.

Example 14

ParentCo has a valid section 156 election with its subsidiary, SubCo. Corporation X is also a registrant and resident in Canada and is not party to a section 150 election. All or substantially all of the property of Corporation X is property that was acquired for consumption, use or supply exclusively in the course of Corporation X's commercial activities. ParentCo amalgamates with Corporation X to form Amalco. Since section 156 is included in the *Amalgamations and Winding-up Continuation (GST/HST) Regulations*, the section 156 election that existed between ParentCo and SubCo also exists between Amalco and SubCo as long as Amalco and SubCo continue to meet the requirements for being specified members of the group.

Winding-ups 272

35. Where a corporation (the subsidiary) is wound up into another corporation (the parent) that owns at least 90% of the issued shares of each class of the capital stock of the wound-up corporation, the parent corporation is deemed to be the same corporation as, and a continuation of, the subsidiary corporation for certain purposes under the GST/HST. The *Amalgamations and Windings-Up Continuation (GST/HST) Regulations* list the sections of the Act for which the parent corporation is prescribed to be the same corporation as, and a continuation of, the subsidiary. Section 156 is one of the prescribed sections. Consequently, where a subsidiary corporation had a valid section 156 election with another corporation, and the subsidiary is wound-up into its parent corporation, the section 156 election will continue to exist between the parent corporation and the other corporation that was party to the election with the subsidiary, as long as the requirements for a section 156 election are met by the parent corporation and the other corporation.

Enquiries by telephone

Technical enquiries on the GST/HST:	1-800-959-8287
General enquiries on the GST/HST:	1-800-959-5525 (Business Enquiries)
If you are located in Quebec:	1-800-567-4692 (Revenu Québec)

All technical publications on GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthsttech.