Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax, Excise Levies and Other Taxes and Charges

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Preface

These explanatory notes describe proposed amendments to the *Excise Tax Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, the *Select Luxury Items Tax Act* and related regulations. These explanatory notes describe these proposed amendments, clause by clause, for the assistance of Members of Parliament, taxpayers and their professional advisors.

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These notes are intended for information purposes only and should not be construed as an official interpretation of the provisions they describe.

Table of Contents

Part 1 – Draft Amendments to the Excise Tax Act

Clause 1
Definitions
ETA
123(1)

Subsection 123(1) of the *Excise Tax Act* (the Act) contains definitions that are used throughout Part IX of the Act.

Subsection 123(1) is amended by amending the definition "virtual payment instrument" and by adding the definition "reverse charge supplies".

Subclause 1(1)
Definition "virtual payment instrument"
ETA
123(1)

The definition "virtual payment instrument" in subsection 123(1) of the Act means property (as defined in this subsection and, as a result, does not include money) that is a digital representation of value, that functions as a medium of exchange, that exists only at a digital address of a publicly distributed ledger (e.g., blockchain) and that is not described by any of paragraphs (a), (b) or (c) of the definition. Existing paragraph (a) describes property that confers a right of any kind to be exchanged or redeemed for money or specific services or property or to be converted into money or specific services or property (as those terms are defined in this subsection).

Paragraph (a) of the definition is amended so that it now describes property that confers a right of any kind to be exchanged or redeemed for, or to be converted into, specific services or property, other than financial instruments (as defined in this subsection). As a result, property that only confers a right to money and/or financial instruments, and to no other property or services, would not now be described by paragraph (a) and would not be excluded from the definition "virtual payment instrument" by paragraph (a).

The amendment to paragraph (a) is deemed to have come into force on May 18, 2019. However, the amendment does not apply to property that is supplied by a person if

- all of the consideration for the supply of the property became due or is paid on or before Announcement Date; and
- the person did on or before Announcement Date charge, collect or remit any amount as or on account of tax under Part IX of the Act in respect of the supply.

Subclause 1(2)
Definition "reverse charge supplies"
ETA
123(1)

Subsection 123(1) is also amended to add the new definition "reverse charge supplies", which is used in new subsections 170(3), 221(2.2), 223(1.4) and 228(5) of the Act and in amended subsection 261(2.1) of the Act.

The new definition "reverse charge supplies" describes a property or service that is subject to a reverse charge mechanism set out in the above subsections. The new definition means a service of providing, or a right of access to, capacity for the transmission of data, using Voice over Internet Protocol-based technology, for the purpose of enabling a voice communication service that involves one or more telephone numbers that conform to the North American Numbering Plan, or that provides access to the public switched telephone network. The new definition also includes prescribing powers which allow the Minister to exclude or include prescribed property or service by regulations. Currently, no property or service is proposed to be prescribed.

The new definition "reverse charge supplies" comes into force on the first day of the second month following the month of royal assent.

Clause 2
***Retail Payment Activities Act* trusts**
ETA
130.1

Existing section 130.1 of the Act contains a number of rules that apply to property subject to an arrangement governed by the laws of the province of Quebec for the purposes of applying Part IX of the Act.

Section 130.1 is amended to renumber it as subsection 130.1(1) and to add new subsection 130.1(2).

New subsection 130.1(2) provides that, if a trust is deemed not to be a trust at any time under paragraph 104(32)(a) of the *Income Tax Act*, then for the purposes of Part IX, the trust is deemed not to be a trust at that time.

Paragraph 104(32)(a) of the *Income Tax Act* generally provides that, if a trust is a *Retail Payment Activities Act* trust as described in subsection 104(33) of that Act at all times during which the trust existed in a taxation year, then the trust is deemed not to be a trust for the taxation year for purposes of that Act.

Subsection 104(33) of the *Income Tax Act* generally provides that a trust is a *Retail Payment*

Activities Act trust at a particular time if

- the trust is established and operated by a payment services provider (as defined in the *Retail Payment Activities Act*), or by an entity on behalf of a payment services provider;
- the payment service provider is registered, or has applied for registration, with the Bank of Canada under the *Retail Payment Activities Act*; and
- the trust satisfies paragraph 20(1)(a) of the *Retail Payment Activities Act*.

The amendments to section 130.1 are deemed to have come into force on September 8, 2025.

Clause 3
Definitions
ETA
156(1)

Section 156 of the Act allows certain members of a qualifying group of corporations and/or Canadian partnerships to elect to treat certain supplies between them as having been made for nil consideration.

Subparagraphs (c)(i) to (iii) of the definition "qualifying member" and subparagraphs (f)(ii) and (iii) of the definition "temporary member" in subsection 156(1) are amended to improve drafting precision and remove potential ambiguity. The expression "financial instruments and property having a nominal value" is replaced by the expression "property having a nominal value and financial instruments".

These amendments come into force on royal assent.

Clause 4
Meaning of "feed"
ETA
164.1(1)

Section 164.1 of the Act, in combination with section 2.1 of Part IV of Schedule VI to the Act, results in the zero-rating of that portion of a feedlot's charge for service that is reasonably attributable to feed for zero-rated livestock. This is to parallel the tax-free treatment under that Schedule of certain livestock feed when sold separately. The feed that qualifies for this treatment under the Schedule is described in the *Agriculture and Fishing Property (GST/HST) Regulations* (the Regulations).

Paragraph 164.1(1)(b) is amended to parallel the proposed amendments to paragraph 1(2)(a) of the Schedule to the Regulations. The paragraph is amended to remove the terms macro-premix and micro-premix and to add the terms premix and specialty feed. The updated terminology is consequential to the repeal of the *Feeds Regulations, 1983* and the introduction of the *Feeds Regulations, 2024*.

Paragraph 164.1(1)(c) is amended to parallel the proposed amendments to subsection 1(3) of the Schedule to the Regulations. The paragraph is amended to clarify that the definition of feed under section 164.1 includes fungus products supplied in bulk quantities of at least 20 kg that would be zero-rated supplies included in Part IV of Schedule VI.

The amendment to paragraph 164.1(1)(b) is deemed to come into force on June 17, 2024, which is the date that the *Feeds Regulations, 2024* came into force. The amendment to paragraph 164.1(1)(c) is deemed to have come into force on the day after Announcement Date.

Clause 5
Retention of consideration
ETA
168(7)

Subsection 168(7) of the Act sets out a special exemption to the timing of the GST liability rules for “holdbacks” that meet certain conditions. The subsection is amended to correct a technical error.

This amendment comes into force on royal assent.

Clause 6
Restriction – reverse charge supplies
ETA
170(3)

Section 170 of the Act sets out limits on input tax credits that may be claimed in certain circumstances.

New subsection 170(3) provides that no input tax credit may be claimed by a registrant in respect of the tax payable in respect of reverse charge supplies acquired by the registrant unless the registrant is registered under Subdivision D of Division V of Part IX of the Act at the time the tax becomes payable or is paid without having become payable.

New subsection 170(3) comes into force on the first day of the second month following the month of royal assent.

Clause 7
Direct sellers
ETA
178.3(2)

Section 178.3(2) of the Act sets out rules in respect of the supply of an exclusive product of a direct seller by certain independent sales contractors. The subsection is amended to correct a technical error.

This amendment comes into force on royal assent.

Clause 8
Collection of tax
ETA
221(2.1) and (2.2)

Section 221 of the Act provides that, in general, every person who makes a taxable supply shall collect the tax payable in respect of the taxable supply as agent of the Crown. Existing subsections 221(2) to (3.1) set out exceptions to that general rule.

Section 221 is amended by amending existing subsection 221(2.1) and by adding new subsection 221(2.2), which introduces another exception to the general rule.

Subsection 221(2.1) of the Act provides that a supplier (other than a prescribed supplier) is not responsible for collecting tax in respect of a taxable supply of an emission allowance. Subsection 221(2.1) is amended to add a reference to a property or service that is prescribed for the purposes of subsection 228(4) of the Act (see commentary below on subsection 228(4) for more details). Currently, no property or service is proposed to be prescribed.

New subsection 221(2.2) of the Act provides that a supplier (other than a prescribed supplier) is not responsible for collecting tax in respect of a taxable supply of reverse charge supplies (as newly defined in subsection 123(1) of the Act) provided that the recipient is registered under Subdivision D of Division V of Part IX of the Act at the time the tax becomes payable or is paid without having become payable.

Where new subsection 221(2.2) applies, the recipient is required to account for the tax but may not have any amount to remit in respect of the reverse charge supplies since the recipient may be entitled to claim an offsetting input tax credit.

The amendments to section 221 come into force on the first day of the second month following the month of royal assent.

Clause 9
Disclosure of tax – reverse charge supplies
ETA
223(1.4)

Existing section 223 of the Act sets out the general tax disclosure requirements with which all registrants must comply when making taxable supplies.

New subsection 223(1.4) provides that a registrant that is not required to collect the tax in respect of a taxable supply of reverse charge supplies is required to indicate to the recipient, either in prescribed manned or in the invoice or receipt issued to, or in an agreement in writing entered into with, the recipient in respect of the taxable supply, the consideration paid or payable for the taxable supply and that the tax payable in respect of the taxable supply is to be paid by the recipient.

New subsection 223(1.4) comes into force on the first day of the second month following the month of royal assent.

Clause 10
Calculation of net tax
ETA
228

Section 228 of the Act deals with the requirement to calculate net tax in a return. In addition, this section deals with remittances and refunds of net tax.

Section 228 is amended by amending existing subsection 228(4) and by adding new subsection 228(5).

Subclause 10(1)
Real property and emission allowance – self-assessment
ETA
228(4)

Existing subsection 228(4) of the Act deals with tax payable under Division II of Part IX of the Act in respect of the supply of real property or an emission allowance made by a person that, under subsections 221(2) and (2.1) of the Act, is not required to collect tax on the sale. In this case, the recipient is required to pay any tax payable in respect of the supply directly to the Receiver General – not to the supplier of the real property or emission allowance – and to report that tax in a return filed by the recipient.

Subsection 228(4) is amended to add a reference to a prescribed property or service. Currently, no property or service is proposed to be prescribed.

This amendment comes into force on the first day of the second month following the month of royal assent.

Subclause 10(2)
Reverse charge supplies – self-assessment
ETA
228(5)

New subsection 228(5) of the Act provides that if tax under Division II of Part IX of the Act is payable by a person in respect of a supply of reverse charge supplies (as newly defined in subsection 123(1) of the Act) and the supplier is not required to collect the tax, the person is required to pay the tax to the Receiver General and to report the tax in a return.

New subsection 228(5) comes into force on the first day of the second month following the month of royal assent.

Clause 11
Restriction – emission allowance and reverse charge supplies
ETA
261(2.1)

Subsection 261(2.1) of the Act provides for restrictions to the payment of a rebate under subsection 261(1) of the Act in respect of an amount paid in respect of a supply of an emission allowance.

Subsection 261(2.1) is amended to provide for a new restriction on the payment of a rebate under subsection 261(1) in respect of an amount paid in respect of a supply of reverse charge supplies (as newly defined in subsection 123(1) of the Act) or of or a supply of a property or service that is prescribed. As a result, a tax paid in error rebate will not be paid to a person in respect of an amount paid in respect of reverse charge supplies or a property or service that is prescribed unless the person paid the amount to the Receiver General or circumstances prescribed by regulation exist or conditions prescribed by regulation are met. Currently, no property or service and no circumstances or conditions are prescribed or proposed to be prescribed.

This amendment comes into force on the first day of the second month following the month in which the Act enacting this amendment receives royal assent.

Clause 12
Determination of tax consequences
ETA
274(5)

Subsection 274(5) of the Act sets out rules in respect of the tax consequences for circumstances in which the general anti-avoidance rule applies. The French version of the subsection is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Clause 13
Inadequate records
ETA
286(2)

Section 286 of the Act sets out rules in respect of the obligations to keep records under Part IX of the Act. The French version of the subsection 286(2) is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Clause 14
Disclosure of registration status
ETA
295(6.2)

Section 295 of the Act prohibits a government official from using or communicating any confidential information obtained in the administration of the GST/HST under Part IX of the Act, unless specifically authorized by one of the exceptions found in that section.

New subsection 295(6.2) provides that, on being provided by any person with a number, an official may provide to the person confidential information specifying whether or not the number is a business number described in paragraph (a) or (a.1) of the definition "business number" in subsection 295(1). If it is such a business number, the official may provide the person with the name of the holder of the business number (including any trade name or other name used by them), under which of either Subdivision E of Division II (i.e., electronic commerce) or Subdivision D of Division V of Part IX of the Act (i.e., registration other than electronic commerce) the business number was assigned, the effective date of the registration of the holder of the business number and, if the registration under the business number has been cancelled, the date on which the cancellation became effective.

New subsection 295(6.2) comes into force on royal assent.

Clause 15
Period for assessment
ETA
298(1)(b)

Existing section 298 of the Act sets out the limitation periods for assessments (including reassessments) under Part IX of the Act. Existing paragraph 298(1)(b) provides the limitation period in respect of assessments of tax payable under Division II of Part IX of the Act in respect of the supply of real property or an emission allowance made by a person that, under subsections 221(2) or (2.1) of the Act, is not required to collect tax on the supply.

Paragraph 298(1)(b) is amended to also apply to assessments of tax payable on a supply of reverse charge supplies made by a person that, under new subsections 221(2.2) of the Act, is not required to collect tax on the supply.

This amendment comes into force on the first day of the second month following the month in which the Act enacting this amendment receives royal assent.

Clause 16
Notice of decision
ETA
301(5)

Section 301 of the Act deals with objections and appeals to assessments under Part IX of the Act. Subsection 301(5) requires the Minister to notify a person objecting to an assessment of the Minister’s decision to reconsider or confirm the assessment through registered or certified mail.

Section 301(5) is amended to require the Minister to notify a person objecting to an assessment of the Minister’s decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 17
Extension of time by Minister
ETA
303(5) and (6)

Section 303 of the Act provides that a person that has not filed a notice of objection within the time for doing so may apply to the Minister for an extension of time.

Subclause 17(1)
Duties of Minister
ETA
303(5)

Subsection 303(5) of the Act applies when the Minister receives an application under subsection 303(1) made by a person to extend the time for filing a notice of objection. Subsection (5) requires that, on receipt of the application, the Minister shall, with all due dispatch, consider the application and grant or refuse it and notify the person of the Minister's decision through registered or certified mail.

Section 303(5) is amended to require the Minister to notify the person of the Minister's decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Subclause 17(2)
Date of objection if application granted
ETA
303(6)

Where a person's application to extend the time for filing a notice of objection or request is granted by the Minister, the English version of subsection 303(6) deems a notice of objection or request to have been filed on the day the Minister's decision is mailed to the person. The French version of this paragraph deems a notice of objection or request to have been filed on the day the Minister's decision is sent to the person.

The English version of section 303(6) is amended to deem a notice of objection or request to have been filed on the day the Minister's decision is sent to the person. This change is made consequential to the amendment in subsection 303(5), which requires the Minister to notify the person of the Minister's decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 18
Extension of time by Tax Court of Canada
ETA
304(1)

The English version of subsection 304(1) allows a person to apply to the Tax Court of Canada for an extension of time to file an objection or request an adjustment under subsection 274(6) of the Act, if the person has previously applied to the Minister of National Revenue for such an extension and that application was refused or not responded to within 90 days, and the person makes their application to the Tax Court within 30 days after the day the Minister's decision has been mailed to the person. The French version of this paragraph provides for the same rule if the person makes their application to the Tax Court within 30 days after the day the Minister's decision has been sent to the person.

Subsection 304(1) is amended to allow a person to apply to the Tax Court of Canada for an extension of time to file an objection or request an adjustment under subsection 274(6) of the Act, if the person has previously applied to the Minister of National Revenue for such an extension and that application was refused or not responded to within 90 days, and the person makes their application to the Tax Court within 30 days after the day the Minister's decision has been sent to the person.

This amendment comes into force on royal assent.

Clause 19
Two or more offences
ETA
332(2)

Subsection 332(2) of the Act provides that any information or complaint in respect of an offence under Part IX of the Act may relate to two or more offences. The French version of the subsection is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Clause 20
Insurance – zero-rating
ETA
Schedule VI, Part IX, section 2

Section 2 of Part IX of Schedule VI of the Act provides that financial services that relate to an insurance policy issued by a financial institution (as those terms are described in subsection 123(1) of the Act), other than services relating to investments of the financial institution, are zero-rated to the extent that they relate to an insurance policy described by any of paragraphs 2(a) to (d). Paragraphs 2(a) to (c) apply to life and accident insurance policies, group life and accident insurance policies and insurance policies in respect of real property. Paragraph 2(d) applies to insurance policies not described by paragraphs 2(a) to (c).

Section 2 is amended to add new paragraphs 2(c.1) and (c.2), which generally apply to insurance policies in respect of personal property. As a result, insurance policies in respect of personal property would no longer be subject to paragraph 2(d).

New paragraph 2(c.1) applies where an insurance policy is an insurance policy in respect of tangible personal property (as defined in subsection 123(1) of the Act). It provides that a supply of a financial service that relates to the insurance policy is zero-rated to the extent that the insurance policy relates to tangible personal property that is situated primarily outside Canada. As a result, where for example an insurance policy insures a vehicle and the primary location of the vehicle is in Ontario, the extent to which a financial service that relates to the insurance policy would be zero-rated would be zero per cent, even if the insurance policy insures risks in respect of the vehicle that are ordinarily situated both inside and outside Canada.

New paragraph 2(c.2) applies where an insurance policy is an insurance policy in respect of intangible personal property (as defined in subsection 123(1) of the Act). It provides that a supply of a financial service that relates to the insurance policy is zero-rated to the extent that the insurance policy relates to intangible personal property that can be used only outside Canada.

The amendments to section 2 come into force on Announcement Date.

Part 2 – Draft Amendments to the Excise Act, 2001

Clause 21
Notice of decision
EA, 2001
195(10)

Section 195 of the *Excise Act, 2001* (the Act) deals with objections and appeals to assessments under the Act. Subsection 195(10) requires the Minister to notify a person objecting to an assessment of the Minister's decision to reconsider or confirm the assessment through registered or certified mail.

Section 195(10) is amended to require the Minister to notify a person objecting to an assessment of the Minister's decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 22
Duties of Minister
EA, 2001
196(5)

Subsection 196(5) of the Act is triggered when the Minister receives an application under subsection 196(1) made by a person to extend the time for filing a notice of objection. Subsection (5) requires that, on receipt of the application, the Minister shall, with all due dispatch, consider the application and grant or refuse it and notify the person of the Minister's decision through registered or certified mail.

Section 196(5) is amended to require the Minister to notify the person of the Minister's decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 23
When application may not be made
EA, 2001
197(2)

Subsection 197(1) allows a person to apply to the Tax Court of Canada for an extension of time to file an application under section 196 of the Act, if the person has previously applied to the Minister of National Revenue for such an extension and that application was refused or not responded to within 90 days.

The English version of subsection 197(2) provides that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 195(5) was mailed to the person. The French version of this subsection provides that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 195(5) was sent to the person.

Subsection 197(2) is amended so that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 195(5) was sent to the person, rather than mailed.

This amendment comes into force on royal assent.

Clause 24
Inadequate records
EA, 2001
206(6)

Section 206 of the Act sets out rules in respect of the obligations to keep records under the Act. The French version of the subsection 206(6) is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Clause 25
Two or more offences
EA, 2001
229(2)

Subsection 229(2) of the Act provides that any information or complaint in respect of an offence under the Act may relate to two or more offences. The French version of the subsection is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Part 3 – Draft Amendments to the Air Travellers Security Charge Act

Clause 26
Extension of trust
ATSCA
15(4)

Section 15 of the *Air Travellers Security Charge Act* (the Act) sets out rules in respect of amounts collected as or on account of a charge and that are considered to be held in trust for His Majesty in right of Canada. The English version of subsection 15(4) is amended to correct a technical error by replacing a reference to “this Part” with a reference to “this Act”.

This amendment comes into force on royal assent.

Clause 27
Inadequate records
ATSCA
37(5)

Section 37 of the Act sets out rules in respect of the obligations to keep records under the Act. The French version of the subsection 37(5) is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Clause 28
Notice of decision
ATSCA
43(10)

Section 43 of the Act deals with objections and appeals to assessments under the Act. Subsection 43(10) requires the Minister to notify a person objecting to an assessment of the Minister’s decision to reconsider or confirm the assessment through registered or certified mail.

Section 43(10) is amended to require the Minister to notify a person objecting to an assessment of the Minister’s decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 29
Duties of Minister
ATSCA
44(5)

Subsection 44(5) of the Act is triggered when the Minister receives an application under subsection (1) made by a person to extend the time for filing a notice of objection. Subsection (5) requires that, on receipt of the application, the Minister shall, with all due dispatch, consider the application and grant or refuse it and notify the person of the Minister's decision through registered or certified mail.

Section 44(5) is amended to require the Minister to notify the person of the Minister's decision in writing, rather than exclusively through registered or certified mail.

This amendment comes into force on royal assent.

Clause 30
When application may not be made
ATSCA
45(2)

Subsection 45(1) allows a person to apply to the Tax Court of Canada for an extension of time to file an application under section 44 of the Act, if the person has previously applied to the Minister of National Revenue for such an extension and that application was refused or not responded to within 90 days.

The English version of subsection 45(2) provides that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 44(5) was mailed to the person. The French version of this subsection provides that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 44(5) was sent to the person.

Subsection 45(2) is amended so that an application cannot be made after the expiry of 30 days after the decision referred to in subsection 44(5) was sent to the person, rather than mailed.

This amendment comes into force on royal assent.

Clause 31
Two or more offences
ATSCA
69(2)

Subsection 69(2) of the Act provides that any information or complaint in respect of an offence under the Act may relate to two or more offences. The French version of the subsection is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Part 4 – Draft Amendments to the Select Luxury Items Tax Act

Clause 32
Two or more offences
SLITA
129(2)

Subsection 129(2) of the *Select Luxury Items Tax Act* provides that any information or complaint in respect of an offence under that Act may relate to two or more offences. The French version of the subsection is amended to correct a grammatical error.

This amendment comes into force on royal assent.

Part 5 – Draft Amendments to Various Regulations

Division 1 – Games of Chance (GST/HST) Regulations

Clause 33
Prescribed registrants
Games of Chance (GST/HST) Regulations
3

Section 3 of the *Games of Chance (GST/HST) Regulations* lists provincial gaming authorities and other persons that are prescribed registrants for the purposes of subsection 188(5) of the *Excise Tax Act*. The net tax of a person listed in section 3 is to be determined in accordance with the rules set out in the regulations.

Section 3 is amended to add iGaming Ontario as a prescribed registrant. Section 3 is also amended to replace the references to the Saskatchewan Gaming Corporation and the Saskatchewan Liquor and Gaming Authority with a reference to the Lotteries and Gaming Saskatchewan Corporation.

The amendment for iGaming Ontario is deemed to come into force on July 6, 2021. The amendment for the Lotteries and Gaming Saskatchewan Corporation deemed to have come into force on June 1, 2023.

Division 2 – Agriculture and Fishing Property (GST/HST) Regulations

Clause 34
Leased quotas
Agriculture and Fishing Property (GST/HST) Regulations
3

Subsection 1(5) of the Schedule to the *Agriculture and Fishing Property (GST/HST) Regulations* (the Regulations) provides that a supply by way of sale of a quota authorized by a government agency or marketing board in respect of an agricultural product the supply of which is included in section 1 of Part III or in section 1, 2, 3, 4 or 7 of Part IV of Schedule VI to the *Excise Tax Act* is zero-rated.

New section 3 is added to the Regulations to zero-rate a supply of property described in subsection 1(5) of the Schedule (i.e., a quota meeting the conditions described above) when supplied by lease, licence or similar arrangement.

This amendment is deemed to have come into force on the day after Announcement Date.

Clause 35
Property related to agriculture
Agriculture and Fishing Property (GST/HST) Regulations
Schedule, subsections 1(2) and (3)

Section 1 of the Schedule to the Regulations sets out the property related to agriculture that is, when supplied by way of sale, prescribed property for purposes of section 10 of Part IV of Schedule VI to the *Excise Tax Act*. Supplies of property listed under section 1 of the Schedule are zero-rated.

Paragraph 1(2)(a) of the Schedule is amended to remove the terms macro-premix and micro-premix and to add the terms premix and specialty feed, and to replace the reference to the *Feeds Regulations, 1983* with the reference to the *Feeds Regulations, 2024*. The updated terminology and cross-reference are consequential on the repeal of the *Feeds Regulations, 1983* and the introduction of the *Feeds Regulations, 2024*.

Subsection 1(3) of the Schedule is amended to clarify that fungus products supplied by way of sale in bulk quantities of at least 20 kg, that are ordinarily used as feed, or as ingredients in feed, for farm livestock, fish or poultry described in subparagraph 1(2)(c)(i) or for rabbits, ostriches, rheas, emus or bees, are zero-rated.

The amendment to paragraph 1(2)(a) of the Schedule is deemed to have come into force on June 17, 2024, which is the date that the *Feeds Regulations, 2024* came into force. The amendment to paragraph 1(3) of the Schedule is deemed to have come into force on the day after Announcement Date.

Division 3 – Federal Book Rebate (GST/HST) Regulations

Clause 36
Specified persons
Federal Book Rebate (GST/HST) Regulations
Schedule

The Schedule to the *Federal Book Rebate (GST/HST) Regulations* provides a list of prescribed entities for the purpose of the definition of a “specified person” under paragraph (f) of subsection 259.1(1) of the *Excise Tax Act* for the purposes of the Federal Book Rebate. In order to be listed in the Schedule as an entity that qualifies for the rebate, the entity must be a charity or qualifying non-profit organization whose primary purpose is the promotion of literacy.

The Schedule is amended so that Wonderful World of Books, a registered charity operating in British Columbia, would be eligible for a rebate of the GST payable on printed books, audio recordings all or substantially all of each of which is a spoken reading of a printed book, or bound or unbound printed versions of scriptures of any religion, acquired or imported otherwise than for resale.

Division 4 – Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

Clause 37
Exclusions from net premiums
Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations
24(3)

Section 24 of the *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (the Regulations) contains rules that apply to selected listed financial institutions (within the meaning of subsection 225.2(1) of the *Excise Tax Act* (the Act)) that are insurers (as defined in subsection 123(1) of the Act). Subsection 24(2) of the Regulations contains rules governing the determination by such a financial institution of its percentage for a particular period (as defined in subsection 16(1) of the Regulations) and for a particular participating province (as defined in subsection 123(1) of the Act). The determination in subsection 24(2) is based on the financial institution's "net premiums" for the particular period, within the meaning assigned by subsection 24(1) of the Regulations.

Subsection 24(3) of the Regulations provides that, for the purposes of subsections 24(1) and (2), no amounts that relate to an insurance policy (as defined in subsection 123(1) of the Act) issued by a selected listed financial institution are to be included in the determination of the net premiums of the financial institution to the extent that the insurance policy is described by paragraphs 24(3)(a), (b), (c) or (d) of the Regulations, with paragraph 24(3)(d) applying to an insurance policy not described by any of paragraphs 24(3)(a), (b) or (c). Section 24(3) generally excludes an amount in respect of an insurance policy to the extent that a supply made in respect of the insurance policy is zero-rated by section 2 of Part IX of Schedule VI of the Act.

Subsection 24(3) is amended to add new paragraphs 24(3)(c.1) and (c.2), which generally apply to insurance policies in respect of personal property. As a result, insurance policies in respect of personal property would no longer be subject to paragraph 24(3)(d). The amendments to subsection 24(3) are consistent with amendments made to section 2 of Part IX of Schedule VI of the Act.

New paragraph 24(3)(c.1) applies where an insurance policy issued by a selected listed financial institution is an insurance policy in respect of tangible personal property (as defined in subsection 123(1) of the Act). It provides that no amounts that relate to the insurance policy are to be included in the determination of the net premiums of the financial institution to the extent that the insurance policy relates to tangible personal property that is situated outside Canada.

New paragraph 24(3)(c.2) applies where an insurance policy issued by a selected listed financial institution is an insurance policy in respect of intangible personal property (as defined in subsection 123(1) of the Act). It provides that no amounts that relate to the insurance policy are to be included in the determination of the net premiums of the financial institution to the extent that the insurance policy relates to intangible personal property that can be used only outside Canada.

The amendments to subsection 24(3) apply in respect of any reporting period of a person that ends after Announcement Date.