



Application, Renewal, or Revocation of the Authorization for a Qualifying Institution to Use Particular Input Tax Credit Allocation Methods

Use this form if you are, or reasonably expect to be, a financial institution that in the fiscal year is a qualifying institution as defined in subsection 141.02(1) of the Excise Tax Act (ETA), or if you are a financial institution that is designated as a qualifying institution for the fiscal year under subsection 141.02(25) of the ETA, and you are applying for authorization under subsection 141.02(20) of the ETA to use particular methods to determine the operative extent and the procurative extent of each business input for the fiscal year. The application is for the legal entity. Branches or divisions should not send their own applications. Also use this form to renew or revoke an authorization that was previously granted. If an authorization is granted as a result of an application or renewal, it is effective for one fiscal year.

Do not use this area.

Note

Do not use this form if you are a selected listed financial institution (SLFI) for GST/HST or QST purposes or both and a registrant for QST purposes. Instead, use Form RC7216, Application, Renewal, or Revocation of the Authorization for a Qualifying Institution that is a Selected Listed Financial Institution to Use Particular Input Tax Credit Allocation Methods.

To apply for authorization, fill out parts A, B, C, and F. To apply for a renewal, fill out parts A, B, D, and F. Send your application no later than the day that is 180 days before the first day of the fiscal year to which the authorization or renewal applies. To revoke a previously granted authorization, fill out parts A, E, and F. Send your notice of revocation no later than the day that is 60 days before the first day of the fiscal year to which the revocation applies.

All legislative references are to the ETA, unless otherwise specified.

For more information, see pages 6 and 7.

Part A – Identification

Name of listed financial institution:

Business number:

Enter the fiscal year to which the authorization application, renewal, or revocation applies (the application year):

From

Year	Month	Day

 to

Year	Month	Day

Part B – Eligibility

1. Which prescribed class of financial institution will you belong to, or reasonably expect to belong to, in the application year? Bank Insurer Securities dealer

2. Did you have two fiscal years immediately preceding the application year (the first preceding year is the fiscal year immediately preceding the application year and the second preceding year is the fiscal year immediately preceding the first preceding year) and was your adjusted tax credit amount for each of those fiscal years equal to or greater than \$500 000? Yes No

Enter the adjusted tax credit amount for each of the two immediately preceding fiscal years. For the first preceding year only, you may enter an estimated amount if the actual amount is not available. Tick this box if the amount you enter is an estimated amount. You must use your best efforts to provide the most accurate estimate possible.

\$ _____
First preceding year
 \$ _____
Second preceding year

Part B – Eligibility (continued)

3. Was your tax credit rate for each of the two fiscal years immediately preceding the application year equal to or greater than the prescribed percentage for your prescribed class of financial institution? The prescribed percentage is 12% for banks, 10% for insurers, and 15% for securities dealers. Yes No

Enter the tax credit rate for each of the two immediately preceding fiscal years. For the first preceding year only, an estimated rate can be provided if the actual rate is not available. Tick this box if the rate you enter is an estimated rate. You must use your best efforts to provide the most accurate estimate possible.

_____ %
First preceding year

_____ %
Second preceding year

4. Are you designated as a qualifying institution under subsection 141.02(25) for the application year? Yes No

If you ticked a prescribed class in question 1 and answered **yes** to questions 2 and 3, you are eligible to make this application. If you ticked a prescribed class in question 1 and answered **yes** to question 4, you are eligible to make this application. Otherwise, you are **not** eligible to make this application.

Part C – Application for authorization

Provide the following information in your application as an attachment, unless you are requesting a renewal or a revocation of an authorization that was previously granted. In that case, go to Part D or Part E. Tick the box below to request authorization to use particular input tax credit (ITC) allocation methods for the application year indicated in Part A, then tick the box next to each item that you are attaching and provide an explanation for any item for which documentation is not provided. You may need to send additional requested information at a later date. Incomplete applications may be denied.

I request authorization to use the ITC allocation methods referred to below for the application year indicated in Part A.

1. Input tax credit allocation methods

- a) Describe in narrative detail the ITC allocation methods you are proposing to use for each business input.
- b) Provide the rationale and/or any policies considered in selecting the proposed ITC allocation methods.
- c) If applicable, enter the most recent fiscal year for which the ITC allocation methods you are proposing have been used.
- d) Assume the ITC allocation methods you are proposing to use were in effect for the second preceding fiscal year. Then by way of an example, using the proposed methods, determine the ITC amount that would have been recoverable for the second preceding fiscal year. Provide details of the calculations made to support the proposed methods, including internal cost allocations that distinguish between costs subject to the GST/HST and costs not subject to the GST/HST.

2. Organizational information

- a) Provide a detailed current organizational structure chart showing each business line and the units within each business line.
- b) Provide a current description of each business line in your organization. Include a description of the activities or supplies provided and inputs for consumption or use by each unit within each business line.
- c) Identify any corporate business plans, reorganizations, strategies, or systems changes that, if implemented in the period covered by the application, could have an impact on the proposed ITC allocation methods.

Part C – Application for authorization (continued)**3. Information on outputs**

- a) List (by name, product code and general ledger account) and describe your GST/HST taxable supplies (other than zero-rated supplies), zero-rated supplies, and exempt supplies and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."
- b) List (by name, product code and general ledger account) and describe all inter-company supplies, including deemed financial services under a section 150 election and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."
- c) List (by name, product code and general ledger account) and describe any other revenue items not included and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."

4. Information on inputs

- a) Identify exclusive inputs that are subject to the GST/HST and that are for consumption or use directly and exclusively (100%) for the purpose of making taxable supplies for consideration and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."
- b) Identify exclusive inputs that are subject to the GST/HST and that are for consumption or use directly and exclusively for purposes other than making taxable supplies for consideration and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."
- c) Identify and describe excluded inputs, direct inputs, and non-attributable inputs that are subject to the GST/HST and their linkage to the business lines you have detailed on the previous page under the heading "2. Organizational information."

5. Accounting information

- a) Describe how your accounting system identifies and tracks supplies as taxable supplies (other than zero-rated supplies), zero-rated supplies, and exempt supplies.
- b) Describe the cost accounting system used by your organization (such as an activity-based costing system), and the methods used to allocate costs and revenues to each unit or business line.
- c) Describe how the GST/HST paid or payable on inputs is recorded and tracked, and how the GST/HST is allocated to units or business lines, where the associated cost has been allocated.
- d) Describe how the total GST/HST paid or payable on inputs is determined.
- e) Provide profit and loss statements for each business line.
- f) Provide financial statements (consolidated and unconsolidated) for the two most recently completed fiscal years.

Part D – Application for renewal

Fill out this part to request a renewal of an authorization previously granted to use particular ITC allocation methods. You may need to send additional requested information at a later date. You cannot apply for a renewal if there have been any modifications to the authorized particular methods.

The financial institution identified in Part A was granted an authorization for the fiscal year indicated below.

Year Month Day Year Month Day

From

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 to

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The financial institution identified in Part A requests authorization to use the ITC allocation methods authorized for the fiscal year indicated above for the application year and it confirms that the particular methods, which would be described in detail in Part C, item 1, to be used for the application year do not contain any modification to the authorized particular methods.

Tick **one** of the following boxes:

The information that would be provided in Part C, items 2, 3, 4, and 5 for the application year would not be materially different than the information provided for the authorized fiscal year.

Part of the information that would be provided in Part C, items 2, 3, 4, and 5 for the application year would be materially different than the information provided for the authorized fiscal year. All materially different information, from that provided for the authorized fiscal year, required under Part C, items 2, 3, 4, and 5 is attached to this form.

Part E – Notice of revocation

Fill out this part to revoke an authorization previously granted to use particular methods.

The financial institution identified in Part A was granted an authorization for the fiscal year indicated below.

Year Month Day Year Month Day

From

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 to

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The financial institution identified in Part A revokes the above-mentioned authorization and it understands that it must use methods provided in section 141.02 for each input.

Note

The Minister may also revoke a previously granted authorization by sending a notice of revocation to you on or before the day that is 60 days before the first day of the fiscal year to which the revocation applies. A previously granted authorization will cease to have effect on the first day of the application year and be considered never to have been granted if you are not a qualifying institution in the application year, unless you are designated as a qualifying institution under subsection 141.02(25).

Part F – Certification

I certify that the information given on this form and in any attached document is correct and complete to the best of my knowledge. I certify that the methods that I am requesting authorization to use in Part C or renewal of an authorization to use in Part D, to allocate business inputs and/or apportion ITC entitlements are fair and reasonable and will be used consistently throughout the application year indicated on page 1 of this form. I am authorized to sign this document for the financial institution identified in Part A.

_____		_____							
Name (print)		Title							
_____		_____							
Telephone number	Extension	Signature		Year	Month	Day			

Personal information is collected for purposes of the administration or enforcement of the Excise Tax Act, Part IX, and related programs and activities including administering tax, rebates, elections, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 241 on Info Source at canada.ca/cra-info-source.

General Information

What happens when your application is authorized?

Generally, we will notify you in writing within 180 days of receipt of your application whether the use of methods that you specified in your application for the application year is authorized or denied. Once the methods have been authorized, they must be used consistently and in the manner specified in your application throughout the application year.

Definitions

Adjusted tax credit amount means the amount determined, for a fiscal year of a person, by the formula:

$$A \times (365 / B)$$

where:

A is the tax credit amount of the person for the fiscal year.

B is the number of days in the fiscal year.

Bank, for a fiscal year, means a bank or an authorized foreign bank within the meaning of section 2 of the Bank Act, but does not include an insurer.

Business input means an excluded input, an exclusive input or a residual input.

Direct input means property or a service, other than:

- an excluded input
- an exclusive input
- a non-attributable input

Generally, a direct input of a person is property or a service that is neither capital property nor an improvement to capital property, that can be attributed in whole or in part to the making of a particular supply or supplies, and that is acquired, imported or brought into a participating province, or consumed or used, both for the purpose of making taxable supplies for consideration and for purposes other than making taxable supplies for consideration.

Excluded input of a person means **any** of the following:

- property that is for use by the person as capital property
- property or a service that is acquired, imported, or brought into a participating province by the person for use as an improvement to capital property of the person

Exclusive input of a person means property or a service (other than an excluded input) that a person acquired, imported, or brought into a participating province for consumption or use for **either** of the following:

- directly and exclusively for the purpose of making taxable supplies for consideration
- directly and exclusively for purposes other than making taxable supplies for consideration

Insurer, for a fiscal year, means a person who is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an insurance business or under the laws of another jurisdiction to carry on in that other jurisdiction an insurance business and carries on, at any time in the fiscal year, an insurance business as its principal business in Canada.

Non-attributable input of a person means property or a service that is:

- not an excluded input or an exclusive input of the person
- acquired, imported, or brought into a participating province by the person
- not attributable to the making of any particular supply by the person

Operative extent of property or a service means the extent to which the consumption or use of the property or service is for **either** of the following:

- for the purpose of making taxable supplies for consideration
- for purposes other than making taxable supplies for consideration

Procurative extent of property or a service means the extent to which the property or service is acquired, imported, or brought into a participating province for **either** of the following:

- for the purpose of making taxable supplies for consideration
- for purposes other than making taxable supplies for consideration

Qualifying institution, for a particular fiscal year, means a financial institution that meets **all** of the following requirements in the fiscal year:

- The financial institution is of a prescribed class at any time in the particular fiscal year. The prescribed classes are banks, insurers, and securities dealers (as described on this page and page 5).
- The financial institution has two fiscal years immediately preceding the particular fiscal year.
- In each of those 2 fiscal years, the financial institution had an adjusted tax credit amount equal to or exceeding \$500,000.
- In each of those two fiscal years, the financial institution had a tax credit rate equal to or exceeding the prescribed percentage for the prescribed class of the financial institution for the particular fiscal year. The prescribed percentage is 12% for banks, 10% for insurers, and 15% for securities dealers.

Residual input means a direct input or a non-attributable input.

Residual input tax amount of a person for a fiscal year means:

- If the person is an SLFI at any time in the fiscal year, an amount of tax under any of subsection 165(1) and sections 212, 218 and 218.01 in respect of a supply or importation of a residual input that became payable by the person during the fiscal year without having been paid before the fiscal year or was paid by the person during the fiscal year without having become payable.
- In any other case, an amount of tax in respect of a supply, importation or bringing into a participating province of a residual input that became payable by the person during the fiscal year without having been paid before the fiscal year or was paid by the person during the fiscal year without having become payable.

Securities dealer, for a fiscal year, means a person who:

- is not a bank or an insurer (as described on page 4) at any time in the fiscal year
- carries on at any time in the fiscal year a business as a trader or dealer in, or as a broker or salesperson of, securities as the principal business of the person in Canada
- is registered under the laws of Canada or a province to carry on in Canada at any time in the fiscal year a business as a trader or dealer in, or as a broker or salesperson of, securities

Tax credit amount of a person for a fiscal year of the person means:

- If the person has made an election under subsection 141.02(9) in respect of the fiscal year, the total of all amounts each of which is an input tax credit (ITC) for the fiscal year in respect of residual input tax amount of the person for the fiscal year that the person would, in the absence of that subsection, be entitled to claim.
- If the person is a qualifying institution for the fiscal year, has not made an election under subsection 141.02(7) or (27) in respect of the fiscal year and has not received an authorization from the Minister to use for the fiscal year the particular methods set out in an application made under subsection 141.02(18), the total of all amounts each of which is an ITC for the fiscal year in respect of a residual input tax amount of the person for the fiscal year that the person would, if the person were not a qualifying institution for the fiscal year and did not make an election under subsection 141.02(9) in respect of the fiscal year, be entitled to claim.
- In any other case, the total of all amounts each of which is an ITC for the fiscal year in respect of a residual input tax amount of the person for the fiscal year that the person is entitled to claim.

Tax credit rate of a person for a fiscal year of the person means the quotient, expressed as a percentage, determined by dividing the tax credit amount of the person for the fiscal year by the total tax amount of the person for the fiscal year.

Total tax amount of a person for a fiscal year of the person means the total of all amounts each of which is a residual input tax amount of the person for the fiscal year.

Where do you send this form?

Send this form to the Assistant Director of GST/HST Audit of your tax services office (TSO). To get the address of your TSO, go to canada.ca/cra-offices.

What if you need help?

For more information, go to canada.ca/gst-hst, see GST/HST Technical Information Bulletin B-097, Determining Whether a Financial Institution Is a Qualifying Institution for Purposes of Section 141.02, GST/HST Technical Information Bulletin B-098, Application of Section 141.02 to Financial Institutions That Are Qualifying Institutions, and GST/HST Technical Information Bulletin B-106, Input Tax Credit Allocation Methods for Financial Institutions for Purposes of Section 141.02 of the Excise Tax Act, or call **1-800-959-8287**.