

General information

Who should complete this form?

Complete this form if you are a selected listed financial institution (SLFI) that is a large business (defined on this page) for purposes of the recapture of input tax credits (ITCs) rules, and you want to make or revoke an election to use a total tax recovery rate in your calculations.

Note

Do not complete this form if you are an SLFI and you have a permanent establishment in Quebec. Instead, complete Form RC7205, *HST and QST Total Tax Recovery Rate Election for a Selected Listed Financial Institution and Notice of Revocation*.

What is the effect of this election?

The total tax recovery rate election relates to the tax recovery rate of an SLFI. The tax recovery rate is to be used in calculating an adjustment to the net tax of the SLFI relating to specified classes of specified property or services of the SLFI for the purposes of determining the recaptured input tax credits for the **provincial** part of the HST for British Columbia and Ontario.

If you make a total tax recovery rate election that is in effect throughout the reporting period, the tax recovery rate for a specified class of specified property or service for that reporting period, expressed as a percentage, would be determined by the formula:

$$A \div B$$

where:

A is the total of all your ITCs for the reporting period for the GST and the **federal** part of the HST under any of subsection 165(1) and sections 212, 218, and 218.01 of the *Excise Tax Act* (ETA); and

B is the total GST and the **federal** part of the HST that became payable by you during the reporting period without having been paid before the reporting period or was paid by you during the reporting period without having become payable under any of subsection 165(1) and sections 212, 218, and 218.01 of the ETA.

If a total tax recovery rate election is **not** in effect throughout the reporting period, the tax recovery rate for a specified class of specified property or service for that reporting period, expressed as a percentage, would be determined by the formula:

$$C \div D$$

where:

C is the total of all your ITCs for the reporting period for a specified property or service of the specified class and for the GST and the **federal** part of the HST under any of subsection 165(1) and sections 212, 218, and 218.01 of the ETA; and

D is the total GST and the **federal** part of the HST that became payable by you during the reporting period without having been paid before the reporting period or was paid by you during the reporting period without having become payable under any of subsection 165(1) and sections 212, 218, and 218.01 of the ETA for a supply of a specified property or service of the specified class.

If the percentage calculated in either case is greater than 100%, the tax recovery rate is 100%. If the specified class is qualifying fuel, the tax recovery rate is the tax recovery rate of the SLFI for qualifying motor vehicles.

How is this election made?

To make this election, complete parts A, B, C, and E. This election must be filed on or before the first day that this election is effective.

This election is effective from the first day of the first reporting period that ends after June 2010, throughout which the listed financial institution is an SLFI and in which at any time the listed financial institution is a large business. If you do not make this election for the above mentioned reporting period, you would not be eligible to make the election for any subsequent reporting period.

How is this election revoked?

To revoke this election, complete parts A, D, and E. A notice of revocation of this election must be filed no later than the day on which the revocation is to become effective.

Once you have revoked this election, you **cannot** make this election again.

Definitions

Large business – is:

- a person that is a registrant whose recapture input tax credit threshold amount for the recapture period (as described below) exceeds \$10 million; or
- a person who is a registrant and, at any time, is:
 - a bank;
 - a corporation licensed or otherwise authorized under the laws of Canada or of a province to carry on in Canada the business of offering to the public its services as a trustee;
 - a credit union;
 - an insurer or any other person whose principal business is providing insurance under insurance policies;
 - a segregated fund of an insurer;
 - an investment plan as defined in subsection 149(5) of the ETA;
 - a person related to a person described in any of the above paragraphs; or
 - the Canada Deposit Insurance Corporation.

Note

The following persons are not considered to be a large business:

- a public service body;
- an entity of the government of Canada that is not listed in Schedule 1 of the *Federal Provincial Fiscal Arrangements Act*;
- a department (as defined in section 2 of the *Financial Administration Act*); or
- an entity of the government of a province that is eligible, pursuant to a provision of a sales tax harmonization agreement with that province, for a rebate of the GST/HST.

Participating province – means the province of British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario, but does not include the Nova Scotia offshore area or the Newfoundland offshore area except to the extent that offshore activities are carried on in that area.

Public service body – means a charity, non-profit organization, municipality, university, public college, school authority, or hospital authority.

Recapture input tax credit (RITC) threshold amount for a particular person for a particular recapture period – Generally, this amount is equal to the particular person's total revenue from taxable supplies and the total revenue of any person associated to the particular person from taxable supplies (other than the sale of capital real property, a supply of a financial service, and an amount received for goodwill) in the last fiscal year that ended before the recapture period. A recapture period is a 12 month period beginning July 1 of a calendar year and ending June 30 of the following calendar year that occurs during the time that the ITC recapture requirement is in effect (July 1, 2010 to June 30, 2018).

For more information on the RITC threshold amount, see GST/HST Technical Information Bulletin, B-104, *Harmonized Sales Tax – Temporary Recapture of Input Tax Credits in Ontario and British Columbia*.

Related persons for purposes of Part IX of the ETA – persons are related to each other if, by reason of subsection 251(2) to (6) of the *Income Tax Act*, they are related to each other. A member of a partnership is deemed to be related to the partnership.

Selected listed financial institution (SLFI) – under proposed changes, a financial institution would generally be considered to be an SLFI throughout a reporting period in a fiscal year that ends in a particular tax year of the financial institution if it is a listed financial institution described in any of subparagraphs 149(1)(a)(i) to (x) of the ETA at any time during the particular tax year, and the financial institution has a permanent establishment in a participating province and a permanent establishment in any other province, at any time during the tax year. For more information on the different types of listed financial institutions, see GST/HST Memorandum 17.6, *Definition of "Listed Financial Institution"*.

Note

Under proposed changes, the definition of a permanent establishment will be expanded.

Specified classes – specified classes of specified property or services are:

- qualifying energy;
- qualifying food, beverages and entertainment;
- qualifying fuel;
- qualifying motor vehicles; and
- qualifying telecommunications services.

Specified property or service – means a property or service (other than an excluded property or service) that is:

- a selected motor vehicle;
- motive fuel, other than diesel fuel, that is acquired or imported for consumption or use in the engine of a selected motor vehicle;
- property (other than property for maintenance or repair) that is acquired or imported by a person for consumption or use in respect of a selected motor vehicle acquired or imported by the person, if the acquisition or importation of the property occurs within 365 days of the acquisition or importation of the selected motor vehicle;

- a service (other than a service for maintenance or repair) that is acquired by a person for consumption or use in respect of a selected motor vehicle acquired or imported by the person, if the acquisition of the service occurs within 365 days of the acquisition or importation of the motor vehicle;
- specified energy;
- a service described in paragraph (a) of the definition "telecommunication service" in subsection 123(1) of the ETA;
- access to a telecommunications circuit, line, frequency, channel or partial channel, or to other similar means of transmitting a telecommunication (but not including a satellite channel), for use in providing a service described in paragraph (a) of the definition "telecommunication service" in subsection 123(1) of the ETA; or
- food, beverages or entertainment acquired by a person in respect of which subsection 67.1(1) of the *Income Tax Act* applies or would apply if the person were a taxpayer under that Act.

For more information on specified classes and specified property or services, see the draft SLFI Regulations.

Where do you send this form?

Send this completed form to your tax centre. To get the address of your tax centre, go to www.cra.gc.ca/tso.

What if you need help?

For more information, go to www.cra.gc.ca/gsthst, or call **1-855-666-5166**.

To get our forms and publications, go to www.cra.gc.ca/gsthstpub, or call **1-800-959-2221**.