



Election or Revocation of the Election to Not Account for GST/HST on Actual Taxable Supplies

Use this form if a participating employer of a pension plan and a pension entity or master pension entity of the plan want to jointly elect under section 157 of the *Excise Tax Act* (ETA) to treat actual taxable supplies made by the employer to the pension entity, or to the master pension entity, as the case may be, as being made for no consideration, or revoke a previous election. If a participating employer and a master pension entity are making the election, please see the Note under *What is the effect of this election?* on page 2 of this form. For definitions and more information, see pages 2 to 4 of this form.

Note

Do not use this form if you are a participating employer of a pension plan that is a selected listed financial institution (SLFI) and you want to elect, or revoke an election, to not account for GST/HST and QST on actual taxable supplies. Instead, use Form RC7215, *Elections or Revocation of the Elections to Not Account for GST/HST and QST on Actual Taxable Supplies for Participating Employers that are Selected Listed Financial Institutions*. For more information, including the definition of an SLFI for GST/HST and/or QST purposes, go to cra.gc.ca/slfi. If you need help determining which form to use, call **1-855-666-5166**.

This form was created using information based, in part, on proposed amendments to the ETA. The publication of this form should not be taken as a statement by the Canada Revenue Agency that such amendments will in fact become law as proposed.

Part A – Identification of the employer			
Name of employer		Business number	
Business address		Postal code	
Contact person	Contact person's title	Telephone number for contact person	Extension
Part B – Identification of the pension entity or the master pension entity			
Name of pension entity or master pension entity		Business number (if applicable)	
Business address		Postal code	Pension plan number
Name of administrator		Name of trustee or CEO of pension corporation	
Contact person	Contact person's title	Telephone number for contact person	Extension
Part C – Election			
Complete this part to jointly elect to treat actual taxable supplies as being made for no consideration. For more information, see pages 2 to 4.			
Note			
To make this election, an employer must be a "participating employer" of a pension plan on the effective day of the election, which must be the first day of a fiscal year of the employer. Further, if this election is for a master pension entity, the total of all the master pension factors in respect of the pension plans of the employer for the fiscal year of the master pension entity in which the election becomes effective must be 90% or more.			
<input type="checkbox"/> We, the employer identified in Part A and the pension entity or master pension entity, as the case may be, identified in Part B, jointly elect under subsection 157(2) or proposed subsection 157(2.1) of the ETA to treat actual taxable supplies as being made for no consideration.			
Enter the effective date of the election (this must be the first day of a fiscal year of the employer):		Year	Month Day
Part D – Notice of revocation			
Complete this part to jointly revoke a previously made election to treat actual taxable supplies as being made for no consideration. For more information, see pages 2 to 4.			
<input type="checkbox"/> We, the employer identified in Part A and the pension entity or master pension entity, as the case may be, identified in Part B, jointly revoke the election previously made under subsection 157(2) or proposed subsection 157(2.1) of the ETA to treat actual taxable supplies as being made for no consideration.			
Enter the effective date of the revocation (this must be the first day of a fiscal year of the employer):		Year	Month Day

Part E – Certification				
Certification by the employer				
I, _____, certify that the information given in this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the employer identified in Part A. <small>(print name)</small>				
Signature of authorized person	Title	Year	Month	Day
Certification by the pension entity or master pension entity				
I, _____, certify that the information given in this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the pension entity or master pension entity identified in Part B. <small>(print name)</small>				
Signature of authorized person	Title	Year	Month	Day

Personal information is collected under the *Excise Tax Act* to administer tax, rebates, and elections. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial 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 the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source at cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, Personal Information Bank CRA PPU 241.

General information

Who should complete this form?

Complete this form if a participating employer of a pension plan and a pension entity or master pension entity of the plan want to jointly elect to treat actual taxable supplies made by the employer to the pension entity or to the master pension entity, as the case may be, as being made for no consideration for purposes of section 157 of the ETA only.

Under proposed subsection 157(2.1), a participating employer of a pension plan and a master pension entity of the plan may make this election for supplies made on or after July 22, 2016.

An employer and a pension entity or master pension entity, as the case may be, can also complete this form to jointly revoke a previous election.

Note

Do not use this form if you are a participating employer of a pension plan that is a selected listed financial institution and you want to elect, or revoke an election, to not account for GST/HST and QST on actual taxable supplies. Instead, use Form RC7215, *Elections or Revocation of the Elections to Not Account for GST/HST and QST on Actual Taxable Supplies for Participating Employers that are Selected Listed Financial Institutions*.

What is the effect of this election?

A "participating employer" of a pension plan may elect with a pension entity of the plan or a master pension entity of the plan, as the case may be, to treat actual taxable supplies made by the employer to the pension entity or master pension entity as being made for no consideration. The effect of the election is that the employer will not have to account for the GST/HST on those supplies. However, there are certain circumstances where the election does not apply to a supply. These circumstances are as follows:

- The employer makes an actual supply to a pension entity or master pension entity of all or part of property or a service where, at the time the employer acquires the property or service, it is a "selected qualifying employer" or the employer makes an actual supply to a pension entity or master pension entity where, at the time the employer consumes or uses an employer resource for the purpose of making the supply, it is a "selected qualifying employer". An employer that is a "selected qualifying employer" cannot make the election because it is already relieved from having to fully account for the GST/HST under the deemed supply rules of subsections 172.1(5) to (6.1) of the ETA and, as a result, the employer must account for the GST/HST calculated on the consideration for the actual supply.
- The pension entity or master pension entity acquires an actual supply from the employer other than for consumption, use, or supply in the course of "pension activities" of the pension plan. In that case, the employer may not treat actual taxable supplies made to the pension entity or master pension entity as being made for no consideration. Instead, it must account for the GST/HST calculated on the consideration for the actual supply.

The election applies to supplies made by the employer to the pension entity or master pension entity, as the case may be, on or after the first day of the fiscal year that the election becomes effective.

Note

It is proposed that an election between an employer and a master pension entity will apply to supplies made on or after July 22, 2016. However, even if an election is made, an actual supply of property or a service would not be considered to be made for nil consideration if:

- the employer acquired the property or service before its first fiscal year beginning on or after July 22, 2016; or
- the employer consumed or used an employer resource for the purpose of making the actual supply before its first fiscal year beginning on or after July 22, 2016.

In these circumstances the employer would be required to charge and collect GST/HST from the master pension entity based on the consideration for the actual supply. This would always be the case in a fiscal year that begins before July 22, 2016.

How do you make this election?

To make this election, complete parts A, B, C, and E. This election must be filed by the employer on or before the first day of the employer's fiscal year for which the election is to have effect.

When does this election cease to have effect?

The election ceases to have effect on the earliest of:

- the day on which the employer ceases to be a participating employer of the pension plan;
- the day on which the pension entity ceases to be a pension entity of the pension plan or the master pension entity ceases to be a master pension entity of the pension plan, as the case may be;
- the first day of the fiscal year of the employer on which a joint revocation of the election by the employer and the pension entity or the master pension entity, as the case may be, becomes effective;
- the day specified in a notice of revocation sent by the Minister of National Revenue, which is the first day of the relevant fiscal year of the employer; and
- the first day of the fiscal year of the master pension entity on which the master pension factors in respect of the pension plans of the participating employer are less than 90%.

Note

If the employer is relieved from having to account for the GST/HST on actual taxable supplies as a result of the election, the Minister of National Revenue has the discretion to request written confirmation that the employer is accounting for tax on deemed taxable supplies made in a particular fiscal year under any of subsections 172.1(5) to (6.1). Where the employer fails to account for that tax, the Minister of National Revenue may cancel the election effective from the beginning of the employer's fiscal year, and assess the employer for both the actual tax and the deemed tax for that fiscal year, plus interest.

How do you revoke this election?

To revoke this election, complete parts A, B, D, and E.

The employer and the pension entity or the master pension entity, as the case may be, can jointly revoke the election effective on the first day of the fiscal year of the employer.

A notice of revocation of this election must be filed by the employer no later than the day on which the revocation becomes effective.

Definitions

Employer resource – of a person means:

- all or part of a labour activity of the person, other than the part of the labour activity consumed or used by the person in the process of creating or developing a property;
- all or part of property or a service supplied to the person, other than the part of the property or service consumed or used by the person in the process of creating or developing a property;
- all or part of property created or developed by the person; or
- any combination of the above items.

For purposes of this definition, a "labour activity" means anything done by an individual who is or agrees to become an employee of the person in the course of, or in relation to, the office or employment of that individual.

Master pension entity – of a pension plan is proposed to mean a person that is not a pension entity and is either:

- a corporation described in paragraph 149(1)(o.2) of the *Income Tax Act* (ITA), one or more shares of which are owned by a pension entity of the pension plan; or
- a trust described in paragraph 149(1)(o.4) of the ITA, one or more units of which are owned by a pension entity of the pension plan.

Master pension factor – in respect of a pension plan for a fiscal year of a master pension entity, is proposed to be the percentage determined by:

- the total value, on the first day of the fiscal year, of units or shares of the master pension entity that are held by the pension entities of the pension plan on that day divided by,
- the total value, on the first day of the fiscal year, of the units or shares of the master pension entity.

Participating employer – of a pension plan is generally an employer that has made, or is required to make, contributions to the plan for its employees or former employees. An employer that made pension contributions to a pension plan that is an RPP or a PRPP in the past will remain a participating employer for that pension plan even if it does not currently make contributions.

In the case of an RPP, a participating employer also includes an employer prescribed under subsection 8308(7) of the *Income Tax Regulations*, which describes certain cases where an employee of one employer renders services to, and receives remuneration from, another employer.

In the case of a PRPP, a participating employer also includes an employer that has remitted, or is required to remit, to the PRPP administrator of the pension plan, contributions made by members of the pension plan under a contract with the PRPP administrator in respect of all or a class of its employees.

Pension activity – in respect of a pension plan, means an activity (other than an excluded activity) that relates to:

- the establishment, management or administration of the pension plan or of a pension entity or master pension entity of the pension plan; or
- the management or administration of assets in respect of the pension plan, including assets held by a pension entity or master pension entity of the pension plan.

Pension entity – of a pension plan means a person in respect of the pension plan that is:

- a trust governed by the pension plan;
- a corporation referred to in paragraph (b) of the definition of "pension plan"; or
- a prescribed person. (At this time there are no prescribed persons.)

Pension plan – is an RPP or a PRPP:

- (a) that governs a trust;
- (b) for which a corporation:
 - is incorporated and operated either:
 - solely for the administration of the plan; or
 - for the administration of the plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement (as defined in subsection 248(1) of the ITA), where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the plan;
 - in the case of an RPP, is accepted by the Minister of National Revenue, under subparagraph 149(1)(o.1)(ii) of the ITA, as a funding medium for the registration of the RPP;
 - in the case of a PRPP, is a corporation:
 - that is described in paragraph 149(1)(o.2) of the ITA; and
 - all of the shares, or rights to acquire shares, of the capital stock of which are owned, at all times since the date it was incorporated, by the PRPP; or
- (c) for which a person is prescribed for the purposes of the "pension entity" definition.

Pooled registered pension plan (PRPP) – means a plan accepted as such by the Minister of National Revenue for the purposes of the ITA and whose registration has not been revoked.

PRPP administrator – means:

- a corporation resident in Canada that is responsible for the administration of the plan and that is authorized under the *Pooled Registered Pension Plans Act*, or a similar law of a province to act as an administrator for one or more pooled pension plans; or
- an entity designated in respect of the plan under section 21 of the *Pooled Registered Pension Plans Act*, or any provision of a law of a province that is similar to that section.

Registered pension plan (RPP) – is a plan accepted as such by the Minister of National Revenue for the purposes of the ITA and whose registration has not been revoked.

Selected qualifying employer – is described in subsection 172.1(9) of the ETA. In general terms, an employer is a "selected qualifying employer" if no election under subsection 157(2) or proposed subsection 157(2.1) of the ETA is in effect and, where the amount of the GST (and the federal part of the HST) that the employer was (or would have been) required to account for and remit under the deemed taxable supply rules in section 172.1 of the ETA in the preceding fiscal year of the employer is less than each of the following amounts:

- \$5,000; and
- 10% of the total net GST (and the federal part of the HST) paid by all pension entities of the pension plan in that preceding fiscal year.

Where do you send this form?

The employer identified in Part A must send this completed form to:

**Canada Revenue Agency
Prince Edward Island Tax Centre
275 Pope Road
Summerside PE C1N 6A2**

What if you need help?

For more information, go to cra.gc.ca/gsthst, see Technical Information Bulletin B-108, *Changes to GST/HST Rules for Pension Plans – New Section 157 and Amendments to Section 172.1*, or call **1-855-666-5166**.

To get our forms and publications, go to cra.gc.ca/gsthstpub or call **1-800-959-5525**.