

**LAURENTIAN UNIVERSITY**  
**GOODS & SERVICES TAX GUIDE**

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## LAURENTIAN UNIVERSITY GOODS & SERVICES TAX GUIDE

### **PREAMBLE**

At the time of the release of this Guide the Goods and Services Tax legislation was not final and amendments may be made before the bill is passed into law. In addition, Revenue Canada has released a number of official interpretations of sections of Bill C-62 and is expected to continue to do so for some time to come.

CAUBO has played a major role in representing the interests and concerns of the university sector at the Blenkairn Commission and Revenue Canada and from the start has been assisted by the firm Ernst & Young in dealing with the technical aspects of the GST. Interpretations of sections in Bill-C-62 at times differ between Revenue Canada and Ernst & Young. Therefore, some information in this Guide may be based on interpretations which have not as yet been dealt with by Revenue Canada and, as a consequence, may be subject to change.

Any questions about this Guide may be addressed to Gerry Labelle for the time being.

### **OVERVIEW OF THE G.S.T.**

Effective January 1, 1991 the existing Federal Sales Tax (F.S.T.) will be replaced by the new proposed Goods & Services Tax. This tax is multi-stage tax applied to a very broad base of goods and services sold in Canada.

Most businesses, including the University, will pay 7% G.S.T. on all purchases made throughout the organization. The type of product or service the organization is providing will determine whether or not they will charging G.S.T. on the revenue being generated.

For most commercial businesses the G.S.T. system will simply be subtracting the G.S.T. collected on sales from the G.S.T. paid on purchases and remitting the difference to Revenue Canada.

Here at the University, we will be paying G.S.T. on all purchases of goods and services and only charging G.S.T. in certain areas. Therefore, the University will be paying more G.S.T. than it will be collecting.

When the G.S.T. was first introduced the Honourable Michael Wilson advised that the public sector bodies (i.e. municipalities, universities, school boards, hospitals) would not pay any more in G.S.T. than they are currently paying in F.S.T. In other words, Mr. Wilson did not want any organization within the public sector to be worse off under the new proposed G.S.T. In order for this to happen the Canadian Association of University Business Officers (C.A.U.B.O.) and consultants Ernst & Young have negotiated that all universities receive a 67% rebate on all G.S.T. paid for expenses incurred to support an exempt activity. (Please refer to definition of exempt activity).

While it may be true that the University will not be any worse off, certain departments will gain from the implementation of G.S.T. and other departments will be loosing. The reason for this is that areas such as Research and the Library, who are not currently subject to F.S.T. will be subject to paying 7% G.S.T. These departments will be eligible for the 67% rebate, which means that in effect they will be paying 2.31% G.S.T. ( $7\% - [67\% \times 7\%]$ ), which they did not previously pay. Other areas will gain because they will pay 2.31% G.S.T. rather than the current 13.5% F.S.T.

The following are three different types of revenue that can be generated by a university:

- 1) Taxable supply - the University will be collecting the G.S.T. on sales revenues generated and will receive a 100% input tax credit on the G.S.T. paid. Examples of taxable supplies are parking, bookstore, conference services.
- 2) Exempt supply - the University will not be collecting G.S.T. on revenues but will be eligible for the 67% rebate on all purchase made to support these revenues. An example of exempt supplies is tuition fees charged to students for credit courses.
- 3) Zero rated supply - there are very few zero rated supplies at the University. If there were these type of supplies, G.S.T. would not be charged on the revenue, but we would be eligible for the 100% input tax credit for all G.S.T. paid on purchases to support this type revenue. An example of this type of supply is an export to another country or the sale of medical devices.

The G.S.T. legislation has special rulings for charities. Since Laurentian University is a registered charity, the charity rules must be applied first in determining whether a supply is taxable or exempt. Under the charity rules the sale of sales and services are all exempt unless specifically made taxable.

A breakdown of the charity rules can be found in Section 3 of this guide.

## **1. DEFINITIONS**

### **1.1 ARMS LENGTH PARTIES**

Generally, companies or individuals that are not part of the University Charter are considered to be at "arm's length". The University must charge G.S.T. on all taxable sales to arm's length parties. The following is a partial list of those at arm's length with the University: Faculty and staff (buying as an individual, not for a department); external businesses and organizations; government agencies; other universities, community colleges, school boards; students; student unions (S.G.A., A.E.F., A.L.P.S.) and other student groups; Federated and Affiliated colleges.

### **1.2 TAXABLE (COMMERCIAL) SUPPLY**

Taxable supplies are: any business carried on by a person; any adventure or concern in the nature of trade; and the supply of real property or of a right or interest in respect to real property.

Not included are: the making of an exempt supply; any activity without a reasonable expectation of profit; or, the performance of any duty or activity in relation to an office or employment.

Examples of taxable activities at the University are: bookstore sales, cafeteria, pub services, conference services.

#### **G.S.T. Treatment**

Sales: The University will charge 7% G.S.T. on all of these taxable activities.

Purchases: The University will receive a 100% input tax credit on the G.S.T. paid on expenses incurred to earn the taxable revenue.

The net impact of the G.S.T. will be on the final consumer because they cannot claim input tax credits.

### **1.3 ZERO-RATED SUPPLY**

A zero-rated supply is a taxable supply to which a tax rate of zero percent is applied. Zero-rated supplies include prescription drugs, medical devices, basic groceries, exports, sales to provincial governments and sales to Indian bands among other things.

#### **G.S.T. Treatment**

Sales: No G.S.T. is collected on the sale of these supplies.

Purchases: An input tax credit equal to 100% of the G.S.T. paid on the purchases of goods and services made to support that supply is claimed.

The University does not have any zero-rated sales, however, if the University contracted to have research done outside of the country, this would be considered a zero-rated sale.

#### 1.4 EXEMPT SUPPLY

As noted earlier, the normal G.S.T. rule is that goods and services are taxable unless exempt. In the case of charities, most of their sales of goods and all services are G.S.T. exempt and G.S.T. on purchases may be claimed at the 67% rebate rate. Exempt supplies include the vast majority of educational, research, health and social services.

##### G.S.T. Treatment

Sales: No G.S.T. is collected on the sale of these supplies.

Purchases: Instead of the input tax credit in the case of supplies, the University can claim a 67% rebate for the G.S.T. paid on purchases.

Examples of exempt supplies at the University are as follows:

1. Health care, child care and legal aid services.
2. Educational Services:
  - a) Instructional services:
    - i) Credit courses for which credit is available towards a diploma or degree. Service of instruction in or administration of examinations of these courses.
    - ii) Courses in respect of recognized professional or trade designations for the purpose of maintaining or upgrading. Service of instruction or administering examinations.
    - iii) Courses leading to certificates, diplomas, licenses or similar documents or classes of ratings in respect of licenses, that are **PRESCRIBED BY FEDERAL OR PROVINCIAL REGULATION** and that attest to the competence of individuals to practice or perform a trade or vocation. Service of instruction or administering examinations.
    - iv) A supply of courses that are part of a program that consists of two or more courses (other than courses in sports, games, hobbies or other recreational pursuits that are designed to be taken primarily for recreational purposes) and that is approved by a council, board or committee of the University established to review and approve the course offering of the University.
    - v) Second language instruction in either French or English.

- b) Supply of a university student meal plan: to be eligible the meal plan must be not less than 10 meals weekly for a minimum of at least one month.

## 1.5 PROPERTY

The most important classes of property are Real Property, Tangible Personal Property and Intangible Personal Property.

### i) Real Property

Real property is defined to include land and buildings, as well as leasehold interests such as property.

### ii) Tangible Personal Property

Includes all objects and things that may be touched, felt or possessed, and that are movable at the time the supply is made.

### iii) Intangible Personal Property

Includes contractual rights, intellectual property and rights in relation to goods that are not in possession and other rights that may be enforced by the courts.

### iv) Capital Property

Capital property for G.S.T. purposes may be real property (real property) or personal property (large equipment or machinery, automobile, freezer, computer, photocopier, etc.).

For G.S.T. purposes, capital property is any property that could be classified as a fixed asset.

## 1.6 DIRECT COST

Direct cost has a strict definition in the legislation. In brief, for supplies purchased by the University for resale, the direct cost is defined as the purchase price paid by the University which includes the total cost plus G.S.T. paid less any rebate claimed on the G.S.T. paid. The direct cost of a service that is performed by the University's own employees includes only the cost of materials expended in the process of performing the service. It does not include the University cost of the employees' time or overhead.

## 1.7 INPUT TAX CREDIT

An input tax credit is equal to 100% of the G.S.T. paid on purchases made to support a taxable supply.

## 1.8 REBATE

The G.S.T. legislation permits the University to claim a 67% rebate on the G.S.T. paid on the purchases made to support an exempt supply.

## 1.9 SERVICES

Services include anything that is not property or money. It excludes services provided by an employee to his employer under contract of employment.

## 1.10 SMALL SUPPLIER

Organizations which have total sales and revenues from G.S.T.-Taxable goods and services of \$30,000 or less in any calendar quarter or for any calendar year are considered small suppliers.

Small suppliers do not have to register for G.S.T., nor are they required to collect the G.S.T. on the goods and services they provide. However, they may voluntarily register for G.S.T., which means that they will charge G.S.T. on their sales and at the same time are able to claim the full G.S.T. input tax credit on purchases used in taxable activities.

## 1.11 PLACE OF AMUSEMENT

Any premises or place, whether or not enclosed, at or in any part of which is staged or held any:

- a) film, slide show, sound and light or similar presentation
- b) artistic, literary, theatrical, musical or other performance, entertainment or exhibition
- c) fair, circus, menagerie, rodeo or similar event, or
- d) race, game of chance, athletic contest or other contest or game. and includes a museum, historical site, zoo wildlife or other park, place where bets are placed and any place, structure, apparatus, machine or device the purpose of which is to provide any type of amusement or recreation.

## **2. GENERAL RULES FOR DEPARTMENTAL PURCHASES AND COST-RECOVERIES**

The supply of educational services is considered to be an exempt activity. The G.S.T. paid on purchases to support education is eligible for the 67% rebate. Purchases of practically all departments in the operating budget, most departments in the ancillary budget (some ancillary operations are classified as commercial), all trust activities, all research activities, most contract research activities and most capital activities fall within this category.

If any activity is taxable under the charity rules, it could still be exempt under a number of other rules such as the Nominal Consideration rule, the Real Property rules, the Capital rules, the Volunteer rules, or the Amateur Performances and Events rules.

Each activity of a department must be assessed using these rules to determine if there are taxable sales. It is important to remember that the Charity rules must be applied first before turning to other rules. G.S.T. must be collected on the sale of a taxable supply to arm's length parties.

### **3. CHARITY RULES**

All supplies of goods and services by charities are exempt except for the following:

- a) a zero-rated supply
- b) property or a service the supply of which is deemed under Part IX of the Act to have been made by the charity
- c) property (other than capital property) used in commercial activity
- d) capital property used in commercial activity
- e) new goods acquired or produced for resale purposes (other than catered meals or donated goods) or any service supplied by the charity in respect of such property
- f) short-term rentals of personal property in conjunction with a supply of real property
- g) catering services
- h) admissions to a place of amusement; and memberships in recreational clubs and other organizations that provide otherwise taxable admissions to members for no extra charge or for significant discounts
- i) the professional services of performing artists
- j) instruction in a recreational or athletic activity
- k) a right to play or participate in a game of chance
- l) a service of instructing individuals in, or administering examinations in respect of, any course where the supply is made by a university
- m) and admission in respect of a seminar, conference or similar event supplied by a university

#### **4. REAL PROPERTY RULES**

All supplies of real property (i.e. land, buildings and building fixtures, rights and interests in land and a right or option to purchase land) are exempt except for the following exception list of taxable activities.

- a) the sale of residential property (exemptions for housing are contained in another section of the G.S.T. legislation)
- b) real property where the supply is deemed to have been made by the charity
- c) vacant land sold to an individual
- d) the sale of real property on which the organization has claimed, or is entitled to claim, an input tax credit
- e) short-term accommodation (less than one month)
- f) real property made by way of lease, licence or similar arrangements for a period of less than one month, where the supply is made in the course of a business carried on by the body
- g) real property supplies that the organization has elected to be taxable (charities may elect to treat their real property as taxable and therefore be subject to claim a full input tax credit)
- h) parking spaces supplied in the course of a business

## **5. CAPITAL AND REAL PROPERTY PURCHASES RULES**

### a) Purchases of Capital Property

Purchases of capital property include equipment purchases that would normally be recorded as capital purchases such as desks, chairs, science equipment and computers under the Income Tax Act.

If a department has greater than 50% of the total sales in taxable sales then all capital property purchases are eligible for the full input tax credit on the G.S.T. paid on the purchases. This applies to the Bookstore, Campus Store, Conferences, Academic Skills Publications and Liquor Services.

If the taxable sales of the department are below 50% of the total sales of supplies then the capital property purchases will only be eligible for the 67% rebate. This applies to most departments.

There are no pro-ration of the input tax credit or the rebate for property (this rule often referred to as the all or nothing rule). Thus the 50% use rule means that if the capital property purchased is used for greater than 50% in taxable activity, the full input tax credit can be claimed for the G.S.T. paid on the purchases.

### b) Purchases of Real Property

Purchases of real property by the University are treated in the same manner as purchases of capital property. Real property includes land, buildings and any leasehold interest in a property.

## **6. EXEMPTIONS**

There are a number of exemptions that will make a taxable supply become an exempt supply. The following is a list of most frequently used exemptions.

### **6.1 VOLUNTEER EXEMPTION**

Under certain conditions the participation of volunteers may result in an activity being G.S.T. exempt. Where the overall day-to-day functions and any service functions needed to provide goods and services in the course of an ongoing activity or a one-time event are performed 90 percent or more by volunteers. Volunteers may not be paid but may be reimbursed for expenses.

### **6.2 AMATEUR PERFORMANCES AND EVENTS EXEMPTION**

Ticket sales to any performance, exhibition, fair, athletic or competitive event are exempt when 90 percent or more of the performers, athletes or competitors are not paid. Reasonable compensation for travel or travel and incidental expenses are not considered compensation. This exemption does not apply to events in which individuals who are professional competitors compete for cash prizes.

### **6.3 CHILDREN RECREATION PROGRAMS EXEMPTION**

A program operated by the University is exempt when it consists of a series of supervised instructional classes or activities involving athletics, outdoor recreation, music, dance, arts, crafts or other hobbies or recreational pursuits where the program will be provided **PRIMARILY TO CHILDREN 14 YEARS OF AGE OR UNDER**, or provided primarily for underprivileged or mentally or physically disabled individuals.

### **6.4 NOMINAL CONSIDERATION EXEMPTION**

This section provides exemptions for the sale of supplies where charges for the supplies do not exceed the direct cost of the supplies. If the nominal consideration rule can be applied, the sale would be treated as an exempt supply. No G.S.T. is charged on the sale of the supply. The G.S.T. paid on the purchases of goods and services to support the sale would be eligible for the rebate.

### **6.5 INTER-DEPARTMENT SALES EXEMPTION**

Inter-departmental charges are NOT considered to be taxable sales. These could be charges from one university department to another university department, or from a university department to a research account, trust account, ancillary account (even the account of a commercial operation) or capital account.

The G.S.T. paid on the purchases relating to the sales to other University departments is eligible for the 67% rebate.

## 6.6 INCIDENTAL SUPPLIES RULE

- Where a:
- a) particular property or service is supplied together with any other property or service for a single consideration, and
  - b) it may reasonably be regarded that the provision of the other property or service is incidental to the provision of the particular property or service,

the other property or service shall be deemed to form part of the particular property or service so supplied.

An example of this would be the material fee (\$28.00) the University charges and the tuition fee for distance education courses. Since the material fee is less than 10% of the tuition fee, the material fee is incidental to the tuition fee and is therefore exempt because the particular tuition fee is exempt.

## 7. ACCOUNTING PROCEDURES

There are two methods of accounting for the G.S.T. in the University's Financial Statements: The Specific Tracking Method and The Special Quick Method.

### 7.1 THE SPECIFIC TRACKING METHOD

Under this method the University would have to identify on all purchase orders whether or not the purchase is to support a taxable activity or an exempt activity.

If the purchase is to support a taxable activity, the G.S.T. paid on these goods would be eligible for the 100% input tax credit. In this case, the department would not be charged any G.S.T. The G.S.T. paid would be charged to a G.S.T.-Receivable Input Tax Credit account.

If the purchase is to support an exempt activity, the G.S.T. paid on these goods would be eligible for the 67% rebate. In this case, the department would be charged the cost of the item plus the non-rebatable portion of the G.S.T. The G.S.T. paid would be charged 33% to the particular expense account and 67% to the G.S.T.-Receivable Rebate account.

Example: (Assuming there is no provincial sales tax)

	Taxable Activity	Exempt Activity
Invoice for 1 widget	\$100.00	\$100.00
G.S.T. 7%	<u>7.00</u>	<u>7.00</u>
Total Invoice	\$107.00	\$107.00
Less: Rebate (67% x \$7.00)		4.69
Input Tax Credit (100% x \$7)	<u>7.00</u>	<u>      </u>
Net Cost to Department	<u>\$100.00</u>	<u>\$102.31</u>

The extra \$2.31 for the exempt activity represents the non-rebatable portion of the G.S.T. (\$7.00 x 33%).

Although no Provincial Sales Tax was recorded in this example, it is important to note that in Ontario the Provincial Sales Tax will not be charged on the G.S.T. portion of the goods. In this example, P.S.T. would be charged on the \$100.00 cost rather than on the \$107.00 which includes G.S.T.

The procurement procedure would have to be changed so that the initiator of a purchase order would have to indicate the reason why the purchase is required (ie. taxable or exempt activity).

The above treatment would not be very difficult. The only thing the department would have to do is track and code invoices to identify taxable or exempt activities.

The difficulty would be when a purchase was to support a taxable activity as well as an exempt activity. In accounting for this situation, it would be difficult to determine which supplies were purchased specifically for exempt activities (eligible for the 67% rebate) and which supplies were purchased specifically for taxable activities (eligible for the 100% input tax credit).

The G.S.T. legislation allows an area to allocate the G.S.T. paid on the purchases into the taxable and exempt categories based on the sales in the two categories. For example, if 30% of the annual sales for an area were for taxable supplies then 30% of the G.S.T. paid on the goods purchased in the month could be allocated as being purchased to support taxable activity and would be eligible for the full input tax credit. This would mean that 70% of the G.S.T. paid on the goods purchased in the month could be allocated as being purchased to support exempt activity and would be eligible for the partial rebate.

To allow for this monthly allocation, all G.S.T. on purchases will be recorded into a DEPARTMENT G.S.T. holding account. At month end, the G.S.T. would be distributed according to the annual pro-ration of sales to either the G.S.T. Receivable - input tax credit central account or the G.S.T. Receivable - rebate central account.

The Department G.S.T. holding account should clear monthly based on the percentage of taxable and exempt sales in the month.

For example, Invoice from Ontario Hydro	\$1,000.00
G.S.T.	<u>70.00</u>
Total	<u>\$1,070.00</u>

The invoice is for consumption of energy for the Bookstore, Pub, cafeteria and the Arts Building. Physical Plant has determined that the following percentages were used by these various areas:

Bookstore	5%	}	Taxable Activity
Pub	5%	}	" "
Cafeteria	20%	}	" "
Arts & Classroom Bldg.	<u>70%</u>	}	Exempt Activity
	<u>100%</u>		

Therefore, 30% is for a taxable activity and 70% is for an exempt activity.

The entry in the Physical Plant area to record this payment would be:

Dr.	Hydro Expense - Physical Plant	\$1,000.00	
Dr.	G.S.T. Holding	70.00	
Cr.	Accounts Payable		\$1,070.00

At month end Physical Plant would then make the following allocations to the various areas to allocate the hydro expense as well as the G.S.T. holding account:

Dr.	Hydro Bookstore (5% x \$1,000)	\$50.00	
Dr.	Hydro Pub (5% x \$1,000)	50.00	
Dr.	Hydro Cafeteria (20% x \$1,000)	200.00	
Dr.	Hydro Arts & Classroom Bldg. [(70% x \$1,000) + 33% x \$70.00]		
	\$700.00 + \$23.10	723.10	
Dr.	G.S.T. Receivable - Rebate (\$70.00 x 67%)	46.90	
Cr.	Hydro Expense - Physical Plant		\$1,000.00
Cr.	G.S.T. Holding		<u>70.00</u>
		<u>\$1,070.00</u>	<u>\$1,070.00</u>

As the above example demonstrates, the G.S.T. treatment of mixed supplies makes it very time consuming and difficult to make allocations. This same type of allocation would have to be made in all departments that have taxable activities and exempt activities.

Since the above method is difficult and time consuming to track and make the necessary allocations, the Department of Finance has developed "The Special Quick Method".

## 7.2 THE SPECIAL QUICK METHOD

Under this method the University would still collect the 7% G.S.T. on all of its taxable activities, however we would remit to the government only a portion of the 7% collected. Depending on the percentage of retail sales and total taxable sales, the university would remit either 5.6% or 6% of the G.S.T. included sales.

Laurentian University qualifies to remit the rate of 5.6% G.S.T. included sale, and would therefore keep 1% of the 7% collected. The negative side of this method is that the University would receive a 67% rebate on all of its purchases regardless of whether the purchase was for taxable activities that would normally be eligible for 100% input tax credit.

A benefit would be that there would be no need to track invoices and code taxable activities and exempt activities, and to make allocations when purchases were for a mixture of supplies.

Registrants using the Special Quick Method may still claim an input tax credit on purchases of real and capital property items costing \$10,000 or more, for use primarily (50% or more) in commercial or taxable activities.

If the University elects to use the Special Quick Method, it must use the method for at least one year.

The Laurentian University G.S.T. Committee has recommended to the Administration of the University the use of the Special Quick Method for the upcoming year. The Administration of the University has agreed to the use of the Special Quick Method for the taxation year 1991.

## **8. PROCEDURES FOR PAYING INVOICES**

The Treasury Office will refuse to pay invoices which do not reflect the vendor's G.S.T. number and identify the G.S.T. amount separately. Instead, the invoice will be returned to the vendor for the missing information.

The Treasury Office will not pay a Cheque Requisition or other type of Request for payment unless an invoice is attached to the payment request form which shows the vendor's G.S.T. registration number and identifies the G.S.T. amount charged separately.

The Treasury Office will as a matter of procedure claim 67% rebate for all purchases made by departments.

## **9. PROCEDURES FOR THE SALE OF GOODS AND SERVICES**

G.S.T. collected from sales to arm's length parties by departments must be identified clearly on invoices, billing requests, cash register tapes, cash receipts, and cash deposit reports to enable the Treasury Office to identify the G.S.T. collected and record it in the special central account for remission to Revenue Canada.

## **10. INVOICING**

Presently, the procedure for billing organizations and external accounts for services provided by departments is very decentralized. Due to the G.S.T. complications, it is important that this procedure of invoicing external customers be streamlined and standardized to ensure that G.S.T. regulations are complied with.

The University is expected to report and remit G.S.T. collected promptly to Revenue Canada. Failure to remit promptly may result in penalties. Therefore, it is important that billings for the sale of goods and services are processed on a timely basis.

The University will be subject to audit by Revenue Canada. Incorrect handling of the G.S.T. may result in the University being assessed interest or penalty charges. Interest and penalty charges will be transferred back to departmental budgets.

PREPARING SALES INVOICES WITH G.S.T. FOR THE SALE OF TAXABLE GOODS AND SERVICES

10.1 SALES UNDER \$30.00:

The invoice should minimally contain the following:

- the university's name
- date G.S.T. payable or paid
- total amount of bill.

10.2 SALES BETWEEN \$40.00 AND \$150.00:

The invoice should minimally contain the following:

- the university's name
- date G.S.T. payable or paid
- total amount of bill
- amount of G.S.T.
- the University's G.S.T. registration number which is **R119009686**.

10.3 SALES OVER \$150.00:

The invoice should contain the following:

- the university's name
- date G.S.T. payable or paid
- total amount of bill
- amount of G.S.T.
- the University's G.S.T. registration number
- the name of the Purchaser
- a description of the sale sufficient to identify the supply.

10.4 NON-INVOICED SALES

No information is required for:

- coin-operated machines
- per diem reimbursements
- other prescribed cases where the Minister of Revenue is satisfied that it is impractical or other evidence is available.

It is important to note that it is to the University's advantage to charge G.S.T., and by using the Special Quick Method the University will charge the 7% G.S.T. and only remit 6% to the government.

## **11. G.S.T. EFFECT ON TRAVEL EXPENSE FORM COMPLETION**

### **G.S.T. ON TRAVEL EXPENSE FORM**

A reimbursement of travel expenses by the University is to be treated in the same manner as a purchase of supplies. The G.S.T. paid on the purchases incurred during the travel must be identified so that the proper rebate can be received. Travel costs (including food, beverages and entertainment) incurred and paid outside of Canada are exempt from G.S.T. considerations.

It is to the department's advantage to reflect the G.S.T. information for the rebate or input tax credit correctly; otherwise the department's budget ends up absorbing the full G.S.T. paid.

The G.S.T. paid on the purchases incurred by the traveller must be accumulated and recorded on the Travel Expense Reimbursement Form separately (the present form will be revised) to enable the Treasury Office to capture the information. The correct accumulation and recording of the G.S.T. on the Travel Form is affected by the following:

- a) Meal and mileage allowances will include the G.S.T. To determine the G.S.T. portion of the total amount, multiply the amount by  $7/107$ th. This would mean that for the \$34.00 meal allowance per day, a G.S.T. amount of \$2.22 ( $\$34.00 \times 7/107$ ) is included in the \$34.00. This amount is eligible for the 67% partial rebate.

For other expenses such as parking, restaurant invoices, cash register tapes, hotel invoices, taxi receipts, accumulate the G.S.T. recorded on the vouchers and record on the Travel Expense Form.

- b) The G.S.T. legislation contains a rule which states that only 80% of the G.S.T. paid on food, beverages and entertainment is eligible for the input tax credit or rebate in the case of taxable area or taxable activity. The G.S.T. paid on these items must be tabulated and accumulated separately on the travel expense form.

### **G.S.T. ON FOOD, BEVERAGES AND ENTERTAINMENT EXPENSES**

The G.S.T. rule for expenditures made for food, beverages and entertainment states that only 80% of the G.S.T. input tax credit can be claimed for the University's taxable areas such as the Bookstore, Conferences, Athletics and so on (i.e. the University's commercial areas).

Assume for example, that a trip includes the cost of \$500.00 for meals and that the G.S.T. paid is not listed separately on each meal invoice. In other words, the G.S.T. paid on the meals is included in the \$500.00 amount. The calculated G.S.T. using the above formula would amount to \$32.71 ( $\$500.00 \times 7/107$ ).

The amount of G.S.T. available for the Rebate in the case of a taxable area would be 80% of \$32.71 or \$26.17. The actual rebate would be  $\$26.17 \times 67\% = \$17.53$ .

There is no input tax credit or rebate on alcohol and tobacco expenses.

## **12. PAYMENT OF SERVICES INVOICED BY EMPLOYEES**

Sometimes the university pays an invoice submitted by an employee for services rendered through a registered company. The invoice is made out by the registered company to the university.

After December 31, 1990 the University will only pay invoices received from employees if either of the two following conditions are complied with:

- the invoice shows the company's G.S.T. registration number and the G.S.T. is identified separately.
- the university is provided with a certificate that the company is a small trader, i.e. that its total revenues from sales do not exceed \$30,000.00 annually, and that it therefore does not have to charge G.S.T. on its invoices.

### **13. ACADEMIC DEPARTMENTS AND PROGRAMS**

As a general rule, G.S.T. must be collected by the University on the sale of a taxable supply to arm's length parties (students, employees for example) as defined on page 3 of this Guide. Inter-departmental charges or transfers are NOT considered sales to arm's length parties and therefore are not to be treated as taxable sales.

Short-term rentals of facilities (i.e. for less than one month) is a taxable activity under the Real Property rules. Long-term rental of facilities are G.S.T. exempt.

Supply of a service is generally G.S.T. exempt under the Charity rules no matter for whom it is provided.

#### **13.1 FINES**

Fines are not considered to be payment received for supplies and therefore are G.S.T. exempt. A student charge for damage to lab material is classified as a fine.

#### **13.2 CHARGES FOR PHOTOCOPIES AND FAX COPIES**

Departments often supply photocopy and fax services for a fee to students and other users. Under G.S.T. rules this activity is considered a service and therefore is considered to be an exempt activity under the Charity Rules.

#### **13.3. CHARGES FOR COURSE MATERIAL HANDOUTS**

Examples of items in this category include chemistry class notes, commerce cases, etc.

The supply of course material and supplies is considered to be taxable under the Charity rules, although it may be exempt under the Nominal Consideration rules.

Under the Nominal Consideration rule if the amount charged for course material does not exceed the cost of materials, i.e. the direct cost, the supply is exempt from G.S.T. As a result, no G.S.T. is added to the charge to students. The G.S.T. paid on the purchase related to the supply of course materials is eligible for the 67% rebate. If the charge for the item exceeds the direct cost, however, the activity is taxable and G.S.T. must be added to the charge.

A department must identify the G.S.T. separately to the Treasury Office when reporting the amount collected from students.

The Comptroller has on several occasions suggested to departments that they handle the sale of material through the Bookstore. With the complication of the G.S.T., departments may now wish to consider this option. Departments would sell the materials to the Bookstore G.S.T. exempt. The Bookstore, in turn, would sell the materials to the students. Students pay G.S.T. when they purchase the items at the Bookstore.

#### 13.4 FIELD TRIPS

The provision of field trips is considered a service and therefore is exempt under G.S.T. charity rules.

#### 13.5 ADMISSION CHARGED FOR DEPARTMENTAL EVENTS SUCH AS SPECIAL SEMINARS, SPEAKERS

The provision of seminars, conferences, meetings, conventions, and so on, at which there is an admission charge, the admission is taxable. Under the Nominal Consideration rule, however, if the admission price charged for the event does not exceed the direct cost of the event, the admission is G.S.T. exempt and the G.S.T. paid on purchases related to the events is subject to the 67% rebate.

#### 13.6 ADMISSION CHARGED TO FILM AND SLIDE SHOWS

Supplies of admissions to a place of amusement by a charity are taxable. This includes film and slide shows. If the total revenue from all admission charges is expected to exceed the total direct cost of the film or slide show (i.e. the total cost of renting the film and equipment), G.S.T. should be added to the admission price.

If the total revenue from admission charges is not expected to exceed the total direct cost, the event is G.S.T. exempt.

#### 13.7 OFFICIAL DEPARTMENTAL GET-TOGETHERS, DINNERS

If an event such as a departmental dinner has been contracted with a caterer, no G.S.T. applies on the resale of the goods, including food or services supplies by the charity under such a contract and subsequently resold at a fee not exceeding the cost to the caterer (nominal cost rule). G.S.T. paid on purchases is eligible for the 67% rebate.

If the price charged for the meal exceeds the cost paid to the caterer but the dinner is served substantially by volunteer servers (i.e. over 90% of the servers are volunteers), then also no G.S.T. is to be added to the price charged for the meal. G.S.T. paid on purchases is eligible for the 67% rebate.

If the price of the meal exceeds the cost paid to the caterer and the volunteer rule does not apply, the meal is a taxable supply and 7% must be added to the price charged for the meal. G.S.T. paid on purchases is eligible for the input tax credit.

### 13.8 TICKET SALES TO AMATEUR PERFORMANCES AND EVENTS

Ticket sales for a performance or event are exempt from G.S.T. if 90% or more of the performers are not remunerated for their participation (i.e. amateurs). Government grants and reasonable gifts, prizes and compensation for travel or other incidental expenses are not considered to be remuneration.

The sales are exempt, therefore, and no G.S.T. is collected on the sale. The G.S.T. paid on purchases to support the event are eligible for rebate.

### 13.9 PAYMENT OF VISITING SPEAKERS

Several rules prevail regarding the payment of visiting speakers.

If a visiting speaker is paid an honorarium through Payroll then no G.S.T. applies.

If a visiting speaker requests the payment of an honorarium through Accounts Payable for services and/or expenses, an invoice must be submitted which reflects the visitor's G.S.T. registration number and identifies the amount of G.S.T. If no G.S.T. is to be charged the visitor must submit a declaration that he/she is a small supplier and therefore does not have to charge G.S.T.

If the visiting speaker does not charge for his services but the University elects to pay him/her, the payment may be treated as a donation to the visitor and therefore not subject to G.S.T.

If a visitor signs a cheque from the University over as a donation no G.S.T. applies.

Before a visiting speaker is engaged, it is recommended that the expected arrangement regarding payment should be cleared. This will enable the Treasury Office to process whatever payment is required and account for the G.S.T. in accordance with G.S.T. regulations promptly.

## **14. INSTRUCTIONAL MEDIA**

Instructional Media provides services which under the Charity rules are exempt from G.S.T. If Instructional Media purchases, manufactures or produces goods for resale to arm's length parties, the activity is taxable and G.S.T. is to be added to the charges. Charges to other University departments, including ancillary departments such as Conferences, are G.S.T. exempt.

Under the G.S.T. rules, short term rental of equipment to arm's length parties is a taxable activity.

The provision of technical services such as consulting or repairs are considered a service under G.S.T. rules and therefore G.S.T. exempt. When providing repair services to arm's length parties, however, the material cost of the repair service is subject to the 7% G.S.T. if the charge for the material exceeds the direct cost of the material. If the material charge does not exceed the direct cost, the charge is G.S.T. exempt (nominal consideration rule).

The sale of video and audio tapes to arm's length parties is subject to G.S.T.

## **15. NON-CREDIT PROGRAM**

In order for a non-credit course to be G.S.T. exempt it must meet the following criteria:

- (i) It must be a specific unit of instruction which has defined learning objectives and some means of indicating to the faculty and/or the students whether or not the learning objectives have been met (by means of a formal examination, self-assessment, completion of a project, completion of a student evaluation as to effectiveness of the courses, etc.).
- (ii) The course must be part of a program of two or more courses, where the focus of the program is to provide knowledge in a certain area of expertise. The program does not have to be a recurring program and the two or more courses do not have to be offered every year.
- (iii) It must not be a recreational course in sports, games, hobbies or other recreational pursuits that is designed to be taken primarily for recreational purposes.
- (iv) It must be subject to an approval mechanism by a board, council, or committee that has been established to review and approve the program.

Courses in respect of recognized professional or trade designations for the purpose of maintaining or upgrading professional skills are also G.S.T. exempt.

## **16. COMPUTER SERVICES DEPARTMENT**

### **COMPUTER SERVICES**

G.S.T. paid on purchases is subject to the 67% G.S.T. rebate.

Computer Services Department provides computer services to certain research grantees at a charge. Under the charity rules, services provided to other university departments, and this includes research, are G.S.T. exempt.

The sale of computer services is a service under the charity rules and is therefore G.S.T. exempt. The sale of repair services to arm's length parties is G.S.T. exempt for the labour component of the services (sale of a service) but taxable for the material portion (sale of goods) and then only if the charge for the material exceeds the direct cost.

## **17. LIBRARY SERVICES**

### **17.1 SERVICES PROVIDED BY THE LIBRARY**

Services provided by the Library fall under the G.S.T. exempt rules. G.S.T. paid on purchases by the Library is subject to the 67% G.S.T. rebate.

The charges for Interlibrary Loans and On-line Searching are for services and as such are G.S.T. exempt under the G.S.T. rules.

Charges for photocopying are G.S.T. exempt since this activity is classified as a service under the G.S.T. regulations.

Fines are G.S.T. exempt.

### **17.2 SUBSCRIPTIONS**

Subscriptions to newspapers, magazines or other publications published periodically for a subscription period ending in 1991 but paid before 1991 are not subject to G.S.T.

### **17.3 IMPORTATION OF BOOKS, SUBSCRIPTIONS**

G.S.T. will be assessed on the imported value of books.

Imported books are assessed the G.S.T. at the same time as the duty is applied by Canada Customs.

Books imported from abroad by mail or courier which are taxable must be self-assessed for G.S.T.

Foreign subscriptions are subject to G.S.T. The legislation provides that supplies of these goods are deemed in Canada. Non-resident suppliers of these goods are required to register for G.S.T. purposes and collect the tax on their supplies in Canada unless they qualify as small suppliers.

## 18. ADMINISTRATIVE AND GENERAL SERVICES

Listing of departments and functional areas: - Offices of the President, Vice-Presidents  
 - Treasury Office  
 - Registrar  
 - Personnel  
 - Purchasing  
 - Liaison  
 - Development Office  
 - Alumni Affairs  
 - Communications

### 18.1 OFFICES OF THE PRESIDENT, VICE-PRESIDENTS

Purchases by these offices are G.S.T. exempt. G.S.T. paid on expenses are subject to the 67% rebate.

### 18.2 TREASURY OFFICE

G.S.T. paid on purchases by the Treasury Office is subject to the 67% rebate.

Charges for extra services are treated as follows:

- Interest on overdue accounts      No G.S.T.
- Replacement of student card      No G.S.T.
- Transaction charge                  No G.S.T.
- Duplicate tuition tax certificate    This is service. No G.S.T.
- Fine for returned cheque          No G.S.T.

### 18.3 REGISTRAR

G.S.T. paid on purchases is subject to the 67% rebate.

Charges for extra services are treated as follows:

- Transcripts                              Constitutes a service. No G.S.T.
- Fee for Appeals                         Constitutes a service. No G.S.T.
- Fee for Letter of Permission         Constitutes a service. No G.S.T.
- Fee for Degree document  
Replacement                               Constitutes a service. No G.S.T.
- Late Registration Fee                 Constitutes a service. No G.S.T.
- Part-time student withdrawal  
charge                                       Constitutes a service. No G.S.T.
- Room rental                               No G.S.T. if rented to a university department.  
G.S.T. applies if rented to an arm's length party as per  
the short term rental real property rules.

#### 18.4 PERSONNEL, PURCHASING, LIAISON

G.S.T. on purchases is subject to the 67% rebate.

#### 18.5 DEVELOPMENT, ALUMNI AFFAIRS, FUND RAISING EVENTS, DINNERS

G.S.T. on purchases is subject to the 67% rebate.

Donations, Gifts in Kind do not attract G.S.T.

If an event such as a dinner has been contracted with a caterer, no G.S.T. applies on the resale of the goods, including food or services supplied by the charity under such a contract and subsequently resold in the form of an admission fee for the same price as charged by the caterer (nominal cost rule). If the price charged for the meal exceeds the cost paid to the caterer by the dinner is organized substantially by volunteers (90% or more), then the event is also G.S.T. exempt (volunteer rule).

Where a charity provides a dinner or other supply and part of the fee is considered a donation for income tax purposes, the part considered a donation is not a supply and therefore does not attract G.S.T. G.S.T. is still applicable on the non-donation part of the fee. However, if the dinner is performed by at least 90% volunteers, no G.S.T. applies.

Receipt of revenue for an event from a sponsor is G.S.T. exempt. In this case the event is classified as a service sold to a sponsor.

#### 18.6 COMMUNICATIONS

G.S.T. paid on purchases by Communications are subject to the 67% rebate.

## **19. PHYSICAL PLANT SERVICES**

### **GENERAL SERVICES**

Services provided by Physical Plant are G.S.T. exempt. G.S.T. paid on purchases are subject to the 67% G.S.T. rebate.

### **RULE FOR THE PRIMARY USE OF A BUILDING**

The G.S.T. Legislation acknowledges that buildings are not always used exclusively for either commercial or non-commercial activities. Therefore, the legislation contains "primary use" rules to establish the use of the building for G.S.T. purposes.

If a building is to be used more than 50% for academic/educational purposes, it is considered to be a non-commercial building eligible for a partial G.S.T. rebate on construction costs. If a building is to be used more than 50% for commercial activities it is considered to be commercial and construction costs are eligible for a full input credit.

### **CONSTRUCTION OF NON-COMMERCIAL AND COMMERCIAL BUILDINGS**

Under the G.S.T. legislation goods and services provided by suppliers are subject to G.S.T. Starting in January 1991 all progress billing for construction will show an additional charge for G.S.T.

G.S.T. paid on progress billings for construction of non-commercial buildings will be eligible for the 67% partial rebate. The non-rebatable portion of the G.S.T. becomes part of the cost of the new building. G.S.T. paid on the purchase of furniture and fixtures at the completion of construction of a non-commercial building is also eligible for the partial rebate.

If a building is to be used more than 50% for commercial activities, it is considered to be a commercial building for G.S.T. purposes and construction costs are eligible for a full input tax credit. G.S.T. paid on the purchase of furniture and fixtures at the completion of construction of a commercial building is also eligible for the full input tax credit.

## 20. ANCILLARY SERVICES

Listing of Departments and Functional Areas:

- Student Residences
- Conferences
- Athletics
- Bookstore
- Printing Services
- Student Health Services
- Parking
- Rental Properties
- Pub

### 20.1 STUDENT RESIDENCES

Student residence fees are G.S.T. exempt because long term accommodation, i.e. of at least one month, are exempt.

#### Damage reimbursements

Damage payments by students are treated as fines. Fines are G.S.T. exempt.

#### Summer residence fees

Long term rental of rooms, i.e. for at least one month, is G.S.T. exempt. Short term rental is subject to the 7% G.S.T. However, if the fee does not exceed \$20.00 for each day of occupancy or \$140.00 for each week of occupancy, the rent is G.S.T. exempt.

#### Residence fees forfeited

No G.S.T. applies.

#### Laundry income

The provision of laundry facilities is a service under the Charity rules. Therefore, no G.S.T. applies.

#### Vending machines

The sale of goods through vending machines is subject to G.S.T. The commission or percentage of sales paid to the University by vending machine operators is G.S.T. exempt.

## 20.2 CONFERENCE SERVICES

### G.S.T. ON SALES

While under the Charity real property rules much of the supply of goods and services are G.S.T exempt, the supply of short-term accommodation (less than one month) and the rental of real property for a period of less than one month are taxable sales and therefore subject to the 7% G.S.T.

Conference Services may have both taxable and exempt sales. Taxable sales are subject to an additional charge for G.S.T. Exempt sales do not include a charge for G.S.T. All inter-departmental charges are G.S.T. exempt.

The rental of the residence rooms in the summer is taxable if rented for less than one month. The rental is exempt, however, when the charge for the room does not exceed \$20.00 per day of occupancy or \$140.00 per week of occupancy.

The short-term, i.e. less than one month, rental of real property such as meeting rooms, audio visual equipment is taxable. When the service is provided for a University department, however, no G.S.T. applies.

The provision of food services is a taxable activity under the Charity rules section 1.3 as long as the service is provided to arm's length parties. If a food service is being provided for a University function is a G.S.T. exempt activity.

## 20.3 ATHLETIC DEPARTMENT

### Compulsory Student Athletic fees

The student athletic program is purely recreational. However, since the athletic fees are compulsory and are charged as part of the student fee package in September the fee is G.S.T. exempt.

The compulsory student fees charged for the spring and summer academic programs are similarly G.S.T. exempt.

### Community Memberships

Taxable.

### Faculty and Staff Memberships

Taxable.

### Guest fees

Taxable.

Admission to amateur sporting events

The activity is exempt if the ticket sales are supplied to amateur performances or events. An event is considered amateur if all or substantially all of the athletes or competitors taking part in the performance or event do not receive remuneration for participating (except for reasonable amount as prizes, gifts, travel or other incidental expenses).

Admission to basketball games, etc. for amateur teams is exempt.

Registration fees for child recreation programs

The activity is exempt if: "... the recreation program is established and operated by the University and it consists of a series of supervised instructional classes or activities involving athletics, outdoor recreation, music, dance, arts, crafts or other hobbies or recreational pursuits where the program is provided PRIMARILY TO CHILDREN 14 YEARS OF AGE AND UNDER, or the program is provided primarily for underprivileged or mentally or physically disabled individuals".

Adult sports and lessons

Fees associated with adult non-academic lessons (i.e. swimming) are subject to G.S.T., unless the lessons are provided at cost equal to the direct cost as defined by G.S.T. rules (nominal cost rule).

Workshops and non-certificate courses

Registration for recreational courses and workshops are taxable under the charity rules, unless the lessons are provided at cost equal to the direct cost as defined by G.S.T. rules (nominal cost rule).

Rental of facilities to arm's length parties

Rental of facilities, such as the pool, to arm's length parties for less than a one month period is taxable under the real property rules.

Facility rental for periods of greater than one month are exempt.

Sales of athletic supplies, swim manuals

Under the Charity rules, the sale of new goods acquired or produced for resale purposes or any service supplied by the Charity in respect of such property are taxable. However, if the price charged for the items sold is for nominal consideration, i.e. the price equals or is less than the purchase price (the direct cost), the sales are G.S.T. exempt.

Locker, equipment rentals

Rental of lockers is G.S.T. exempt.

## 20.4 BOOKSTORE

Under the Charity rules the Bookstore is classified as a commercial operation. Therefore, all its sales are taxable.

Interdepartmental charges do not attract G.S.T.

### Used Books

Under Charity rules, the sale of used books is G.S.T. exempt. An item is classified as used when prior to the sale it was used by someone other than the charity.

### Importation of Books, Subscriptions

Goods which are imported will be assessed G.S.T. on the imported value of the goods, services and intangible personal property. The G.S.T. will be assessed at the same time as the duty is applied by Canada Customs.

Goods imported from abroad by mail or courier which are taxable must be self-assessed for G.S.T.

Subscriptions to newspapers, magazines or other publications for a period expiring after 1990 and paid before 1991 are not subject to G.S.T.

### Class notes, case studies, etc.

These are treated in the same manner as textbooks, and therefore are taxable.

## 20.5 PRINTING SERVICES (PRESS)

The Press provides services to university departments and to arm's length parties. Under the Charity rules the sale of services provided by charities are G.S.T. exempt. The services provided by the Press are considered services under the Charity rules as well and are therefore G.S.T. exempt. Thus the Press does not have to add 7% G.S.T. to its charges irrespective of whether the customer is a university department or an arm's length party.

## 20.6 STUDENT HEALTH SERVICES

Student health fees are considered G.S.T. exempt.

## 20.7 PARKING

Under the real property rules, residential parking is G.S.T. exempt. Thus parking to students in residence is G.S.T. exempt. Other parking obtained by students not in residence, employees and other persons is a taxable supply and therefore is subject to 7% G.S.T. Hourly parking is also subject to the 7% G.S.T.

## 20.8 PUB

The sale of liquor in the pub is taxable. G.S.T. paid on purchases is subject to the full input tax credit.

## 21. RESEARCH ACCOUNTS

### RESEARCH GRANTS, DONATIONS AND G.S.T. EXEMPT CONTRACTS

G.S.T. exempt contracts under the G.S.T. are contracts where no tangible property is acquired, manufactured or produced for resale.

Grants, donations and G.S.T. exempt contracts received by the University are not treated as payment for supplies. Therefore, G.S.T will not be paid on the amount.

Research grants, donations and G.S.T. exempt contracts are exempt from G.S.T. The G.S.T. paid on purchases made to support research and contract research activities is eligible for the 67% rebate.

### TAXABLE CONTRACTS

A contract is considered taxable when tangible property is acquired, manufactured or produced for resale purposes (i.e. a prototype is produced).

This type of contract attracts G.S.T. The G.S.T. will either be charged separately or the University will have to self-assess and pay the G.S.T. from the amount received. The amount received x 7/107th will give the amount of G.S.T. included in the contract.

Taxable supplies to the Provincial Government are zero-rated and do not include G.S.T. Taxable supplies to the Federal Government should include 7% G.S.T.

### RESEARCH ACCOUNTS FOR TAXABLE RESEARCH ACTIVITIES

Each activity must be assessed under the charity and real property rules described in section 1.5 of this Guide to determine if the activity is taxable. If it is taxable, the activity could still be exempt under the Nominal Consideration rule or some other rule described in section 1.5.

Some researchers are involved in performing work and charging for the work performed. An example of an activity which is included in this category is charges made for consulting. Under G.S.T. legislation, this type of activity is considered exempt as long as it is being done through the University. If an individual researcher is providing consulting services as their own personal business then this would be a taxable activity. If the researcher is selling tangible property, either produced, manufactured or acquired, the activity is taxable and G.S.T. would be charged on any arm's length sales.

## **22. STUDENT GOVERNMENT AND ASSOCIATION FEES**

The fees collected by the University for S.G.A., A.E.F., A.L.P.S, and G.S.U. and other student organizations are G.S.T. exempt.

Student organizations are not part of the University charter and therefore are treated as arm's length parties as far as G.S.T. is concerned.

## **23. TUITION FEES**

Tuition and all other compulsory fees which the University collects at the beginning of each session, (i.e. fall, spring and summer), are not taxable.

## **24. OTHER SOURCES OF GENERAL OPERATING REVENUE**

Investment Income	No G.S.T.
Late registration fee	No G.S.T.
Deposit forfeits	No G.S.T.
Laurentian logo revenue	No G.S.T.

## **25. GOVERNMENT GRANTS**

No G.S.T. on government grants.

## **26. INCOME FROM SELF-EMPLOYMENT (T4A INCOME)**

Income from self-employment reflected on T4A's issued by the University will be taxable for G.S.T. purposes. It will be up to the individual receiving the T4A to collect and remit the G.S.T.

Organizations which have total sales and revenues from G.S.T.-taxable goods and services of \$30,000.00 or less in any calendar quarter or for any calendar year are considered small suppliers.

Small suppliers do not have to register for G.S.T., nor are they required to collect the G.S.T. on the goods and services they provide. However, they may voluntarily register for G.S.T., which means that they will charge G.S.T. on their sales and at the same time are able to claim the full G.S.T. input tax credit on purchases used in taxable activities.

Employees invoicing the University for services will have to indicate their G.S.T. number and the G.S.T. on the invoice or provide a declaration that they are a small supplier and therefore are not required to charge G.S.T. for their services.