

GST/HST 2013

On March 21, 2013, Finance Minister Jim Flaherty tabled his eighth Federal budget entitled Economic Action Plan: A plan for jobs, growth and long-term prosperity. The budget makes changes to the GST/HST on reports and services for non-health care purposes. This measure will apply to supplies made after Budget Day (March 21, 2013). CPA has requested a review of the new taxing rules by KPMG to determine the impact this may have those of our members who provide services to the public, and will circulate the results of the report as soon as possible. We also encourage you to contact your personal tax consultant and Canada Revenue Agency (CRA) to ensure that you are in compliance with the new tax measures. CPA has been in contact with senior officials within CRA responsible for HST/GST rulings. CRA is currently working on a memo/Q&A that will be issued in the next few weeks to provide further guidance.

GST/HST on Reports and Services for Non-Health Care Purposes

Under the GST/HST, services that are provided solely for non-health care purposes, even if supplied by health care professionals, are not considered to be basic health care and are not intended to be eligible for the exemption. For instance, the GST/HST legislation specifies that GST/HST applies to all supplies of purely cosmetic procedures.

To address court decisions that have expanded the scope of the exemption beyond the policy intent to limit the GST/HST exemption to basic health care services, Budget 2013 proposes to clarify that GST/HST applies to reports, examinations and other services that are not performed for the purpose of the protection, maintenance or restoration of the health of a person or for palliative care. For example, taxable supplies would include reports, examinations and other services performed solely for the purpose of determining liability in a court proceeding or under an insurance policy.

Supplies of property and services in respect of a taxable report, examination or other service would also be taxable. For example, charges for an x-ray or lab test in relation to a taxable examination would also be taxable.

A report, examination or other service will continue to be exempt if it is performed for use in the protection, maintenance or restoration of the health of a person or use in palliative care. As well, reports, examinations or other services paid for by a provincial or territorial health insurance plan will continue to be exempt.

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