
Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax, Excise Levies and Other Taxes and Charges

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Preface

These explanatory notes describe proposed amendments to the *Excise Tax Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, the *Greenhouse Gas Pollution Pricing Act*, the *Underused Housing Tax Act*, the *Select Luxury Items Tax Act* and related regulations. These explanatory notes describe these proposed amendments, clause by clause, for the assistance of Members of Parliament, taxpayers and their professional advisors.

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These notes are intended for information purposes only and should not be construed as an official interpretation of the provisions they describe.

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Part 1 – Draft Amendments to the *Excise Tax Act*

Clause 1

Definition “bank”

ETA

123(1)

The existing definition “bank” in subsection 123(1) of the *Excise Tax Act* (the Act) means a bank listed in Schedule I or II of the *Bank Act* or an “authorized foreign bank” as defined in section 2 of the *Bank Act* (i.e., a foreign bank that is the subject of an order under subsection 524(1) of that Act).

The definition “bank” is amended to exclude a credit union (as defined in this subsection). As a result, a federal credit union, which would be a bank listed in Schedule I of the *Bank Act*, is excluded from the definition “bank”.

This amendment is deemed to have come into force on December 19, 2012.

Clause 2

Investment plan

ETA

149(5)

Existing subsection 149(5) of the Act defines the term “investment plan” for the purposes of section 149. Entities included in the definition “investment plan” in subsection 149(5) are “listed financial institutions” (as defined in subsection 123(1) of the Act) for the purposes of Part IX of the Act. An “investment plan” is a person described by any of paragraphs 149(5)(a) to (g). Existing paragraph 149(5)(a) describes a trust governed by certain plans described by any of subparagraphs 149(5)(a)(i) to (xiii).

Paragraph 149(5)(a) is amended to add new subparagraph 149(5)(a)(iv.2), which describes a first home savings account (as defined in subsection 146.6(1) of the *Income Tax Act*).

This amendment applies in respect of any taxation year of a person that begins after Announcement Date.

Clause 3**Capital personal property of financial institutions**

ETA

205

Existing section 205 of the Act provides that change-in-use rules for capital real property also apply to capital personal property of a financial institution in certain circumstances.

Section 205 is amended by amending subsection 205(4) and repealing subsection 205(5).

These amendments come into force on royal assent.

Subclause 3(1)**Acquisition of a business**

ETA

205(4)

Existing subsection 205(4) of the Act applies to financial institutions that acquire all or part of a business of a registrant. It provides that, where the conditions in paragraphs 205(4)(a) and (b) are met, the change-in-use rules in subsections 193(1) and 206(4) and (5) of the Act apply to all capital personal property acquired from the registrant.

Subsection 205(4) is amended to correct an error in a statutory cross-reference.

Subclause 3(2)**Acquisition of a business**

ETA

205(5)

Existing subsection 205(5) of the Act applies to financial institutions that acquire all or part of a business of a registrant. Subsection 205(5) provides that, where the conditions in paragraphs 205(5)(a), (b) and (c) are met, the change-in-use rules in subsection 206(2) of the Act apply to all capital personal property acquired from the registrant and for which the registrant would not have claimed an input tax credit. Subsection 205(5) was enacted to be consistent with the “notional input tax credit” rules, which, at the time of subsection 205(5)’s enactment, were contained in section 176 of the Act but which have since been repealed.

Subsection 205(5) is repealed, consistent with the repeal of the “notional input tax credit” rules.

Clause 4**Canadian activity**

ETA

217

The existing definition “Canadian activity” in section 217 of the Act describes any activity of a person carried on, engaged in or conducted in Canada. The definition “Canadian activity” is relevant for the determination of an amount of qualifying consideration or an external charge (as those terms are defined in section 217) of a qualifying taxpayer (within the meaning of subsection 217.1(1) of the Act) for a specified year (as defined in section 217) of the qualifying taxpayer.

The definition “Canadian activity” is amended to clarify that it includes an activity of a person in respect of property described in any of new paragraphs (a), (b), (c), (d) or (e).

Paragraph (a) describes an insurance policy (as defined in subsection 123(1) of the Act) that is issued by the person and that insures a risk in respect of property ordinarily situated in Canada or in respect of a person resident in Canada.

Paragraph (b) describes a debt that arises from either

- the deposit of funds in Canada, if the instrument issued as evidence of the deposit is a negotiable instrument; or
- the lending of money that is primarily for use in Canada.

Paragraph (c) describes a debt for all or part of the consideration for a supply of real property (as defined in subsection 123(1)) that is situated in Canada.

Paragraph (d) describes a debt for all or part of the consideration for a supply of personal property (as defined in subsection 123(1)) that is for use primarily in Canada.

Paragraph (e) describes a debt for all or part of the consideration for a supply of a service (as defined in subsection 123(1)) that is to be performed primarily in Canada.

These amendments are deemed to have come into force on the day after Announcement Date. These amendments also apply in respect of the specified year of a person that includes the day after Announcement Date.

Clause 5**Exception**

ETA

298(3)(b)

Existing paragraph 298(3)(b) of the Act overrides the normal limitation period for a reassessment of a person if the reassessment is made with the person's consent for the purpose of disposing of an appeal.

Paragraph 298(3)(b) is amended to ensure that the purposes for which the limitation period for a reassessment may be overridden under this paragraph include disposing of an appeal of a person other than the person being reassessed.

This amendment comes into force on royal assent.

Part 2 – Draft Amendments to the *Excise Act, 2001***Clause 6****Definition “sale price”**

EA, 2001

2

The existing definition “sale price” in section 2 of the *Excise Act, 2001* (the Act) is used to calculate an additional duty on cigars imposed under section 43 of the Act. Paragraph (a) of the definition does not explicitly exclude the portion of the price attributable to the additional duty on cigars from the determination of the “sale price”.

Paragraph (a) is amended to clarify that the portion of the price attributable to the additional duty is not included in the determination of the sale price.

This amendment comes into force on royal assent.

Clause 7**Negative Amounts**

EA, 2001

6.1

New section 6.1 of the Act provides that negative amounts determined by algebraic formulae under the Act are deemed to be zero except as specifically otherwise provided.

This amendment comes into force on royal assent.

Clause 8**Specified province – duty on cannabis taken for use**

EA, 2001

158.25(2)

Existing subsection 158.25(2) of the Act provides that if cannabis products are taken for use, then a duty in respect of a specified cannabis province is imposed on the cannabis products in circumstances prescribed by regulations in the amount determined in a manner prescribed by regulations. This duty applies in respect of provinces that have entered into an agreement with Canada in respect of the coordination of cannabis product taxation.

Subsection 158.25(2) is amended to clarify that cannabis products that are taken for use are relieved of the duty imposed under subsection 158.2(1) of the Act (i.e., the additional cannabis duty in respect of coordinated provinces that ordinarily applies to cannabis products produced in Canada). In other words, such cannabis products are subject to the duty imposed under subsection 158.25(2) but are relieved of the duty imposed under subsection 158.2(1).

This amendment is deemed to have come into force on Announcement Date.

Clause 9**Specified province – duty on unaccounted cannabis**

EA, 2001

158.26(2)

Existing subsection 158.26(2) of the Act provides that if a cannabis product cannot be accounted for as being in the possession of a cannabis product licensee or in the possession of another person in accordance with subsection 158.11(3) or paragraph 158.11(5)(a) of the Act, then a duty in respect of a specified cannabis province is imposed on the cannabis product in circumstances prescribed by regulations in the amount determined in a manner prescribed by regulations. This duty applies in respect of provinces that have entered into an agreement with Canada in respect of the coordination of cannabis product taxation.

Subsection 158.26(2) is amended to clarify that cannabis products that cannot be accounted for are relieved of the duty imposed under subsection 158.2(1) of the Act (i.e., the additional cannabis duty in respect of coordinated provinces that ordinarily applies to cannabis products produced in Canada). In other words, such cannabis products are subject to the duty imposed under subsection 158.26(2) but are relieved of the duty imposed under subsection 158.2(1).

This amendment is deemed to have come into force on Announcement Date.

Clause 10**Duty on vaping products taken for use**

EA, 2001

158.6

Existing section 158.6 of the Act provides that duty is payable on vaping products that are taken for use.

Subclause 10(1)**Duty on vaping products taken for use**

EA, 2001

158.6(1)

Existing subsection 158.6(1) of the Act provides that if vaping products are taken for use, then a duty is imposed in the amount determined in respect of the vaping products under Schedule 8 to the Act. Paragraph 158.6(1)(a) provides that, if the vaping products that are taken for use are packaged, they are also relieved of the duty imposed under section 158.57 of the Act (i.e., the duty that ordinarily applies to vaping products manufactured in Canada and imported vaping products).

Paragraph 158.6(1)(a) is amended to clarify that vaping products that are taken for use are relieved of the duty imposed under section 158.57 whether or not the vaping products are packaged. In other words, such vaping products are subject to the duty imposed under subsection 158.6(1) but are relieved of the duty imposed under section 158.57.

This amendment is deemed to have come into force on Announcement Date.

Subclause 10(2)**Specified province – duty on vaping products taken for use**

EA, 2001

158.6(2)

Existing subsection 158.6(2) of the Act provides that if vaping products are taken for use, then a duty in respect of a specified vaping province is imposed on the vaping products in circumstances prescribed by regulations in the amount determined in a manner prescribed by regulations. This duty applies in respect of provinces that have entered into an agreement with Canada in respect of the coordination of vaping product taxation.

Subsection 158.6(2) is amended to clarify that vaping products that are taken for use are relieved of the duty imposed under section 158.58 of the Act (i.e., the additional vaping duty in respect of coordinated provinces that ordinarily applies to vaping products manufactured in Canada and

imported vaping products). In other words, such vaping products are subject to the duty imposed under subsection 158.6(2) but are relieved of the duty imposed under section 158.58.

This amendment is deemed to have come into force on Announcement Date.

Clause 11

Duty on unaccounted vaping products

EA, 2001

158.61

Existing section 158.61 of the Act provides that duty is payable on vaping products that are not accounted for.

Subclause 11(1)

Duty on unaccounted vaping products

EA, 2001

158.61(1)

Existing subsection 158.61(1) of the Act provides that a duty is imposed on a vaping product if a person responsible for the vaping product cannot account for the vaping product as being in the possession of a vaping product licensee or in the possession of another person in accordance with subsection 158.44(3) of the Act. The duty is imposed in the amount determined in respect of the vaping product under Schedule 8 to the Act. Paragraph 158.61(1)(a) provides that, if the vaping products that are unaccounted for are packaged, they are also relieved of the duty imposed under section 158.57 of the Act (i.e., the duty that ordinarily applies on vaping products manufactured in Canada and imported vaping products).

Paragraph 158.61(1)(a) is amended to clarify that vaping products that are unaccounted for are relieved of the duty imposed under section 158.57 whether or not the vaping products are packaged. In other words, such vaping products are subject to the duty imposed under subsection 158.61(1) but are relieved of the duty imposed under section 158.57.

This amendment is deemed to have come into force on Announcement Date.

Clause 11(2)

Specified province – duty on unaccounted vaping products

EA, 2001

158.61(2)

Existing subsection 158.61(2) of the Act provides that if vaping products cannot be accounted for, then a duty in respect of a specified vaping province is imposed on the vaping products in circumstances prescribed by regulations in the amount determined in a manner prescribed by

regulations. This duty applies in respect of provinces that have entered into an agreement with Canada in respect of the coordination of vaping product taxation.

Paragraph 158.61(2) is amended to clarify that vaping products that cannot be accounted for are relieved of the duty imposed under section 158.58 of the Act (i.e., the additional vaping duty in respect of coordinated provinces that ordinarily applies to vaping products manufactured in Canada and imported vaping products). In other words, such vaping products are subject to the duty imposed under subsection 158.61(2) but are relieved of the duty imposed under section 158.58.

This amendment is deemed to have come into force on Announcement Date.

Clause 12

Exception

EA, 2001

191(3)(b)

Existing paragraph 191(3)(b) of the Act overrides the normal limitation period for a reassessment of a person if the reassessment is made with the person's consent for the purpose of disposing of an appeal.

Paragraph 191(3)(b) is amended to ensure that the purposes for which the limitation period for a reassessment may be overridden under this paragraph include disposing of an appeal of a person other than the person being reassessed.

This amendment comes into force on royal assent.

Part 3 – Draft Amendments to the *Air Travellers Security Charge Act*

Clause 13

Exception where objection or appeal

ATSCA

42(2)(b)

Existing paragraph 42(2)(b) of the *Air Travellers Security Charge Act* overrides the normal limitation period for a reassessment or a variation of an assessment of a person if the reassessment or the variation of an assessment is made with the person's consent for the purpose of disposing of an appeal.

Paragraph 42(2)(b) is amended to ensure that the purposes for which the limitation period for a reassessment or a variation of an assessment may be overridden under this paragraph include disposing of an appeal of a person other than the person who is being reassessed or whose assessment is being varied.

This amendment comes into force on royal assent.

Part 4 – Draft Amendments to the *Greenhouse Gas Pollution Pricing Act*

Clause 14

Exception – objection or appeal

GGPPA

111(3)(b)

Existing paragraph 111(3)(b) of the *Greenhouse Gas Pollution Pricing Act* overrides the normal limitation period for a reassessment or a variation of an assessment of a person if the reassessment or the variation of an assessment is made with the person's consent for the purpose of disposing of an appeal.

Paragraph 111(3)(b) is amended to ensure that the purposes for which the limitation period for a reassessment or a variation of an assessment may be overridden under this paragraph include disposing of an appeal of a person other than the person who is being reassessed or whose assessment is being varied.

This amendment comes into force on royal assent.

Part 5 – Draft Amendments to the *Underused Housing Tax Act*

Clause 15

Exception – objection or appeal

UHTA

36(2)(b)

Existing paragraph 36(2)(b) of the *Underused Housing Tax Act* overrides the normal limitation period for a reassessment or a variation of an assessment of a person if the reassessment or the variation of an assessment is made with the person's consent for the purpose of disposing of an appeal.

Paragraph 36(2)(b) is amended to ensure that the purposes for which the limitation period for a reassessment or a variation of an assessment may be overridden under this paragraph include disposing of an appeal of a person other than the person who is being reassessed or whose assessment is being varied.

This amendment comes into force on royal assent.

Part 6 – Draft Amendments to the *Select Luxury Items Tax Act*

Clause 16

Exception – objection or appeal

SLITA

96(3)(b)

Existing paragraph 96(3)(b) of the *Select Luxury Items Tax Act* overrides the normal limitation period for a reassessment or a variation of an assessment of a person if the reassessment or the variation of an assessment is made with the person’s consent for the purpose of disposing of an appeal.

Paragraph 96(3)(b) is amended to ensure that the purposes for which the limitation period for a reassessment or a variation of an assessment may be overridden under this paragraph include disposing of an appeal of a person other than the person who is being reassessed or whose assessment is being varied.

This amendment comes into force on royal assent.

Part 7 – Draft Amendments to Various Regulations

Division 1 - Financial Services and Financial Institutions (GST/HST) Regulations

Clause 17

Prescribed services

Financial Services and Financial Institutions (GST/HST) Regulations

3

Services that meet the definition “financial service” in subsection 123(1) of the *Excise Tax Act* are generally exempt under the Goods and Services Tax/Harmonized Sales Tax (GST/HST). A service will meet the definition “financial service” if it first falls within any of paragraphs (a) to (m) of the definition and is not then excluded by any of paragraphs (n) to (t) of the definition. Paragraph (m) of the definition describes a prescribed service.

Existing section 3 of the *Financial Services and Financial Institutions (GST/HST) Regulations* specifies which services are prescribed for the purposes of paragraph (m) of the definition. Section 3 describes a service that is in relation to the clearing and settlement of cheques and other payment items under the national payments system of the Canadian Payments Association (CPA) and that is supplied by the CPA or by any of its members.

Section 3 is amended so that it will not describe a service that is supplied by a person that is a member of the CPA but that is entitled to be a member of the CPA only because of the application of paragraph 4(2)(i) of the *Canadian Payments Act*. Paragraph 4(2)(i) of the *Canadian Payments Act* describes a payment service provider that performs retail payment activities, as those terms are defined in section 2 of the *Retail Payment Activities Act*. The amendment to section 3 does not impact a person that is a member of the CPA because of the application of any of paragraphs 4(1)(a) to (c.1) of the *Canadian Payments Act* or that is entitled to be a member of the CPA because of the application of any of paragraphs 4(2)(a) to (h) of that Act.

The amendment to section 3 comes into force on the same day that the amendment adding paragraph 4(2)(i) of the *Canadian Payments Act* comes into force, which is to be fixed by order of the Governor in Council.

Division 2 - Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

Clause 18

Definition “investment plan”

Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

1(1)

The definition “investment plan” in subsection 1(1) of the *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (the Regulations) means a segregated fund of an insurer (as those terms are defined in subsection 123(1) of the *Excise Tax Act* (the Act)) or an investment plan (within the meaning of subsection 149(5) of the Act). However, the definition does not include a person described by paragraph (a) or (b) of the definition. Existing paragraph (a) describes a trust governed by a registered retirement savings plan (as defined in subsection 146(1) of the *Income Tax Act*), a registered retirement income fund (as defined in subsection 146.3(1) of the *Income Tax Act*), a registered disability savings plan (as defined in subsection 146.4(1) of the *Income Tax Act*) or a TFSA (within the meaning assigned by subsection 146.2(5) of the *Income Tax Act*).

Paragraph (a) is amended to also include a trust governed by a first home savings account (as defined in subsection 146.6(1) of the *Income Tax Act*).

This amendment applies in respect of any reporting period of a person ending after Announcement Date.

Clause 19**Insurers***Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations*

24

Section 24 of the Regulations contains rules that apply to selected listed financial institutions (within the meaning of subsection 225.2(1) of the Act) that are insurers (as defined in subsection 123(1) of the Act). These rules govern the determination by such a financial institution of its percentage for a particular period (as defined in subsection 16(1) of the Regulations) and for a particular participating province (as defined in subsection 123(1) of the Act).

Section 24 is amended by amending subsection 24(2) and by adding new subsection 24(4).

Subclauses 19(1) and (2)**Determination of percentage***Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations*

24(2)

Existing subsection 24(2) of the Regulations contains rules applying to a financial institution that is an insurer governing the determination of such a financial institution's percentage for a particular period and for a particular participating province. This percentage is determined by the formula element A divided by element B. Element A is generally the financial institution's net premiums for the particular period (within the meaning assigned by subsection 24(1)) in respect of the insurance of risk in respect of either property situated in the particular participating province or persons resident in the particular participating province. Element B is generally the financial institution's net premiums for the particular period in respect of the insurance of risk in respect of either property situated in Canada or persons resident in Canada.

Subsection 24(2) is amended in two ways.

The first amendment to subsection 24(2) clarifies that subsection 24(2) does not apply to an insurer that is a bank, a credit union (as those terms are defined in subsection 123(1) of the Act) or an investment plan (as defined in subsection 1(1) of the Regulations).

This first amendment applies in respect of any reporting period of a person that begins after August 9, 2022.

The second amendment to subsection 24(2) provides that subsection 24(2) applies subject to new subsection 24(4).

This second amendment applies in respect of any reporting period of a person that ends after Announcement Date.

Subclause 19(3)**Nil net premiums**

Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

24(4)

New subsection 24(4) of the Regulations contains an exception to subsection 24(2). It applies where two conditions are met. The first condition is that, in the absence of subsection 24(4), subsection 24(2) would apply to determine a financial institution's percentage for a participating province and for the particular period (i.e., the financial institution is an insurer but not a bank, credit union or investment plan). The second condition is that the amount determined for element B in the formula in subsection 24(2) in respect of the financial institution for the particular period is zero. For example, this could be the case if the financial institution's sole source of revenue were to be from selling annuities, which under subsection 24(1) would be excluded from the financial institution's net premiums.

Where subsection 24(4) applies to a selected listed financial institution for a particular period, the financial institution's percentage for the participating province and for the particular period is to be determined by subsection 23(2) of the Regulations rather than by subsection 24(2).

Subsection 24(4) applies in respect of any reporting period of a person that ends after Announcement Date.

Clause 20**Prescribed circumstance and day**

Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

65

Subsection 244.1(2) of the Act provides that if a person is, throughout a particular reporting period in a particular fiscal year of the person, both a selected listed financial institution (within the meaning of subsection 225.2(1) of the Act) and either an investment plan (within the meaning of subsection 149(5) of the Act) or a segregated fund of an insurer (as those terms are defined in subsection 123(1) of the Act) and if prescribed circumstances exist, then the particular fiscal year ends on the day immediately before a prescribed day and the immediately following fiscal year of the person begins on the prescribed day.

Existing section 65 of the Regulations determines for the purposes of subsection 244.1(2) of the Act what is a prescribed circumstance and what day is a prescribed day in relation to an investment plan (as defined in subsection 1(1) of the Regulations). Paragraph 65(a) provides that the occurrence of a plan merger (as defined in subsection 16(1) of the Regulations) to form an investment plan is a prescribed circumstance. Paragraph 65(b) provides that the day on which the plan merger referred to in paragraph 65(a) occurs is the prescribed day in relation to the investment plan.

Paragraph 65(a) is amended to provide that the occurrence of a plan merger to form a series (as defined in subsection 1(1)) of an investment plan is also a prescribed circumstance. As a result, where an investment plan is a selected listed financial institution throughout a reporting period in a particular fiscal year of the investment plan and a plan merger occurs on a particular day to form a series of the investment plan, subsection 244.1(2) of the Act will now provide that the investment plan's fiscal year will end on the day immediately before the particular day and the immediately following fiscal year of the investment plan will begin on the particular day.

This amendment applies in respect of any reporting period of a person that begins after August 9, 2022.

Clause 21

Investment plan merger

Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations

66

Existing section 66 of the Regulations provides that, if a plan merger (as defined in subsection 16(1) of the Regulations) occurs to form an investment plan (as defined in subsection 1(1) of the Regulations) that is, immediately after the plan merger, a selected listed financial institution (within the meaning of subsection 225.2(1) of the Act), the rules set out in paragraphs 66(a) and (b) apply.

Section 66 is amended to provide that rules set out in paragraphs 66(a) and (b) will also apply if a plan merger occurs to form a series (as defined in subsection 1(1)) of an investment plan and the investment plan is, immediately after the plan merger, a selected listed financial institution.

This amendment applies in respect of any reporting period of a person that begins after August 9, 2022.

Division 3 - Real Property (GST/HST) Regulations

Clause 22

Excluded equity housing supply

Real Property (GST/HST) Regulations

3.1

New section 3.1 of the *Real Property (GST/HST) Regulations* (the Regulations) introduces the concept of “excluded equity housing supply” for the purposes of the Regulations. A taxable supply that is an excluded equity housing supply of a residential complex is not eligible for a GST rebate under subsection 256.2(3) of the Act, determined in accordance with subsection 256.2(3.2) of the Act (i.e., the temporary 100% GST rebate for purpose-built rental housing), nor the corresponding rebates in respect of the provincial component of the HST.

Subsection 3.1(3) of the Regulations provides that a taxable supply is an excluded equity housing supply of a residential complex if the taxable supply is a supply by way of sale to a corporation of the residential complex, an interest in the residential complex or an addition to the residential complex and it is the case that, in respect of a residential unit situated in the residential complex:

- the corporation makes a particular supply of a share of the capital stock of the corporation to a particular person;
- the share confers on the particular person a right to possess the residential unit or a right to enter into an agreement for the supply by the corporation of the residential unit to the particular person by way of a lease that is, or is similar to, an arrangement commonly referred to as a “proprietary lease”; and
- if the particular person were to make a subsequent supply of the share to the corporation or another person, the total consideration for the subsequent supply would not be prohibited from exceeding the total consideration for the particular supply under the statute by or under which the corporation was incorporated, under the corporation’s charter, articles of association, by-laws or contracts with its shareholders or members or under contracts between its shareholders or members.

Subsections 3.1(1) and (2) provide interpretative rules that apply for the purposes of section 3.1. Specifically, subsection (1) provides that, for greater certainty, a share of the capital stock of a corporation includes a share of the capital stock of a cooperative corporation. Subsection (2) provides that the total consideration for a supply to a person of a share in the capital stock of a corporation that confers a right in respect of a residential unit situated in a residential complex is the total of all amounts, each of which is the consideration payable for the supply to the person of the share or an interest in the corporation, the residential complex or the residential unit.

This amendment is deemed to have come into force on September 14, 2023.

Clause 23

Prescribed conditions

Real Property (GST/HST) Regulations

4

Existing section 4 of the Regulations prescribes conditions for the purposes of subsection 256.2(3.1) of the Act. The conditions must be met in order that an amount of the rebate under subsection 256.2(3) of the Act in respect of a taxable supply may be determined in accordance with subsection 256.2(3.2) of the Act.

Section 4 is amended to add a condition that a taxable supply must not be an excluded equity housing supply of the residential complex (within the meaning of subsection 3.1(3) of the Regulations).

This amendment is deemed to have come into force on September 14, 2023.

Clause 24

Prescribed conditions – cooperative housing corporations

Real Property (GST/HST) Regulations

4.1

Subsection 256.2(2.1) of the Act provides that, if certain conditions including prescribed conditions are met, a person that is a cooperative housing corporation (as defined in subsection 123(1) of the Act) may qualify for the temporary 100% GST rebate for purpose-built rental housing by deeming that person, for the purposes of applying section 255 and subsections 256.2(3) and (5) of the Act, not to be a cooperative housing corporation.

New section 4.1 of the Regulations makes it a prescribed condition that, in applying subsection 256.2(2.1) of the Act to a cooperative housing corporation in respect of a taxable supply of property that is a residential complex, an interest in a residential complex or an addition to a multiple unit residential complex, the taxable supply must not be an excluded equity housing supply of the residential complex (within the meaning of subsection 3.1(3) of the Regulations). No other conditions are currently prescribed.

This amendment is deemed to have come into force on September 14, 2023.