

News Release

Government of Canada releases municipal Goods and Services Tax/Harmonized Sales Tax (GST/HST) rebate information

Ottawa, May 26, 2005... Minister of National Revenue John McCallum and Minister of State (Infrastructure and Communities) John Godfrey today announced that information about the Goods and Services/Harmonized Sales Tax (GST/HST) rebate amounts for municipalities is available on the Canada Revenue Agency (CRA) Web site.

As of February 2004, municipalities may be entitled to claim a 100% rebate to recover the GST and the federal portion of the HST paid on certain goods and services, for providing municipal services and community infrastructure maintenance or improvements. Municipalities have up to four (4) years to claim the rebate for GST/HST paid.

“For the calendar year ending December 31, 2004, an additional **\$373 million** was paid to municipalities across Canada as a result of the increase in the GST/HST rebate to 100%,” said Minister McCallum. “The Government of Canada is committed to working with municipal governments to ensure that Canada continues to be a world leader in developing vibrant, prosperous, and sustainable communities,” he added.

“As part of the New Deal for Cities and Communities, the Government of Canada is committed to help all communities secure stable, predictable, long-term funding,” stated Minister Godfrey. “Municipalities across this country are benefiting from the GST/HST rebate, which they are using for their most pressing needs. The rebate, delivered in Budget 2004, is providing \$7 billion over 10 years. Budget 2005 builds on this commitment to municipalities by providing \$5 billion in gas tax funds over the next five years, and committing to renewing and extending programs such as the Canadian Strategic Infrastructure Fund, the Municipal Rural Infrastructure fund, and the Border Infrastructure Fund as they expire.”

Legislation to increase the rebate for municipalities from 57.14% to 100% of the GST/HST was implemented effective February 1, 2004. For the calendar year 2004, a total of \$1.2 billion in GST/HST rebates was paid to municipalities. This amount includes rebate claims approved for prior years, since municipalities have up to four years to submit a claim for a rebate.

Municipalities that are eligible to claim the 100 per cent GST and the federal portion of the HST rebate include:

- incorporated municipal bodies, such as cities, towns, villages, and metropolitan areas;
- entities determined by the Minister of National Revenue to be a municipality, such as transit commissions and public libraries; and
- entities designated by the Minister of National Revenue, in respect of their delivery of municipal services, such as some non-profit social housing corporations or cooperatives.

To obtain GST/HST incremental rebate information for all eligible individual municipalities, please visit the CRA Web site at www.cra.gc.ca/municipalitiesreport.

For more information:

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