



# GST Memoranda Series

## 25.2 Designation of Hospital Authorities

**Overview** This section explains what a hospital authority is and sets out the administrative guidelines and criteria that must be met in order for an organization to be designated as a hospital authority. In addition, this section sets out a proposed legislative amendment respecting the definition of hospital authority, which was announced in the Notice of Ways and Means Motion tabled on April 23, 1996.

**Disclaimer** The information in this memorandum does not replace the law found in the *Excise Tax Act* and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate Regulation, or contact a Canada Revenue Agency (CRA) GST/HST Rulings Centre for more information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287.

If you are located in the Province of Quebec, please contact Revenu Québec by calling the toll-free number 1-800-567-4692 for additional information.

**Note** This section of Chapter 25 supersedes paragraphs 5 and 6 of GST Memorandum 500-4-4, *Hospital Authorities*. Due to the number of revisions, the changes have not been side-barred.

[Proposed amendments] [Where information reflects proposed amendments, the information is enclosed in square brackets.] Any commentary in this section should not be taken as a statement by the Department that such amendments will in fact be enacted into law in their current form.

### Designated hospital authorities

Entitlements as hospital authority  
Sch. VI, Part II, s 4 and ss 259(3)

1. If an organization is designated as a hospital authority, it is entitled to claim rebates of a percentage of its non-creditable tax charged. The rebate rate for hospital authorities is 83% pursuant to section 5 of the *Public Service Body Rebate (GST) Regulations*. As well, health care facilities such as hospital authorities can acquire hospital beds on a zero-rated basis (i.e., tax at the rate of 0%).

To be considered a hospital authority  
ss 123(1)

2. For an organization to be considered a hospital authority for purposes of the Act, the organization must operate a public hospital and must be designated as a hospital authority by the Minister of National Revenue.

### Meaning of hospital authority

Former meanings of hospital authority ss 123(1)

3. Previously, if an organization or part of an organization operated a public hospital that was certified as such by Health Canada, the organization or the part of the organization was considered to be a hospital authority for purposes of the Act. As a result of a legislative change effective June 10, 1993, Health Canada no longer certifies public hospitals. Because of this change, the definition of hospital authority was amended to read as follows with effect from June 10, 1993:

hospital authority means an organization or that part of an organization that operates a public hospital and that is designated by the Minister as a hospital authority for the purposes of Part IX of the Act.

Therefore, to be considered a hospital authority, an organization or part of an organization that operated a public hospital had to be designated as such by the Minister.

[Amended meaning of hospital authority ss 123(1) Notice of Ways and Means, April 23, 1996]

4. As noted in paragraph 3 of this section, prior to the amendment to the definition of hospital authority, a part of an organization could be designated a hospital authority. [Effective April 24, 1996, the definition of hospital authority is amended and a part of an organization is no longer included in this definition.]

Organizations previously certified by Health and Welfare

5. An organization or part of an organization that was previously certified by Health Canada need not apply to be designated as a hospital authority by the Minister, as it will be considered to already be so designated.

### Administrative guidelines

Criteria necessary for designation

6. If an organization wishes to be designated as a hospital authority, it must operate a public hospital that meets the following criteria:

- it is recognized as a public hospital by the government of the province in which it is located;
- it is established and operated otherwise than for profit;
- it is operated for the medical or surgical treatment of the sick or injured; and
- it provides and maintains in-patient beds and services.

## 25.2 Designation of Hospital Authorities (continued)

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Applying for designation 7. The organization must apply in writing to the Department for a designation and must provide acceptable evidence to support each of the criteria. Applications for designation as a hospital authority should be sent to:

Director  
Public Service Bodies and Government  
Excise and GST/HST Rulings Directorate  
Place de Ville, Tower A, 15th Floor  
320 Queen Street  
Ottawa ON K1A 0L5

Acceptable evidence 8. Acceptable evidence includes a copy of the letters patent or articles of incorporation and, if applicable, the by-laws of the organization. It would also include evidence that the hospital operated by the applicant organization is recognized as a public hospital by the government of the province in which it is located. As well, the applicant organization must provide evidence to support that it is operated for the medical or surgical treatment of the sick or injured and that it provides and maintains in-patient beds and services.

### Other information for hospital authorities

Other related matters 9. Information concerning matters such as the filing of rebate claims, the use of the Special Quick Method, and requirements concerning books and records is available in GST Memorandum 500-4-4, *Hospital Authorities*. (This information will be contained in new sections of this chapter.)