

**Information Notice**  
**Retail Sales Tax Branch**

May 2003

## Retail Sales Tax Rebate for Solar Energy Systems

**About this Notice**

This Notice explains how you can receive a rebate of Retail Sales Tax (RST) paid on the purchase of a new solar energy system installed into a residential premises, including a multi-residential building, or on any expansion or upgrade to an existing solar energy system.

**Background**

As part of the *Electricity Pricing, Conservation and Supply Act, 2002*, the Ontario government introduced the rebate for RST paid on the purchase of a new solar energy system installed into a residential premises, including a multi-residential building, or on any expansion or upgrade to an existing solar energy system.

**Qualifying Criteria**

For purposes of the rebate, a solar energy system includes:

- a solar photovoltaic system that converts solar energy into electricity, or
- a solar thermal system that converts energy into heat.

A solar photovoltaic system includes:

- the solar photovoltaic collector panels, wiring, controllers and devices that convert direct current into alternate current, and
- the first battery used to store the energy produced by the system.

A solar thermal system includes:

- the solar thermal collector panels, wiring, pumps, tubing, heat exchangers and insulated energy storage tanks.

In addition, any components purchased to expand or upgrade an existing solar photovoltaic or solar thermal system qualify for the rebate.

A solar energy system or the components to expand or upgrade an existing solar energy system must be purchased and incorporated into a residential premises or multi-residential building **on or after November 26, 2002 and on or before November 25, 2007**.

**Who can Claim the Rebate?**

The rebate may be claimed by the **owner of a residential premises or a multi-residential building (owner)** who purchases and installs a new solar energy system, or expands or upgrades an existing system.

The **builder of a newly-constructed home or newly-constructed multi-residential building (builder)** may claim a rebate of RST paid on the purchase of a solar energy system, provided the system is installed by the builder prior to the sale of the newly-constructed home or newly-constructed multi-residential building. To qualify, the newly-constructed home or newly-constructed multi-residential building must be entitled to a warranty under the *Ontario New Home Warranties Plan Act*. Where the builder has installed the solar energy system, the owner may not claim the rebate.

If after purchasing a “newly-constructed home or newly-constructed multi-residential building”, the owner installs a solar energy system, the owner is eligible for the rebate.

## Calculating the Rebate

Where the owner or builder purchases the solar energy system components directly from a solar energy system supplier, the amount of the rebate is based on the RST paid on the components.

Where an owner enters into a written contract with a contractor to supply and install a solar energy system, or expand or upgrade an existing system, the **owner** may apply for a rebate based on a percentage of the total contract price.

As the owner may not know the actual amount of RST paid by the contractor, the percentage of the rebate will be calculated as follows:

- if the federal Goods and Services Tax (GST) is included in the contract price, the rebate is calculated by multiplying the payments made (including the GST) by 3%,
- if the GST is **not** included in the contract price, the rebate is calculated by multiplying the payments made by 3.4%.

When calculating the rebate using one of the above formulas, the following costs must be removed from the total contract price before calculating the rebate amount:

- land or land improvement costs
- the cost of obtaining a performance bond
- charges for development or for project consulting services
- building permit fees
- equipment rental charges, and
- the cost of tangible personal property that may be exempt from tax under any other section of the *RST Act*.

If the contractor provides the owner with actual receipts or a signed statement to confirm the actual amount of RST paid on the solar energy system components, then the owner may choose to claim this amount.

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## How to Claim a Rebate

To claim a rebate, you must submit a completed "[General Application for Refund of Retail Sales Tax](#)" form, along with supporting documentation, to the Refund Unit, Retail Sales Tax Branch, 1600 Champlain Drive, Whitby, Ontario, L1N 9B2.

If you are claiming the actual amount of RST paid, you must include a copy of the sales contract, invoice or other receipt to show the date of purchase, date of installation and the amount of RST paid.

If the claim is being made for a solar energy system or an expansion or upgrade installed by a contractor, you must include a copy of the contract and proof of payment. As an alternative, if you are claiming a rebate of the actual RST paid by the contractor, you must provide copies of the contractor's invoices or a signed statement by the contractor stating the amount of the RST paid on the solar energy system components that are included in the contract.

Rebate claims must be received by the Ministry of Finance within four years from the date the RST was paid or from the date the contract was paid. Please allow 6 to 8 weeks for processing your rebate.

***Please note that interest is not payable on these rebate claims.***

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## For More Information

For more information or to obtain a refund form, please contact the nearest Ontario Ministry of Finance Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory, call our TAX FAX Service at 1-877-4-TAX-FAX (1-877-482-9329), or visit our Web site at [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca).

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