



ELECTION FOR PASSENGER VEHICLES OR AIRCRAFT TO BE DEEMED TO BE USED EXCLUSIVELY IN NON-COMMERCIAL ACTIVITIES

Use this form if you are a GST/HST registrant and want to elect to have a leased (or, if you are a financial institution, leased or purchased) passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities for GST/HST purposes when the vehicle or aircraft is provided to your employee or shareholder.

Note: Effective July 1, 2006, the GST rate is reduced from 7% to 6%, and the HST rate from 15% to 14%.

For more information, see the back of this form.

Part A – Identification		
Legal name	Business Number	
Trading name (if different from above)		
Mailing address		
City	Province	Postal code
Part B – Identification of passenger vehicle or aircraft		
If this election is for more than two passenger vehicles or aircraft, attach a separate sheet providing the following information for each vehicle or aircraft.		
Vehicle identification number	Aircraft registration number	Serial number
Make of vehicle or aircraft	Model	Year
Vehicle identification number	Aircraft registration number	Serial number
Make of vehicle or aircraft	Model	Year
Part C – Eligibility – Other than financial institutions – Lease		
Are you the lessee of the passenger vehicle or aircraft identified on this form or on any documents attached to this form?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the passenger vehicle or aircraft used otherwise than primarily in commercial activities?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Part D – Eligibility – Financial institutions – Purchase or lease		
Have you acquired the passenger vehicles or aircraft identified on this form or on any documents attached to this form by way of lease or purchase?		<input type="checkbox"/> Yes <input type="checkbox"/> No

▶ If you have answered yes to the questions in part C or in part D above, you can make this election.

Part E – Election and certification								
I elect to have the passenger vehicle(s) or aircraft identified on this form, or on any attached documents, to be deemed to be used exclusively in non-commercial activities for GST/HST purposes.								
Effective date of the election (Before entering the date, read carefully the section "Effective date of the election" on the back of this form.)		<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center; padding: 0 5px;">Year</td> <td style="text-align: center; padding: 0 5px;">Month</td> <td style="text-align: center; padding: 0 5px;">Day</td> </tr> <tr> <td style="text-align: center;"> _ _ </td> <td style="text-align: center;"> _ </td> <td style="text-align: center;"> _ </td> </tr> </table>	Year	Month	Day	_ _	_	_
Year	Month	Day						
_ _	_	_						
I, _____, certify that the information given on this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the registrant or that I am authorized to sign on behalf of the electing registrant. <div style="text-align: center; margin-top: 5px;">(print)</div>								
Signature of registrant or authorized person	Position or title	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center; padding: 0 5px;">Year</td> <td style="text-align: center; padding: 0 5px;">Month</td> <td style="text-align: center; padding: 0 5px;">Day</td> </tr> <tr> <td style="text-align: center;"> _ _ </td> <td style="text-align: center;"> _ </td> <td style="text-align: center;"> _ </td> </tr> </table>	Year	Month	Day	_ _	_	_
Year	Month	Day						
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Privacy Act Personal Information Bank RCC/P-PU-091

GENERAL INFORMATION

Definitions

Basic tax content – means the amount of GST/HST payable on the acquisition of the property and on any improvements to the property, less any amounts that would be reimbursed to you (such as rebates or remissions, but not input tax credits). You also have to consider the fair market value of the property as well as the value at last acquisition (including any improvements).

Financial institution – includes a bank, investment dealer, person whose principal business is the lending of money, trust company, money/stock broker, credit union, tax discount, insurance company/broker, an investment plan.

Passenger vehicle – this is an automobile you bought or leased after June 17, 1987. Most cars, station wagons, vans, and some pickup trucks are passenger vehicles. It includes any motor vehicle designed or adapted to carry not more than the driver and eight passengers. It **does not** include an ambulance, hearse, taxi, vehicles held as inventory, and vans and pickup trucks with a seating capacity of not more than three people (including the driver) used **primarily** for the transportation of goods in the course of a business. A van, pickup truck, or similar vehicle which in the taxation year in which it is acquired is used all or substantially all for the transportation of goods, equipment, or passengers in the course of gaining or producing income would not be considered a passenger vehicle.

Primarily – Generally means more than 50%.

Information concerning the election

This election allows you as a GST/HST registrant to have a leased passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities when the vehicle or aircraft is provided to your employee or shareholder. Once this election is in effect:

- You will no longer have to remit any GST/HST on the standby charge and the operating expense benefit included in your employee's or shareholder's income for income tax purposes.
- GST/HST and any applicable provincial taxes will still have to be included in the value of the taxable benefit, when the employee or shareholder benefit is calculated for income tax purposes.
- You will no longer be allowed to claim any input tax credits (ITCs) for the GST/HST paid or payable on the passenger vehicle or aircraft lease payments, or on any operating costs relating to the passenger vehicle or aircraft.
- You will have to recapture any ITCs you previously claimed in a reporting period that occurred before you filed this election but relate to a period after the election date. If you have to recapture previously claimed ITCs, include the net tax adjustment on line 104 of your GST/HST return.

Example

You are a quarterly filer with a calendar fiscal year. On January 1, 2006, you prepaid GST/HST on a vehicle lease payment for the period January 1 to June 30, 2006. You have been using the vehicle 100% in commercial activity and you claimed a full ITC for the GST/HST paid in your return for the reporting period ending March 31, 2006. Realizing that the commercial use of the vehicle will decrease, you make an election such that the vehicle will be deemed to be used exclusively in non-commercial activities by your employees, effective April 1, 2006. Since you have already claimed a full ITC, you must recapture that part of the ITC claimed for the period of April 1 to June 30, 2006, when you file your return for the reporting period ending June 30, 2006.

Financial institutions

If you are a financial institution, you can also elect to have a purchased passenger vehicle or aircraft deemed to be used exclusively in non-commercial activities when the vehicle or aircraft is provided to your employee or shareholder. The effect of this election is dependent on the price of the vehicle or aircraft.

Purchased vehicle/aircraft priced \$50,000 or less – If you are a financial institution and you purchased a passenger vehicle or aircraft and the passenger vehicle or aircraft cost \$50,000 or less, the following rules will apply once this election is in effect:

- You cannot claim ITCs for the GST/HST paid or payable on any improvements to, or on the acquisition, importation, or bringing into a participating province of, the passenger vehicle or aircraft.
- You cannot claim ITCs on any operating costs relating to the passenger vehicle or aircraft.
- You will have to recapture the full ITCs previously claimed for the GST/HST paid on any improvements to, or on the acquisition, importation, or bringing into a participating province of, the passenger vehicle or aircraft. If you have to recapture previously claimed ITCs, include the amount on line 104 of your GST/HST return.

Example

You are a financial institution and you purchased a passenger vehicle for \$20,000 (plus \$1,200 GST) on July 2, 2006 and claimed the full ITC of \$1,200. In late July, you made improvements to the vehicle and claimed an additional ITC of \$140. If your effective election date is August 1, 2006, you will have to repay the \$1,200 ITC previously claimed on the purchase plus the \$140 ITC on the improvement when you determine your net tax for the reporting period which includes August 1, 2006.

Purchased vehicle/aircraft priced greater than \$50,000 –

If you are a financial institution and you file the election, and the passenger vehicle or aircraft costs more than \$50,000, you will not have to follow the above rules. Instead, you will have to self-assess and pay GST/HST equal to the basic tax content of the passenger vehicle or aircraft. Include any GST/HST owing on line 103 of your GST/HST return. You cannot claim ITCs on any operating costs relating to the passenger vehicle or aircraft.

Effective date of the election

The effective date of the election for registrants (other than financial institutions) is the first day of the reporting period in which the passenger vehicle or aircraft is leased for use other than primarily for commercial activities, or the first day of a reporting period in which the registrant uses the property other than primarily for commercial activities. For financial institutions, the effective date of the election is the first day of a reporting period in which the passenger vehicle or aircraft is acquired (i.e., purchased or leased) or is used by the financial institution. The election is binding and remains in effect until you dispose of or cease to lease the passenger vehicle or aircraft.

Books and records

Do not send us this form. Keep the completed election form with your books and records during the entire period it is in effect and for six years after it ceases to have effect.

More information

For more information, visit our Web site at www.cra.gc.ca or call our Business Enquiries line at 1-800-959-5525.