



## CLOSELY RELATED CORPORATIONS AND CANADIAN PARTNERSHIPS

### Election or Revocation of the Election to Treat Certain Taxable Supplies as having been made for Nil Consideration

Corporations and Canadian partnerships that are specified members of a qualifying group can use this form to jointly elect to treat taxable supplies between them as having been made for nil consideration. The election applies only to a supply of property or a service that the recipient is acquiring for consumption, use, or supply exclusively in the course of its commercial activities, except for sales of real property. A sale of real property is excluded from this election. A corporation that has filed an election to treat taxable supplies as supplies of financial services cannot make this election. Complete parts A, B, and C of this form to make this election or parts A and C to revoke it.

For definitions and more information, see pages 3 and 4 of this form or call our Business Enquiries line at **1-800-959-5525**.

Part A – Identification			
Legal name of corporation or Canadian partnership		Business Number	
Trading name (if different from legal name)			
Mailing address			
City	Province	Postal code	
Contact person	Title	Telephone number (     )	
I, _____, certify that the information given on this form and in all attached documents is, to the best of my (print) knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person		Title	Year    Month    Day 
Part A – Identification			
Legal name of corporation or Canadian partnership		Business Number	
Trading name (if different from legal name)			
Mailing address			
City	Province	Postal code	
Contact person	Title	Telephone number (     )	
I, _____, certify that the information given on this form and in all attached documents is, to the best of my (print) knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person		Title	Year    Month    Day 
Part A – Identification			
Legal name of corporation or Canadian partnership		Business Number	
Trading name (if different from legal name)			
Mailing address			
City	Province	Postal code	
Contact person	Title	Telephone number (     )	
I, _____, certify that the information given on this form and in all attached documents is, to the best of my (print) knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.			
Signature of authorized person		Title	Year    Month    Day 

**Part A – Identification**

Legal name of corporation or Canadian partnership		Business Number
Trading name (if different from legal name)		
Mailing address		
City	Province	Postal code
Contact person	Title	Telephone number (      )

I, \_\_\_\_\_, certify that the information given on this form and in all attached documents is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to sign on behalf of the corporation or Canadian partnership identified above.

Signature of authorized person	Title	Year	Month	Day

**Note**  
If more than four corporations or Canadian partnerships elect or revoke the election, use a photocopy of this form or additional forms to provide the information requested in part A. This form is available on our Website at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms).

**Part B – Eligibility for the election**

You must be a specified member of a qualifying group to make this election. To determine if you satisfy this condition, check the boxes that apply:

The corporations and Canadian partnerships identified in part A of this form and on any attached forms are members of a qualifying group.

None of the corporations identified in part A of this form or on any attached forms are party to an election to treat taxable supplies as supplies of financial services. (Check this box if all the members identified in part A of this form or on any attached forms are Canadian partnerships.)

For each corporation or Canadian partnership identified in part A of this form and on any attached forms:

- all or substantially all of the property of the corporation or Canadian partnership (other than financial instruments) was last manufactured, produced, acquired, or imported by the corporation or partnership for consumption, use, or supply exclusively in its commercial activities; or
- if the corporation or partnership has no property (other than financial instruments), all or substantially all of the supplies it makes are taxable.

See page 3 of this form for the meanings of "all or substantially all", "Canadian partnership", "commercial activity", "exclusive", "qualifying group", and "specified member."

If you checked all three boxes, the corporations and Canadian partnerships identified in part A of this form and on any attached forms are eligible to jointly make this election. Complete part C of this form.

**Part C – Election or revocation of the election**

Check one of the boxes below and enter the effective date of the election or revocation of the election:

The corporations and Canadian partnerships identified in part A of this form and on any attached forms jointly **elect** to treat every taxable supply made between them while the election is in effect as having been made for nil consideration. The election does not apply to a supply of property or a service that is not acquired by the recipient of the supply for consumption, use, or supply in its commercial activities or to a sale of real property.

**or**

The corporations and Canadian partnerships identified in part A of this form and on any attached forms jointly **revoke the election** to treat every taxable supply made between them as having been made for nil consideration.

Effective date of this election or revocation of the election:      

Year	Month	Day

# General information

## Definitions

**All or substantially all** generally means 90% or more.

**Canadian partnership** means a partnership each member of which is a corporation or partnership and is resident in Canada.

**Commercial activity** means a business or an adventure or concern in the nature of trade carried on by a person, but does not include the making of exempt supplies. It also includes the supply of real property by a person, other than an exempt supply, and anything done in the course of making the supply or in connection with the supply.

A commercial activity does not include a business or an adventure or concern in the nature of trade carried on without a reasonable expectation of profit by an individual, a personal trust, or a partnership where all the members are individuals.

**Exclusive** in respect of the consumption, use, or supply of a property or service by a person (other than a financial institution) means all or substantially all of the consumption, use, or supply of the property or service. For a financial institution, **exclusive** in respect of the consumption, use, or supply of a property or service means 100% of the consumption, use, or supply.

**Qualifying group** means

- a closely related group; or
- a group of Canadian partnerships, or of Canadian partnerships and corporations resident of Canada each member of which is closely related to each other member of the group.

To determine if corporations or Canadian partnerships are closely related to other corporations or Canadian partnerships, see the section "Meaning of closely related corporations and closely related Canadian partnerships".

**Qualifying subsidiary** of a particular corporation means another corporation resident in Canada not less than 90% of the value and number of the issued and outstanding shares of the capital stock of which, having full voting rights under all circumstances, are owned by the particular corporation, and includes

- a corporation that is a qualifying subsidiary of a qualifying subsidiary of the particular corporation;
- where the particular corporation is a credit union, every other credit union; and
- where the particular corporation is a member of a mutual insurance group, every other member of that group.

**Specified member** of a qualifying group means a corporation or a partnership:

- that is a member of the qualifying group;
- that is not a party to an election to treat taxable supplies as supplies of financial services; and
- all or substantially all of the property of which (other than financial instruments) was last manufactured, produced, acquired, or imported by the corporation or partnership for consumption, use, or supply exclusively in its commercial activities, or if the corporation or partnership has no property (other than financial instruments), all or substantially all of its supplies are taxable.

## Meaning of closely related corporations and closely related Canadian partnerships

### Closely related corporations

In general, two corporations are considered to be closely related if they are registrants and residents in Canada and if at least 90% of the value and number of the issued and outstanding shares of the capital stock of one of the corporations, having full voting rights under all circumstances, is owned by:

- the other corporation;
- a qualifying subsidiary of the other corporation;
- a corporation of which the other corporation is a qualifying subsidiary;
- a qualifying subsidiary of a corporation of which the particular corporation is a qualifying subsidiary;
- any combination of the corporations or subsidiaries referred to above.

For more information, see GST/HST Memorandum 17.14, *Election for Exempt Supplies*.

### Closely related Canadian partnerships

A particular Canadian partnership and another Canadian partnership are closely related if both are registrants and all or substantially all of the interest in the other Canadian partnership is held by:

- the particular Canadian partnership;
- a corporation resident in Canada, or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member; or
- any combination of corporations or partnerships referred to above.

Two Canadian partnerships are also closely related to each other if both are registrants and if one:

- owns at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation resident in Canada that is a member of a qualifying group of which the other partnership is a member; or
- holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the other partnership is a member.

### Closely related Canadian partnerships and corporations resident in Canada

A Canadian partnership is considered to be closely related to a particular corporation that is resident in Canada if both are registrants and one of the following applies:

- at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of the particular corporation are owned by
  - the partnership;
  - a corporation resident in Canada or a Canadian partnership, that is a member of a qualifying group of which the partnership is a member; or
  - any combination of corporations or partnerships referred to above;
- the Canadian partnership owns at least 90% of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is resident in Canada and is a member of a qualifying group of which the particular corporation is a member;
- the particular corporation owns at least 90% of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is resident in Canada and is a member of a qualifying group of which the partnership is a member;
- all or substantially all of the interest in the partnership is held by
  - the particular corporation;
  - a corporation resident in Canada or a Canadian partnership that is a member of a qualifying group of which the particular corporation is a member; or
  - any combination of corporations or partnerships that includes the particular corporation or another member of a qualifying group of which the particular corporation is a member;
- the particular corporation holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the partnership is a member; or
- the partnership holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the particular corporation is a member.

### **Persons closely related to the same person**

Two corporations that are registrants and resident in Canada are considered closely related to each other for the GST/HST if they are each closely related to a third corporation that is a registrant, or would be closely related to the third corporation if all of the corporations were resident in Canada.

A corporation and a Canadian partnership or two Canadian partnerships that are registrants and resident in Canada are considered closely related to each other for this election if they are each closely related to a third corporation or Canadian partnership that is a registrant, or would be considered to be closely related to the third corporation or Canadian partnership if that corporation or each member of that partnership were resident in Canada.

### **Interest in a partnership**

A person (corporation or partnership), or a group of persons, holds, at any time, all or substantially all of the interest in a partnership if at that time the person, or every person in the group, is a member of the partnership and the person is, or the members of the group collectively are, all the following:

- entitled to receive at least 90% of the total of all amounts, each of which is the share of the partnership's income from all sources that each of its members is entitled to receive for the last fiscal period (or if the partnership's first fiscal period includes that time, for that period), or if the partnership has no income, the total of all amounts each of which is the share of the income of the partnership that each member of the partnership would be entitled to receive if the income of the partnership from each source were one dollar;
- entitled to receive at least 90% of the total amount that would be paid to all members of the partnership (other than amounts that would be paid as a share of partnership income) if it were wound up; and
- able to direct the business and the affairs of the partnership, or would be able to do so if no secured creditor had any security interest in an interest in, or the property of, the partnership.

### **Description of the election**

When a specified member of a qualifying group jointly elects with another specified member of the group, every taxable supply (with some exceptions) made between them, when the election is in effect, is considered to have been made for no consideration.

### **Exception**

The following supplies are excluded from this election:

- a sale of real property; and
- a supply of property or service that is not acquired for consumption, use, or supply exclusively in the commercial activities of the recipient.

Every combination of corporations and Canadian partnerships whose names appear on this form and on any attached forms is considered to have made this election. For example, for a group with three electing members, if we number them 1, 2, and 3, the combinations would be:

- a) #1 and #2;
- b) #1 and #3; and
- c) #2 and #3.

### **Eligibility**

Complete part B on page 2 of this form to determine if you are eligible to make this election.

### **Duration of the election**

The election made jointly by two specified members of the qualifying group ceases to have effect on the earliest of:

- the day one of those members ceases to be a specified member of the qualifying group; and
- the day those members jointly revoke the election.

### **Books and records**

You do not have to file this form with the Canada Customs and Revenue Agency. However, you must complete it and keep it with the books and records of the specified members making the election while an election is in effect, and for six years from the end of the year to which an election relates.

### **Need more information?**

Call our Business Enquires line at **1-800-959-5525**.