

Aug.14, 2000

NOTICE OF CHANGE: In GST/HST Memorandum 4.4, *Agriculture and Fishing*, dated September 1998.

The following change is to be made to the above-mentioned publication to clarify the application of the GST/HST in situations where public service bodies supply land for grazing purposes by way of licence.

On page 5, delete paragraph 26 and add the following in its place:

“26. Public service bodies who supply land for grazing purposes by way of lease for a period of one month or more where the supply is made in the course of a business carried on by the body, may make an election to exclude the supply from the exempting provisions. This election may be made in respect of capital real property of the public service body as well as real property that is inventory for resupply or that is acquired by the public service body by way of lease, licence or similar arrangement for the purpose of resupply by way of lease, licence or similar arrangement, or making a supply of the arrangement by way of assignment. By making the election, the public service body will collect tax at 7% or 15% on the supply of land and will be entitled to claim an input tax credit to recover the tax paid or payable on the acquisition of the property and other eligible inputs, if it is a registrant. The result of this election is that supplies of land provided for grazing purposes by way of lease for a period of one month or more where the supply is made in the course of a business of the public service body, which would otherwise be exempt under section 25 of Part VI of Schedule V, will be excluded from that exemption.

26A. If the public service body supplies the land for grazing purposes by way of licence (rather than by lease) in the course of a business carried on by the body, there is no requirement, in most cases, to file an election under section 211 to make the supply taxable, since such a supply would already be excluded from exemption by virtue of paragraph 25(f) of Part VI of Schedule V, and would therefore be taxable at 7% or 15%. As the public service body would be making taxable supplies, it would be entitled to claim an input tax credit to recover the tax paid or payable on the acquisition of the property and other inputs, if it is a registrant.”

Please note that the database version of GST/HST Memorandum 4.4 is being revised to reflect this change.