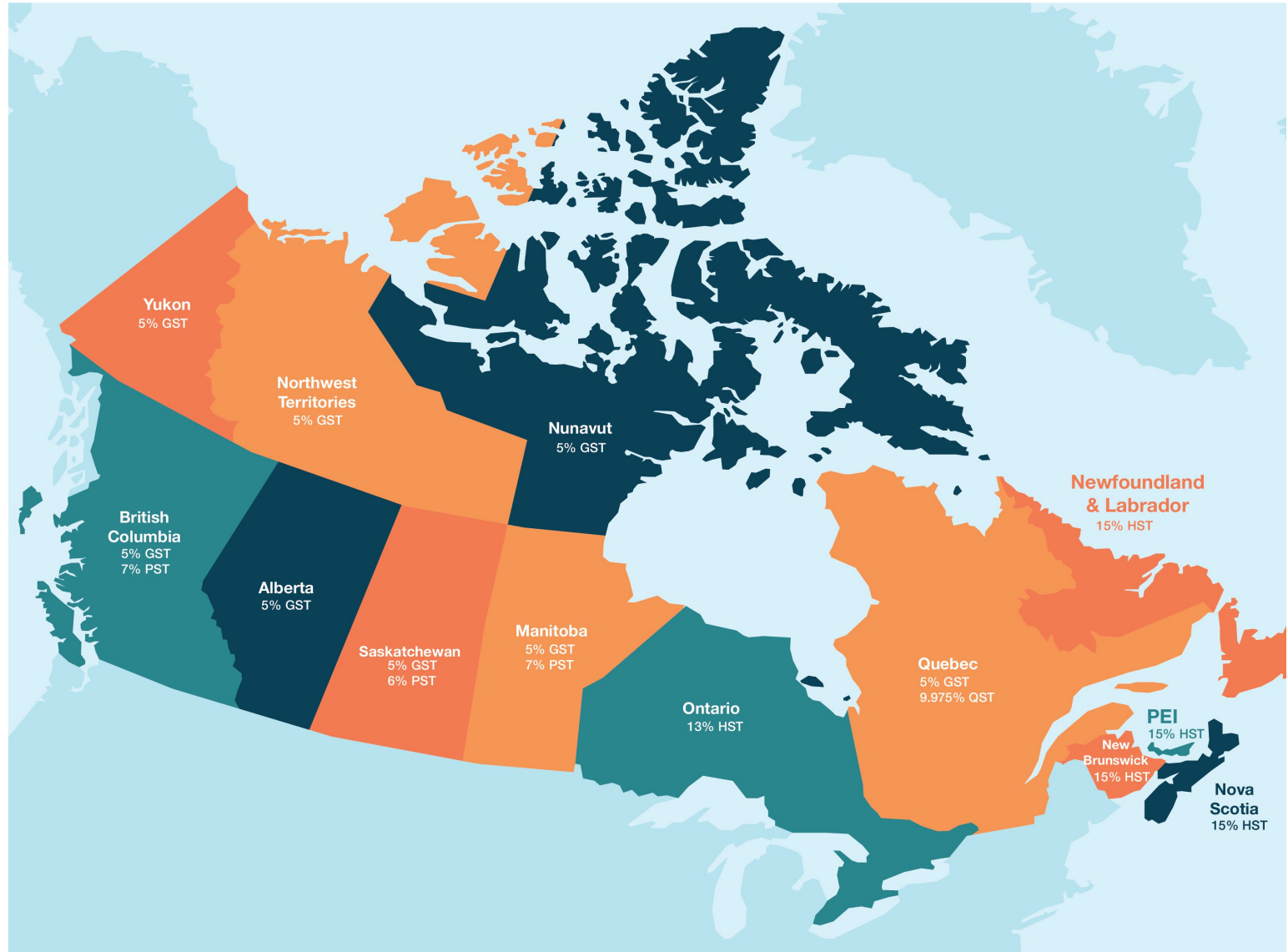


Canada's Goods and Services Tax ("GST")

2025 SALT Fly-In

What is GST?

- A federal value-added-tax of 5%;
- Applies on the sale of most properties and services, including importation of most goods in Canada;
- Five provinces where the provincial sales tax is harmonized with the GST, known as Harmonized Sales Tax (“HST”);
- Registrants may be able to claim the GST/HST paid as an Input Tax Credit (“ITC”).





The charging provision

- Every recipient of a taxable supply made in Canada shall pay to His Majesty in right of Canada tax in respect of the supply calculated at 5%* on the value of the consideration for the supply;
- Collection of tax – Every person who makes a taxable supply shall, as agent of His Majesty in right of Canada, collect the tax payable by the recipient in respect of the supply.

**harmonized rate for participating provinces and 0% for zero-rated supplies*



Who must register?

- Every person who makes a taxable supply in Canada in the course of commercial activity engaged in by the person in Canada is required to be registered, except when:
- Person is a small supplier;
- The only commercial activity of the person is the making of supplies of real property by way of sale otherwise than in the course of a business; or
- **The person is a non-resident who does not carry on any business in Canada.**



Taxable supply

Taxable supply means a supply that is made in the course of commercial activity.



Commercial activity

Means any business or adventure or concern in the nature of trade carried on by a person, but does not include:

- the making of exempt supplies; or
- any business or 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 of the members are individuals.

Commercial activity also includes a supply of real property, other than an exempt supply, made by any person, whether or not there is a reasonable expectation of profit, and anything done in the course of making the supply or in connection with the making of the supply.



When is a taxable supply made in and outside of Canada?

Type of supply	Deemed made in Canada	Deemed made outside of Canada
Tangible personal property	The property is, or is to be, delivered or made available in Canada to the recipient of the supply.	The property is, or is to be, delivered or made available outside Canada to the recipient of the supply.
Tangible personal property otherwise than by way of sale	Possession or use of the property is given or made available in Canada to the recipient of the supply.	Possession or use of the property is given or made available outside Canada to the recipient of the supply.
Intangible personal property	<p>The property may be used in Canada, or</p> <p>The property relates to real property situated in Canada, to tangible personal property ordinarily situated in Canada or to a service to be performed in Canada.</p>	<p>The property may not be used in Canada, or</p> <p>The property relates to real property situated in Canada, to tangible personal property ordinarily situated in Canada or to a service to be performed in Canada.</p>
Real property or of a service in relation to real property	The real property is situated in Canada.	The real property is situated outside Canada.
Any other service	The service is, or is to be, performed in whole or in part in Canada.	The service is, or is to be, performed wholly outside Canada.



Non-resident override rule

A supply of personal property or a service made in Canada by a non-resident person shall be deemed to be made outside Canada, unless:

1. the supply is made in the course of a business carried on in Canada;
2. at the time the supply is made, the person is a GST/HST registrant in Canada; or
3. the supply is the supply of an admission in respect of a place of amusement, a seminar, an activity or an event where the non-resident person did not acquire the admission from another person.

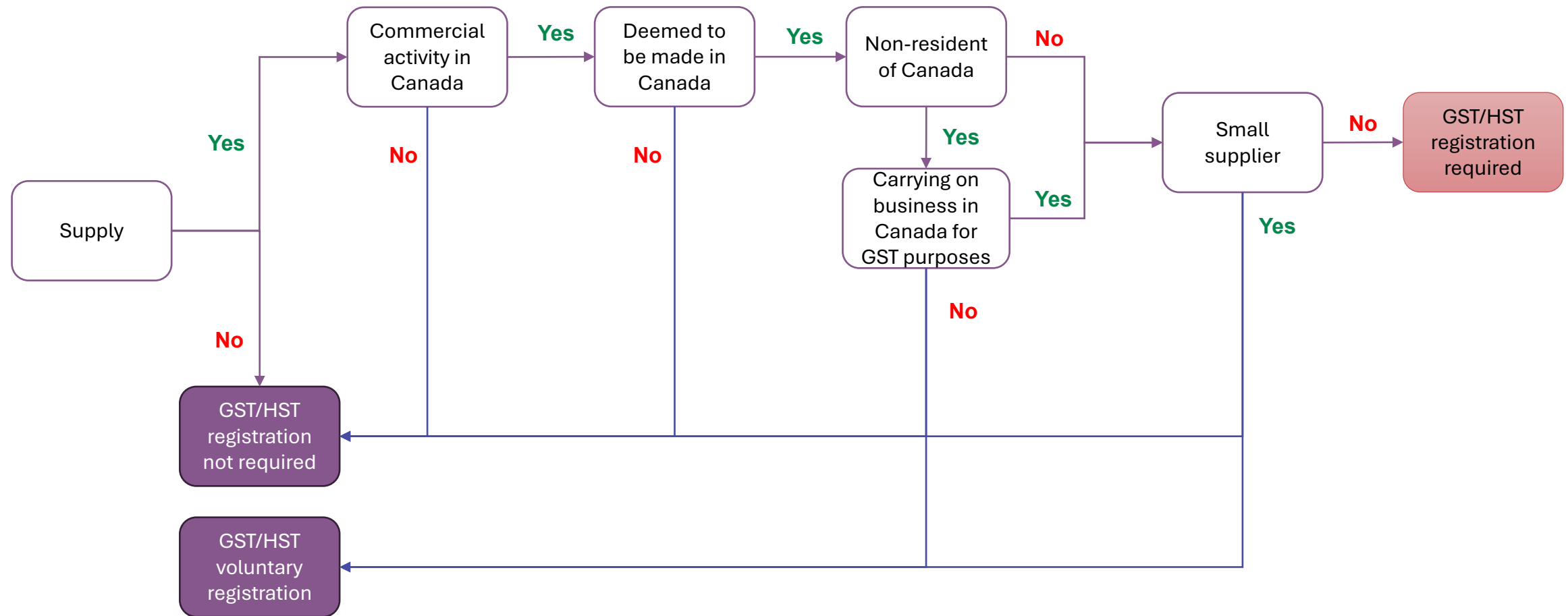


Carrying on business in Canada

The factors that will be considered in determining whether a non-resident person is carrying on business in Canada for GST/HST purposes in a particular situation include:

- the place where agents or employees of the non-resident are located;
- the place of delivery;
- the place of payment;
- the place where purchases are made or assets are acquired;
- the place from which transactions are solicited;
- the location of assets or an inventory of goods;
- the place where the business contracts are made;
- the location of a bank account;
- the place where the non-resident's name and business are listed in a directory;
- the location of a branch or office;
- the place where the service is performed; and
- the place of manufacture or production.

Flow chart: Do I need to register?





Voluntary registration

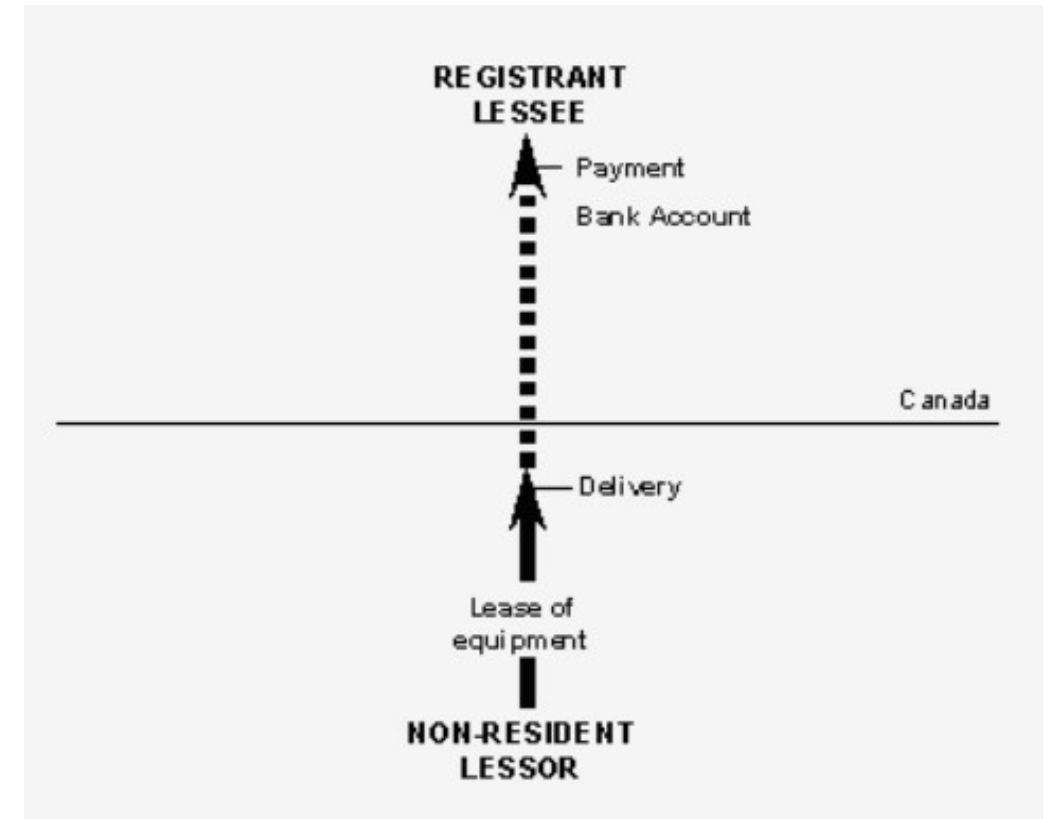
Small suppliers and other companies that are not required to register for GST/HST may choose to register when:

- a person is engaged in a commercial activity in Canada;
- a person is engaged in a commercial activity in Canada who makes taxable supplies in Canada and is a small supplier;
- a person whose only commercial activity in Canada is selling taxable real estate otherwise than in the course of a business;
- a non-resident person that regularly solicits orders for the supply of tangible personal property for delivery in Canada, even if the person is not carrying on business in Canada.

Example scenarios

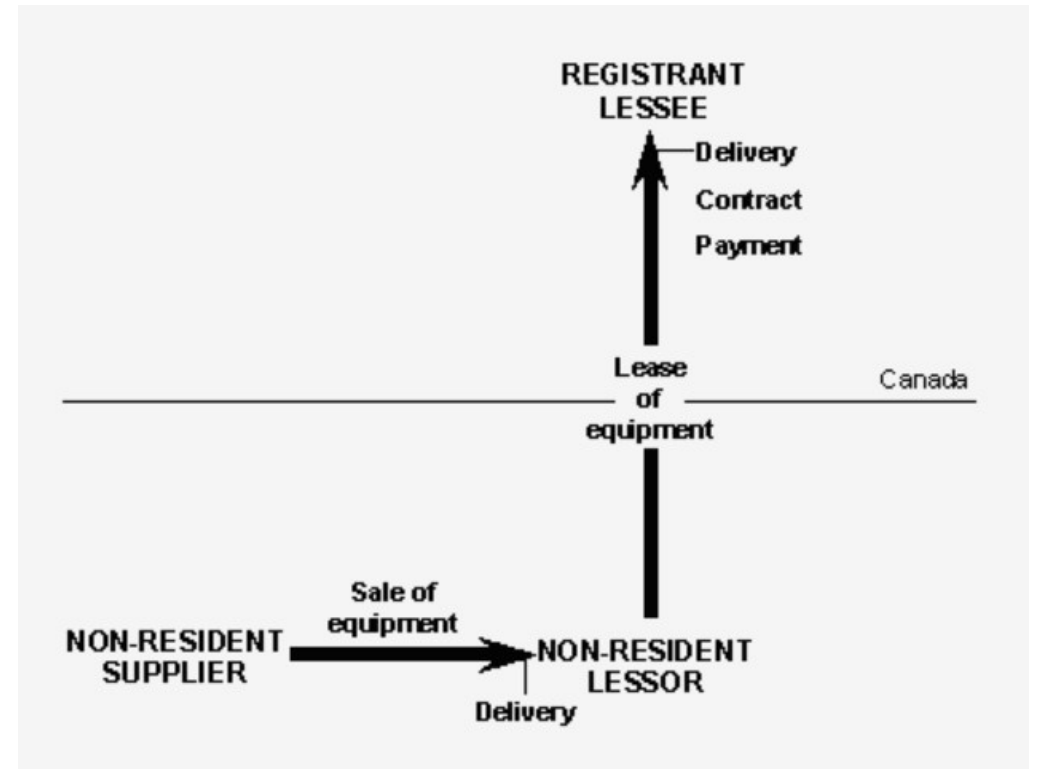
Scenario 1: Lease of tangible personal property

1. A non-resident lessor engaged in the business of supplying industrial equipment outside Canada by way of lease enters into an agreement to supply equipment by way of lease to a resident registrant.
2. The lease agreement for the equipment is concluded outside Canada.
3. The lessee acquires possession of the equipment outside Canada at the beginning of the lease and imports the equipment for use at its business facilities in Canada.
4. The lessee is responsible for all maintenance and servicing of the equipment during the course of the lease.
5. The non-resident lessor does not solicit business in Canada.
6. The non-resident lessor has no agents or employees in Canada or facilities (either management, sales or service) of any kind in Canada.
7. The non-resident lessor is not listed in any directories in Canada.
8. The non-resident lessor has a bank account in Canada.
9. The lease payments are made in Canada.



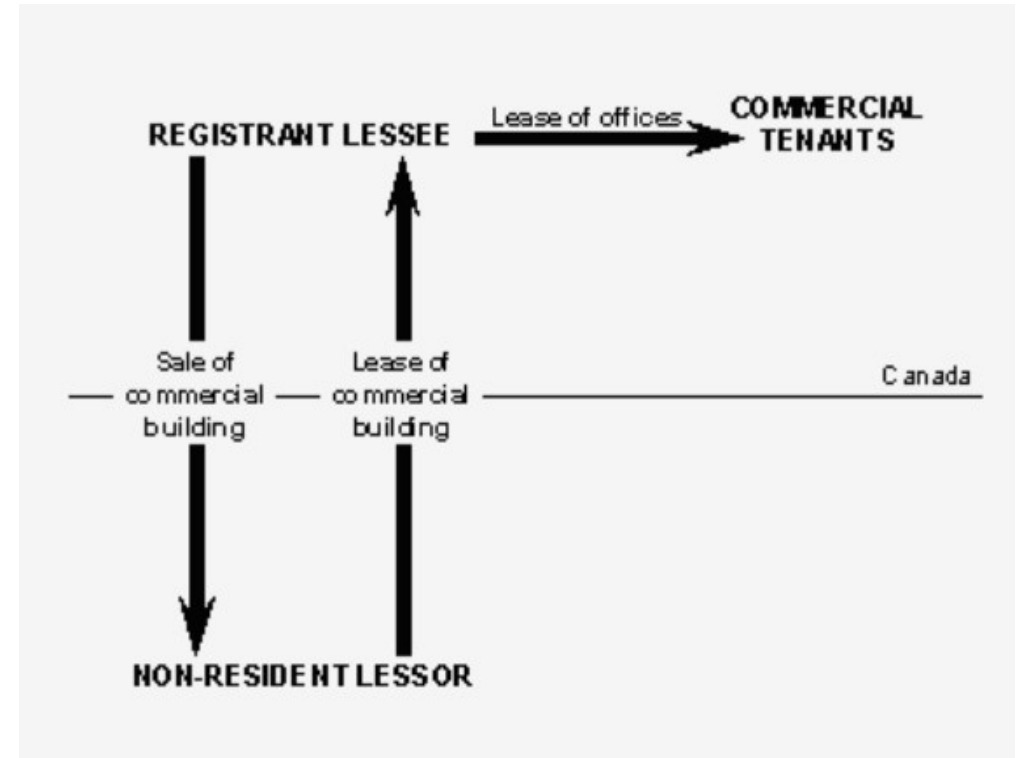
Scenario 2: Lease of tangible personal property

1. A non-resident lessor who is in the business of leasing tangible personal property outside Canada enters into an agreement to supply by way of lease an industrial equipment to a resident registrant for the use at its business facility in Canada.
2. The non-resident lessor acquires the equipment outside Canada from a non-resident supplier.
3. The lessee is given physical possession of the equipment at its facility in Canada at the beginning of the lease.
4. The lease agreement is concluded in Canada.
5. The equipment is to be maintained by the lessee at its own expense.
6. The non-resident lessor has no agents or employees in Canada.
7. The non-resident lessor is not listed in a directory in Canada.
8. The non-resident lessor does not solicit business in Canada.
9. Payments under the lease are made in Canada.
10. The non-resident lessor has a bank account in Canada.



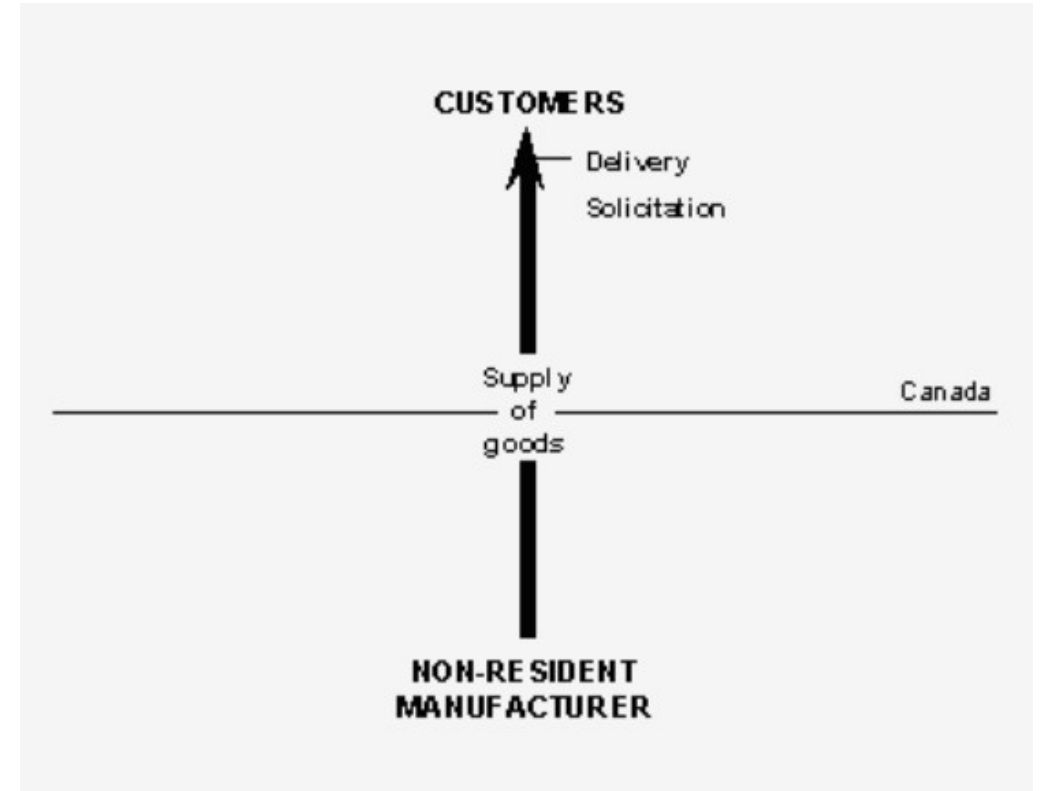
Scenario 3: Lease of real property

1. A non-resident leasing company purchases an existing commercial building in Canada in which office space is rented out to businesses.
2. Pursuant to a lease agreement that is concluded outside Canada, the non-resident lessor leases the entire building to a registrant. The registrant in turn leases out the individual offices to commercial tenants and is fully responsible for the management of the building at its own expense.
3. The non-resident lessor's involvement is essentially limited to receiving monthly lease payments from the registrant. These payments are made outside Canada.
4. The commercial building is the only asset that the non-resident lessor owns in Canada.
5. The non-resident lessor has no agents or employees in Canada.
6. The non-resident lessor does not have a bank account in Canada and is not listed in a directory in Canada.
7. The non-resident lessor does not solicit business in Canada.



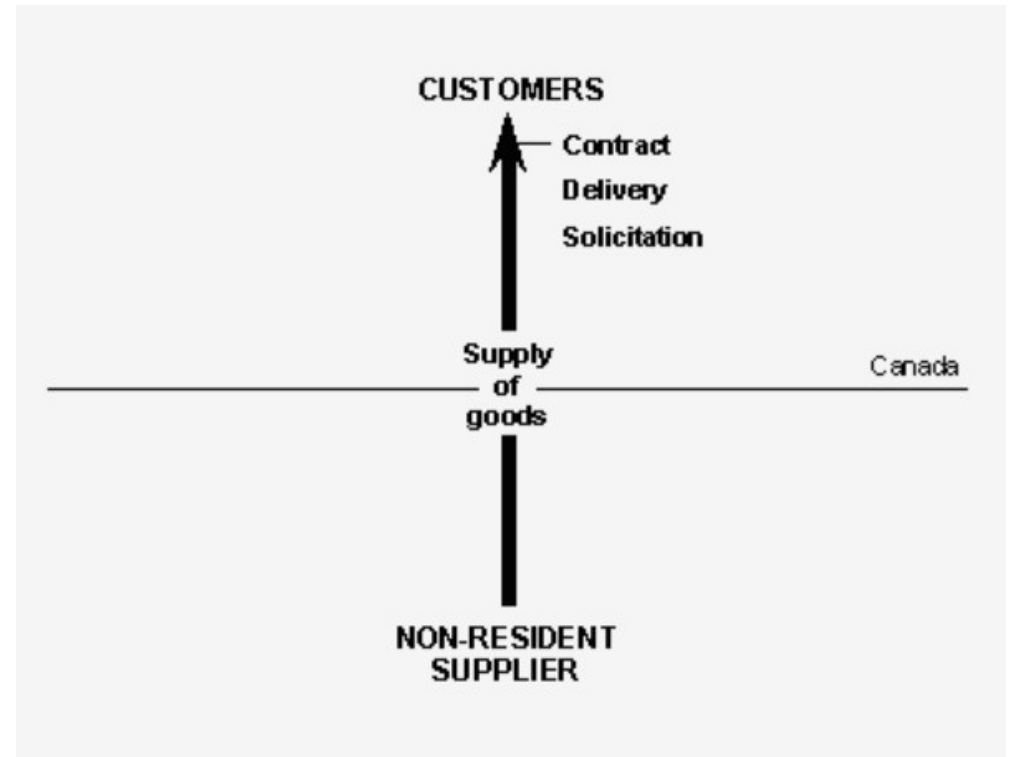
Scenario 4: Supply of goods by way of sale

1. A non-resident manufacturer supplies goods by way of sale on a worldwide basis, including in Canada.
2. The goods are manufactured by the non-resident manufacturer outside of Canada.
3. The non-resident manufacturer solicits orders for the supply of goods in Canada through advertising directed at the Canadian market.
4. The contract for the supply of goods is concluded outside Canada.
5. Delivery of the goods to the customers occurs in Canada.
6. Payment for the goods is made outside Canada.
7. The non-resident manufacturer has no bank account in Canada.
8. The non-resident manufacturer has no agents or employees in Canada.
9. The non-resident manufacturer's inventory of goods is stored outside Canada.



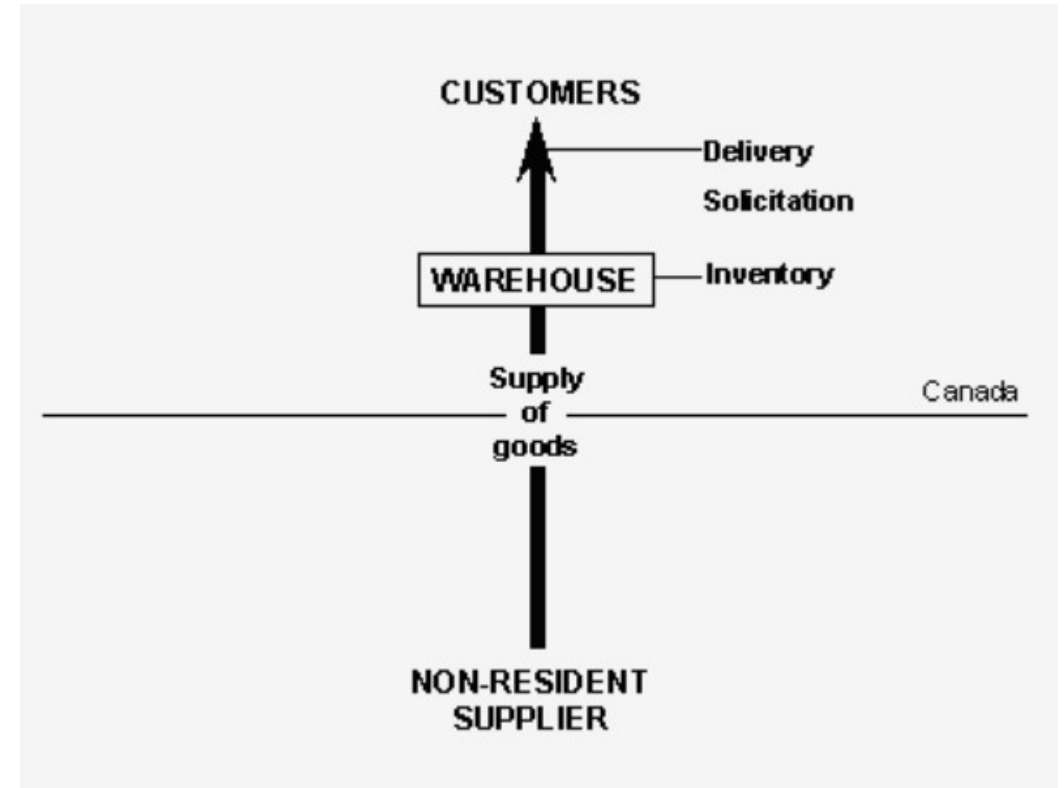
Scenario 5: Supply of goods by way of sale

1. A non-resident supplies goods by way of sale on a worldwide basis, including in Canada.
2. The goods are purchased by the non-resident supplier outside Canada.
3. The non-resident supplier solicits orders for the supply of goods in Canada through advertising directed at the Canadian market.
4. An independent sales representative in Canada accepts orders for the goods and concludes contracts on behalf of the non-resident supplier.
5. Delivery of the goods to the customers occurs in Canada.
6. Payment for the goods is made outside Canada.
7. The non-resident supplier has no bank account in Canada.
8. The non-resident supplier has no employees in Canada.
9. The non-resident supplier's inventory of goods is stored outside Canada.



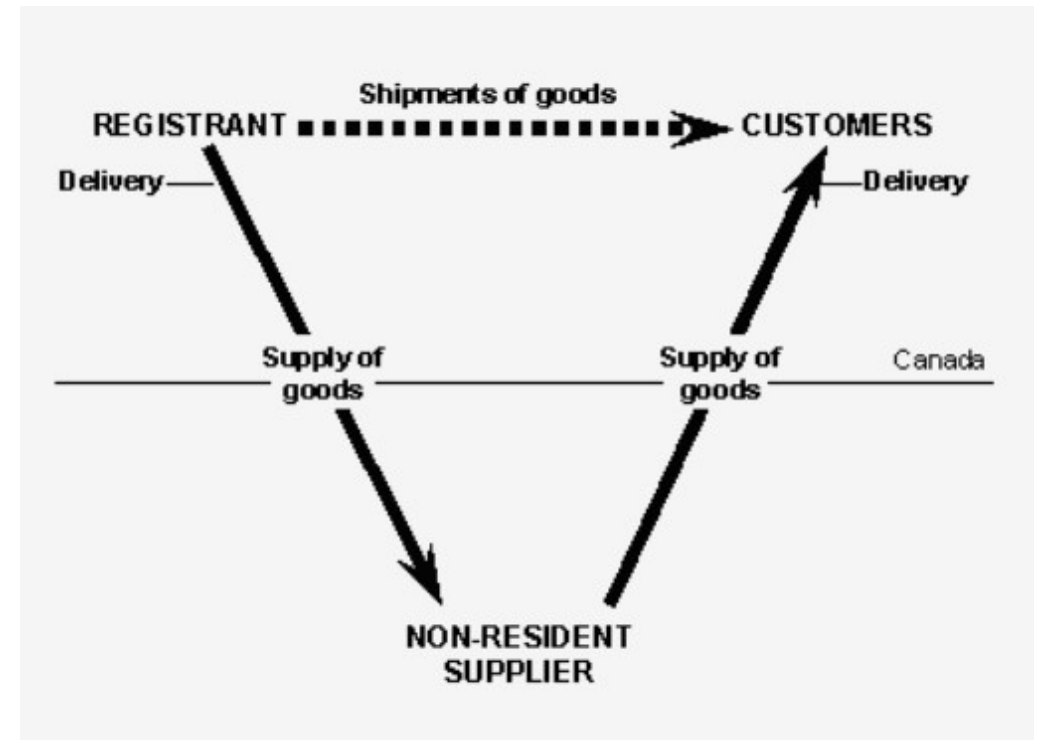
Scenario 6: Supply of goods by way of sale

1. A non-resident supplies goods by way of sale on a worldwide basis, including in Canada.
2. The non-resident supplier solicits orders for the supply of goods in Canada through advertising directed at the Canadian market.
3. The contract for the supply of goods is concluded outside Canada.
4. Payment for the goods is made outside Canada.
5. The non-resident supplier has no bank account in Canada.
6. The non-resident supplier has no agents or employees in Canada.
7. The goods are manufactured outside Canada.
8. The non-resident supplier maintains an inventory of existing goods for sale at a warehouse in Canada where the non-resident supplier rents space.
9. Upon receiving orders outside Canada, the non-resident supplier arranges to have the goods shipped from the warehouse to the customers in Canada.
10. Delivery of the goods to the customers occurs in Canada.



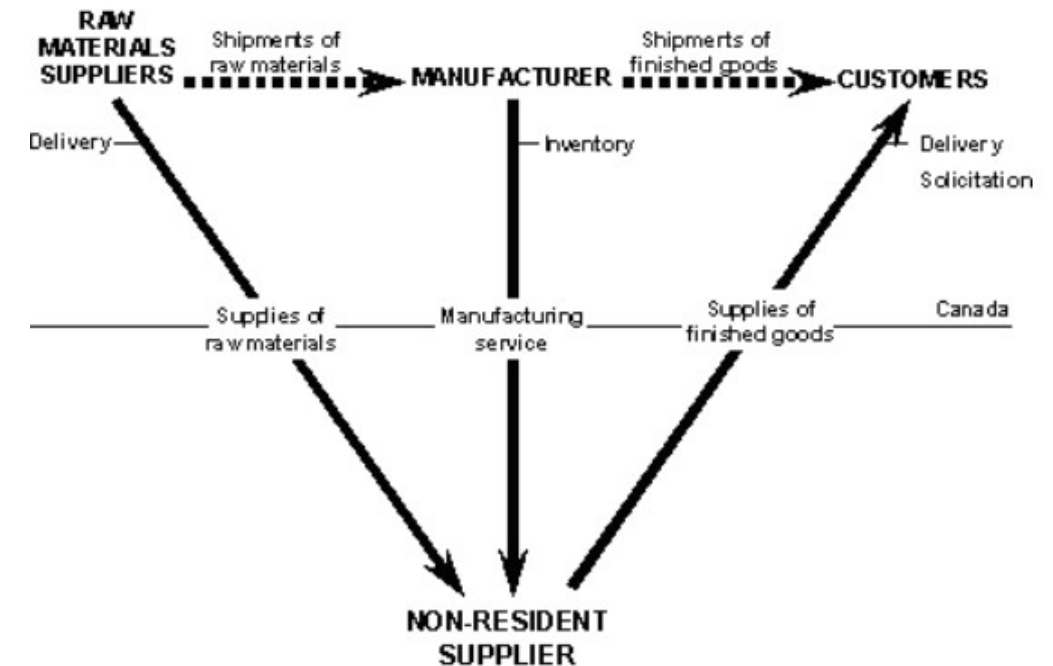
Scenario 7: Supply of goods by way of sale

1. As a non-resident person receives orders from its customers located in Canada, the non-resident purchases goods from a registrant in Canada for resale to the customers.
2. The registrant delivers the goods directly to the non-resident supplier's customers in Canada on the non-resident supplier's behalf.
3. The non-resident supplier does not solicit orders for the supply of its goods in Canada.
4. The contract for the supply of goods by the non-resident supplier is concluded outside Canada.
5. Payment by the customers for the goods is made outside Canada.
6. The non-resident supplier has no bank account in Canada.
7. The non-resident supplier has no agents or employees in Canada.



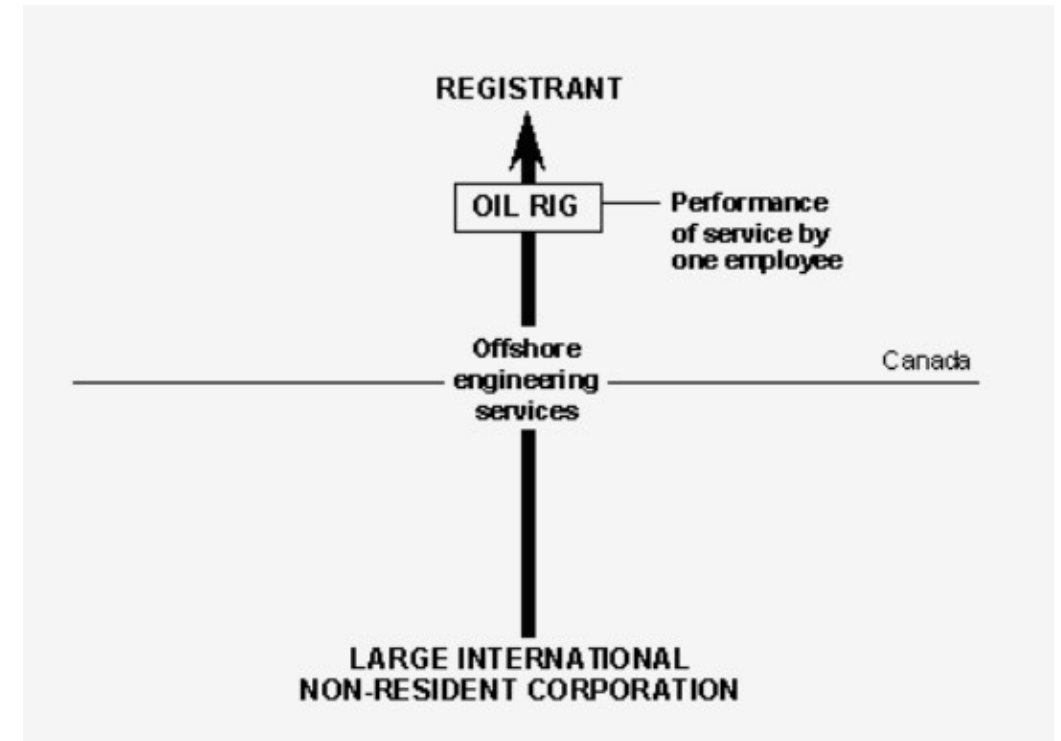
Scenario 8: Supply of goods by way of sale

1. A non-resident supplies goods by way of sale on a worldwide basis, including in Canada.
2. The non-resident supplier acquires the services of a manufacturer in Canada to manufacture the goods.
3. The non-resident supplier purchases in Canada from various registrants the raw materials necessary to make the goods and has the raw materials suppliers ship the materials to the manufacturer for use in the manufacturing process.
4. The non-resident supplier maintains an inventory of the manufactured goods in Canada at the manufacturer's premises that is drawn upon to fill future orders for the goods for delivery both inside and outside Canada.
5. The non-resident supplier solicits orders for the supply of the goods in Canada.
6. All contracts for the supply of the goods are concluded outside Canada.
7. Payment for the goods is made outside Canada.
8. The non-resident supplier has no bank account in Canada.
9. The non-resident supplier has no agents or employees in Canada.



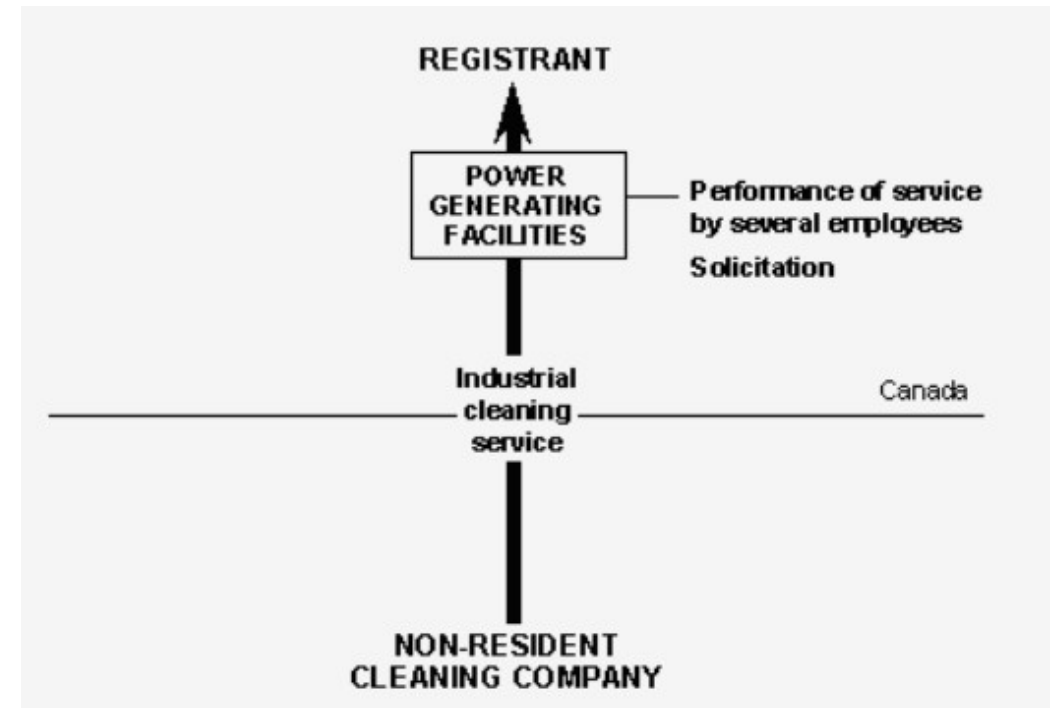
Scenario 9: Supply of services

1. A large international non-resident corporation specializing in the provision of offshore engineering services has contracted with a Canadian registrant to perform services on an oil rig stationed at a Canadian port. The contract is the non-resident corporation's only contract in Canada.
2. The contract calls for an employee of the non-resident corporation to enter Canada and to perform services for a period of one week on board the rig.
3. The non-resident corporation does not solicit business in Canada.
4. The contract for the supply is concluded outside Canada.
5. Payment for the supply is made outside Canada.
6. The non-resident corporation is not listed in any directories, nor does it have any bank accounts or offices in Canada.
7. With the exception of the employee who temporarily enters Canada to perform the services, the non-resident corporation has no agents or employees in Canada.



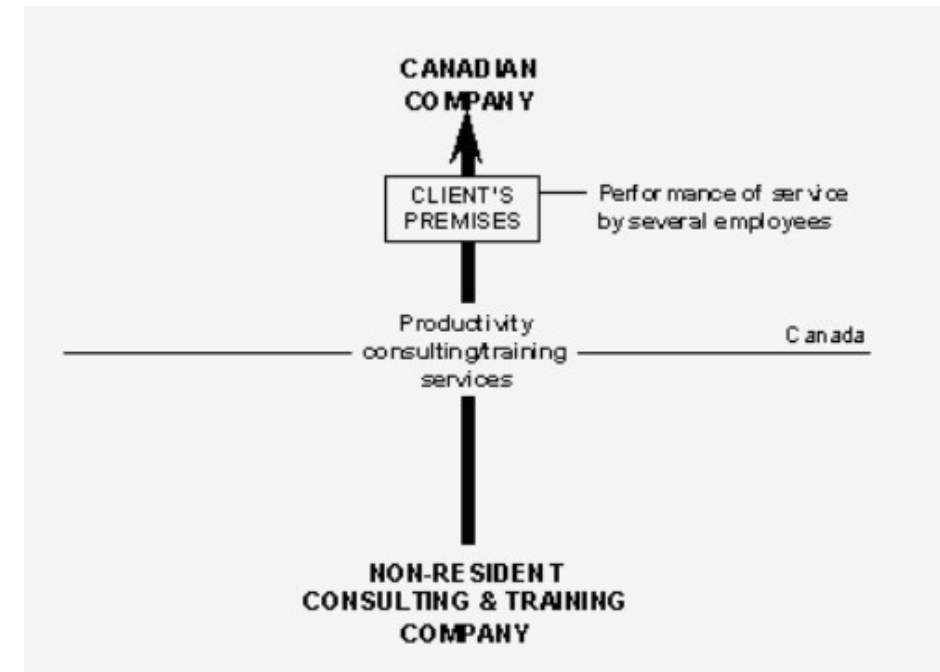
Scenario 10: Supply of services

1. A non-resident company specializing in the cleaning of power generating facilities has entered into a contract with a registrant to clean the registrant's power-generating facilities located in Canada.
2. The service provided is comprehensive in nature and requires highly specialized equipment and expertise.
3. Due to the complexity of the project and the size of the facilities, the project will take at least one month to complete.
4. Ten employees of the non-resident company will enter Canada to perform the service.
5. The non-resident company will import the equipment necessary to perform the service.
6. The contract is concluded outside Canada.
7. The non-resident company solicits business in Canada through advertising directed at the Canadian market.
8. Payment for the supply is made outside Canada.
9. The non-resident company has no agents or employees in Canada other than those performing the cleaning service.
10. The non-resident company has no premises in Canada, and, other than the equipment temporarily imported to perform the service, the non-resident company does not have equipment in Canada.
11. The non-resident company has no bank account in Canada and is not listed in any business directory in Canada.



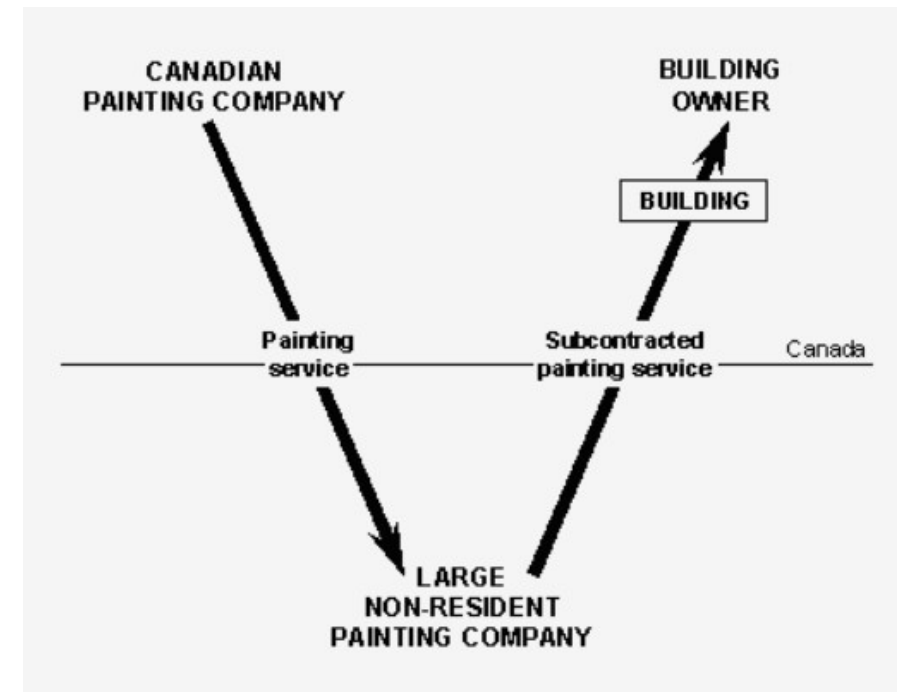
Scenario 11: Supply of services

1. A non-resident company is in the business of providing consulting and training on how to improve business productivity.
2. The supply made by the non-resident company typically involves employees of the non-resident company first visiting a client's business premises to analyze its existing production operations. Then it makes recommendations to the client on how to improve its productivity. Subsequently, it delivers an in-depth training session to the client's employees on how to improve productivity based on client's particular operations. The non-resident company's employees remain at the client's premises for a period of time to monitor the implementation of the recommended new work processes and respond to client questions.
3. Based on the number of employees that the company has and the nature of the work involved, the non-resident company can typically undertake only one contract at a time.
4. The non-resident company obtains a contract to supply its service to a Canadian company.
5. The contract requires five employees of the non-resident company to enter Canada and to be present at the Canadian company's premises to perform the service. The specific work includes a two-week analysis of the client's operations, a one-month training session and a two-week assessment of the implementation of the recommendations for a total of at least two months.
6. The contract for the service is concluded outside Canada.
7. The non-resident company does not solicit business in Canada.
8. Payment for the supply is made outside Canada.
9. The non-resident company has no premises in Canada.
10. The non-resident company has no bank account in Canada and is not listed in any business directory in Canada.



Scenario 12: Supply of services

1. A non-resident painting company obtains a contract to paint the interior of a Canadian company's commercial building in Canada. The work is expected to take approximately seven months to complete.
2. The non-resident company is based outside of Canada and does not have any employees to perform the work. As such the non-resident company fully subcontracts the job to a Canadian painting company that is a registrant.
3. The Canadian company is a contractor that carries on business in Canada. Under subcontract agreement, the Canadian company is free to undertake the work in the manner that it chooses. The only requirements are that the work be completed within the agreed-upon time frame and to the specifications stipulated in the contract between the non-resident company and the Canadian building owner.
4. The non-resident company will not be in Canada supervising the work performed in Canada by the Canadian company. The non-resident company's involvement regarding the supply will be limited to occasionally contacting the Canadian company from outside Canada to see how the work to be done is progressing.
5. The contract between the non-resident company and the Canadian building owner is concluded outside Canada.
6. The subcontract between the non-resident company and the Canadian company is concluded in Canada.
7. Payment by the building owner for the supply made by the non-resident company is made outside Canada.
8. Payment by the non-resident company for the supply made by the Canadian company is made in Canada.
9. The non-resident company has no employees or agents in Canada.
10. The non-resident company does not solicit business in Canada.
11. The non-resident company has no premises or equipment in Canada.
12. The non-resident company has no bank account in Canada and is not listed in any business directory in Canada.



Thank you