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# TAX GUIDE

**RTG: 191**  
**Revised October 2016**

**February 2013**

## PUBLIC SERVICE BODIES

### Introduction

The purpose of this Guide is to provide information for public service bodies (PSBs) on the Harmonized Sales Tax (HST) in Prince Edward Island. PSBs are charities, municipalities, universities, public colleges, school authorities, hospital authorities and non-profit organizations.

The HST has a combined tax rate of 15 per cent — combining five per cent federal Goods and Services Tax (GST) and a ten per cent PEI component. The HST is administered by the Canada Revenue Agency (CRA).

### Registration

A PSB that makes taxable supplies of property and services in Canada and that is not a small supplier is required to register for GST/HST purposes. As under the GST, PSBs will not be required to register for HST if they qualify as "small suppliers", but may choose to register voluntarily. For more information on who qualifies as a small supplier see [Guide RC4022, General Information for GST/HST Registrants](#) available on the CRA website.

### Charging HST

Generally, the HST applies to the same base of property and services as the GST, except for goods that qualify for Prince Edward Island's point-of-sale rebates. PSBs that are GST/HST registrants may be eligible to claim input tax credits (ITCs) for the GST/HST paid or payable on inputs used or consumed in making taxable supplies.

For information on simplified accounting methods, see [Guide RC4247, The Special Quick Method of Accounting for Public Service Bodies](#), and [Guide RC4082, GST/HST Information for Charities](#), available on the CRA website, or our Revenue Tax Guide [RTG: 187 Streamlined Accounting Methods](#).

### Rebates

PSBs will be eligible to claim rebates of the GST and the federal component of the HST paid or payable on eligible purchases and expenses. Charities, public institutions and qualifying non-profit organizations resident in Prince Edward Island will also be able to claim

a rebate of the provincial part of the HST paid or payable on eligible purchases and expenses used in non-selected public service body activities [3]. The rebate rates are:

<b>PSB Type</b>	<b>PEI (provincial part of the HST)</b>	<b>GST and Federal Part of the HST</b>
Municipalities	0 %	100%
Universities and Public Colleges established and operated on a non-profit basis	0 %	67%
School Authorities established and operated on a non-profit basis	0 %	68%
Hospital Authorities (for activities of operating a public hospital)	0 %	83%
Hospital Authorities (for eligible activities other than the operation of public hospitals)	0 %	83%
Facility Operators and external suppliers (for eligible activities) [1]	0%	83%
Charities and Qualifying Non-Profit Organizations [2]	35%	50%

**Example: XYZ qualifying non-profit organization is a GST/HST registrant resident only in Prince Edward Island. XYZ paid \$10,000 HST in Prince Edward Island in its claim period, of which \$4,000 relates to its commercial activity. The remaining \$6,000 relates to eligible purchases and expenses used in XYZ's non-selected public service body activities. XYZ may claim the following:**

<b>ITCs</b>	<b>\$4,000.00</b>
PSB rebate for the federal component of the HST ( $\$6000 \times 5/15 \times 50\%$ )	\$ 1,000.00
PSB rebate for the PEI component of the HST ( $\$6000 \times 10/15 \times 35\%$ )	\$ 1,400.00
<b>Total ITC and rebates</b>	<b>\$ 6,400.00</b>

For more information on PSB rebates, see Guide RC4034, GST/HST Public Service Bodies' Rebate, available on the CRA website.

### **Special Net Tax Calculation for Charities**

The GST/HST framework provides a separate special net tax calculation for charities that are GST/HST registrants. Charities are generally required to use this method, but they may elect not to use it if they make supplies outside Canada or zero-rated supplies in the ordinary course of their business, or if 90 per cent or more of their supplies are taxable.

Under the charity-specific net tax calculation, charities are not required to track the GST/HST paid or payable on inputs to most taxable supplies. In general, charities remit 60 per cent of the tax collected on their taxable supplies and keep the remaining 40 per cent in lieu of claiming ITCs (there are certain exceptions for real property and capital property, where ITCs may be claimed). A charity may be eligible to claim a PSB rebate of 50 per cent of the GST for the federal component of the HST and 35 per cent for the provincial component of the HST on most purchases where the charity is not entitled to claim ITCs.

For more information on the net tax calculation method for charities, see [Guide RC4082, GST/HST Information for Charities](#), available on the CRA website.

## For More Information

The Harmonized Sales Tax (HST) is administered by the Canada Revenue Agency (CRA). If you have specific questions on how the HST applies to your business or whether a good or service is taxable, visit the CRA website at [www.cra.gc.ca/gsthst](http://www.cra.gc.ca/gsthst) or call **1-800-959-5525** for more information.

Copies of this guide are available on our website.

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This guide is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this guide and the statutes, the statutes shall prevail.

### Footnotes:

[1] External suppliers and facility operators in Prince Edward Island are entitled to the same rebate of the federal component of the HST as hospital authorities to the extent they carry on certain government funded activities similar to those traditionally provided in hospitals. For more information on these organizations and their entitlement to the PSB rebate, you may contact the CRA at 1-800-959-8287.

[2] Generally, a non-profit organization or prescribed government organization is a qualifying non-profit organization for a fiscal year if its percentage of government funding for the fiscal year, or for the previous two fiscal years, is at least 40% of its total revenue. For more information, see Guide RC4081, GST/HST Information for Non-Profit Organizations, available on the CRA website.

[3] “non-selected public service body activities” are activities other than:

- Those activities for which a person was designated as a municipality; or
- activities carried on in the course of:
  - o filling responsibilities as a local authority;
  - o operating a public hospital, an elementary or secondary school, a post-secondary college or technical institute, a recognized degree granting institution, or a college affiliated with or a research body of such a degree granting institution; or
  - o making facility supplies, ancillary supplies, or home medical supplies or operating a qualifying facility for use in making facility supplies.