



## Canada

<b>General</b>	<b>Types of indirect taxes (VAT/GST and other indirect taxes)</b>	<p>Generally, the federal Goods and Services Tax (GST) applies to taxable goods and services supplied in Canada. The Harmonized Sales Tax (HST) is a blended federal/provincial sales tax that includes a 5% federal component and a provincial component that varies from 8% to 10%. An HST applies in the provinces of Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The province of Québec applies its own value added tax, the Québec Sales Tax (QST). The provinces of British Columbia, Saskatchewan and Manitoba levy provincial sales taxes, also known as retail sales taxes, in their respective jurisdictions.</p>
	<b>Are there other indirect taxes?</b>	<p>Yes. Various other indirect taxes apply in Canada, including fuel taxes, tobacco taxes, alcohol taxes and environmental levies.</p>
	<b>What are the standard or other rates (i.e. reduced rate) for VAT/GST and other indirect taxes?</b>	<p>GST: 5% (0% reduced rate).  HST: 13% to 15% (0% reduced rate).  QST: 9.975% (0% reduced rate).  PST: 5% to 8% (up to 10% on certain goods).</p>
	<b>Who is required to register for VAT/GST and other indirect taxes?</b>	<p>Generally, a person or entity is required to register and collect GST/HST if the person or entity makes taxable supplies in Canada and the value of its taxable supplies made inside or outside Canada, including taxable supplies of any associated entities, exceeds 30,000 Canadian dollars (CAD) in the last 4 calendar quarters or in a single calendar quarter. If the value of those supplies is below this registration threshold, the person or entity can choose to register voluntarily for GST/HST purposes. Once registered, the person or entity must collect GST/HST on all its taxable sales.</p> <p>Other special GST/HST rules apply to, among other entities, charities, taxi businesses, non-resident book and magazine publishers and a person who enters Canada and charges admission to an event (e.g. a show, concert or seminar).</p> <p>Similar rules apply for QST purposes.</p> <p>Various other rules apply for PST purposes.</p>

<b>VAT/GST registration</b>	<b>Is voluntary registration for VAT/GST and other indirect taxes possible for an overseas company (e.g. if the annual turnover is below the relevant VAT/GST and other indirect taxes registration threshold)?</b>	<p>Yes. A non-resident company that is not required to register under the general GST/HST registration rules may voluntarily register if the company, in the ordinary course of carrying on business outside Canada:</p> <ul style="list-style-type: none"> <li>— regularly solicits orders for the supply by the company of goods for export to, or delivery in Canada</li> <li>— has entered into an agreement for the supply by the company: <ul style="list-style-type: none"> <li>— of services to be performed in Canada</li> <li>— of intangible personal property to be used in Canada or that relates to real property situated in Canada, to goods ordinarily situated in Canada or to services to be performed in Canada.</li> </ul> </li> </ul> <p>Similar rules apply for QST purposes. Other rules apply for PST purposes.</p>
	<b>Does an overseas company need to appoint a fiscal representative?</b>	<p>No.</p>
	<b>Which forms and supporting documentation does an overseas company need to submit for VAT/GST and other indirect taxes registration?</b>	<p>To register for GST/HST, a non-resident company generally must submit:</p> <ul style="list-style-type: none"> <li>— GST/HST application form (GST Form RC1 or GST Form RC1A depending on the circumstances)</li> <li>— documents of incorporation.</li> </ul> <p>A non-resident company may also be required to fill out a GST/HST questionnaire for non-residents and may want to file a request to keep books and records outside of Canada.</p> <p>Generally, a non-resident company that does not have a permanent establishment in Canada and that is required, or that applies voluntarily, to be registered must provide and maintain security with the Canada Revenue Agency. The required amount of security is generally between CAD5,000 and CAD1 million.</p> <p>Different rules apply for QST and PST registration.</p>
	<b>Is grouping* for VAT/GST and other indirect taxes possible?</b>	<p>No. GST/HST grouping for registration purposes is generally not permitted. However, special rules may apply for certain qualifying investment plans.</p>

\* By 'grouping' we mean: either a consolidation mechanism between taxpayers belonging to the same group (payment and refund are compensated but taxpayers remain distinct) or a fiscal unity for VAT/GST purposes (several taxpayers are regarded as a single taxpayer).

<b>VAT/GST compliance</b>	How frequently are VAT/GST and other indirect taxes returns submitted?	<p>Generally, for GST/HST and QST purposes, the reporting periods vary according to the total annual revenues from taxable supplies made in Canada by the particular business and any associates:</p> <table border="1"> <thead> <tr> <th>Reporting period</th> <th>Total annual revenues</th> </tr> </thead> <tbody> <tr> <td>Annually</td> <td>Up to CAD1.5 million</td> </tr> <tr> <td>Quarterly</td> <td>CAD1.5 million to CAD6 million</td> </tr> <tr> <td>Monthly</td> <td>Over CAD6 million</td> </tr> </tbody> </table> <p>Different rules apply for PST purposes and vary by province.</p>	Reporting period	Total annual revenues	Annually	Up to CAD1.5 million	Quarterly	CAD1.5 million to CAD6 million	Monthly	Over CAD6 million
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	What are the exchange rate rules in your country?	<p>Generally, for GST/HST purposes, prices (i.e. consideration) expressed in a foreign currency must be converted into Canadian currency using either the exchange rate on the day tax is payable or on such other day that is acceptable to the tax authorities.</p>								
<b>VAT/GST recovery</b>	Can an overseas company recover VAT/GST and other indirect taxes if it is not registered for VAT/GST and other indirect taxes locally?	<p>No. However, in some specific cases, the GST/HST system provides for a flow through for import GST paid by an unregistered non-resident company to certain GST/HST registered purchasers for recovery purposes. As various conditions apply, an unregistered non-resident company may wish to carefully review the rules before proceeding with this mechanism.</p> <p>Also, an unregistered non-resident company may be eligible for a rebate equal to the tax paid for qualifying goods exported outside of Canada. These rebates are subject to certain conditions.</p>								
	Are there any exemptions with the right to recover or deduct input VAT?	<p>No. However, Canada provides a zero-rate of GST/HST to many qualifying goods and services which give rise to a right for the supplier to recover or deduct input tax. Common examples are qualifying exported goods and services, basic groceries and prescription medicine.</p>								
	Are there any restrictions to the deduction of input VAT?	<p>Yes. Businesses are subject to a number of GST/HST restrictions that limit their recovery of the GST/HST paid on inputs.</p>								
<b>Invoices</b>	Is a business required to issue tax invoices?	<p>Yes. Businesses must comply with a number of tax disclosure requirements.</p>								
	Is it possible/mandatory to issue invoices electronically?	<p>Yes, it is possible to issue invoices electronically. However, the invoice must, either alone or in combination with another eligible document or documents, contain the information required for the recipient to be able to claim the input tax credit. Businesses are required to follow specific requirements for electronic records.</p>								
	Is it possible for recipient to issue tax invoices/self-invoices (self-invoicing)?	<p>Canada does not have a formal self-billing program.</p>								

<b>Audits</b>	<b>Do tax audits take place on a regular basis?</b>	There are no specific guidelines as to how often the tax authorities do tax audits.
	<b>Are there audits done electronically in your country (e-audit)? If so, what system is in use?</b>	The tax authorities may request data in electronic format during an audit.
	<b>What penalties can arise from non-compliance?</b>	Various penalties can arise from non-compliance under the GST/HST, QST and PST systems. For example, different GST/HST related penalties may apply where the person has failed to file a return by the due date, has made a false statement or omissions attributable to gross negligence or has failed to recapture input tax credits as required. Also, interest is generally assessed on outstanding tax amounts.
<b>Special indirect tax rules</b>	<b>In your country, are there any special rules for the sale of a company by a taxpayer to another where VAT is not due on the sale?</b>	Yes. Subject to a number of conditions, a person may be able to sell certain assets of a business or part of a business without charging or collecting GST/HST where the appropriate election is filed. However, businesses must also consider various other taxes, including QST and PST, which may apply.
	<b>In your country, are there unique, specific indirect tax rules that you would not expect to find in 'standard' VAT jurisdictions?</b>	Yes, the GST/HST and QST include various rules such as partial rebates for certain entities, self-assessment rules for various imported supplies and specific rules for certain financial institutions and pension plans.
	<b>Does a reverse charge mechanism apply in your country for goods or services?</b>	Yes. Some businesses are required to self-assess GST, HST or PST on certain goods and services imported in Canada or brought into certain provinces.
	<b>Are there indirect tax incentives available in your country (e.g. reduced rates, tax holidays)?</b>	Yes. Under the GST/HST and QST systems, certain supplies qualify as zero-rated supplies and are taxed at a 0% tax rate, such as basic groceries. The PST purposes, certain exemptions may apply.
<b>Rulings</b>	<b>Are rulings and decisions issued by the tax authorities publicly available in your country?</b>	Some severed interpretation letters issued by the tax authorities are available through publishers.