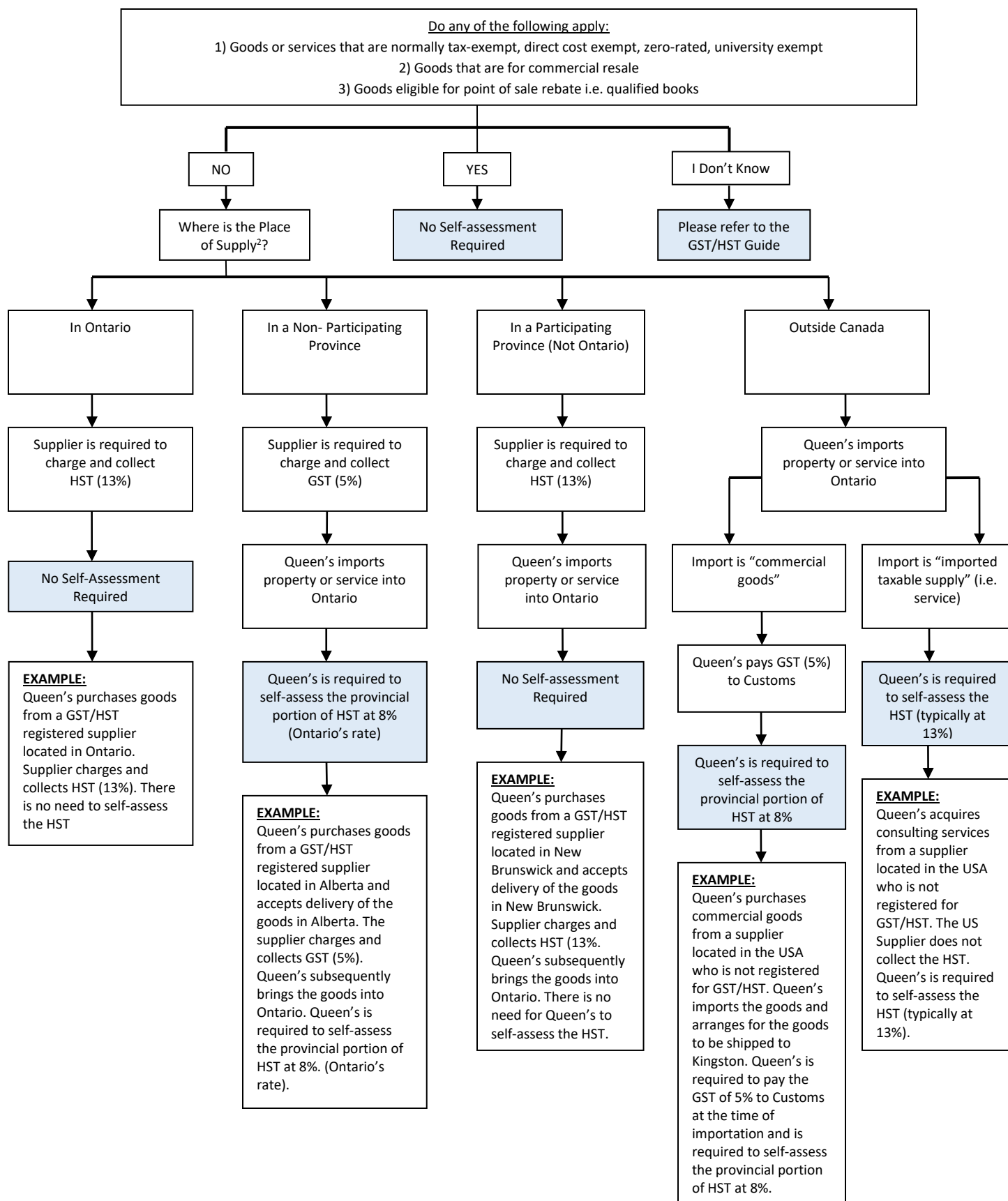


Decision Tree - Self-Assessment¹

Updated 22-FEB-2021



Notes are on next page

NOTE 1 – This flowchart does not take into account the application of the QST in Quebec and the retail sales taxes levied in non-participating provinces and territories

NOTE 2 – Place of Supply Rules:

The place of supply rules are required to determine whether GST or HST will apply to a transaction. The rules are broken down into three (3) main categories: Tangible Property (TPP), Intangible Personal Property (IPP), and Services.

Please note there are special rules for: rentals, leases, real property, motor vehicles, passenger transportation, freight transportation, postage and mail delivery, and telecommunication services. Please refer to <http://www.cra-arc.gc.ca/E/pub/gm/b-103/README.html> for more information.

- (a) Tangible Personal Property (TPP) – Sales of goods are made in a province if the supplier delivers the goods or makes it available in that province to the recipient. Goods are deemed to be delivered in a particular province if the supplier either:
 - Ships the goods to a destination in the particular province specified in shipping contract
 - Transfers possession of the goods to a common carrier on behalf of the recipient to ship the good to a destination in the particular province.
 - Sends the goods by mail or courier to an address in the particular province.
- (b) Intangible Personal Property (IPP) (i.e. copyright, goodwill) – there are four (4) general rules:
 - Rule 1: Supply of IPP that can be used in Canada that can only be used primarily (>50%) outside the participating provinces are deemed to be made in a non-participating province and subject to GST at 5%.
 - Rule 2: Supply of IPP that can be used in Canada that can only be used primarily (>50%) in the participating provinces are deemed to be made in a participating province and subject to HST. Please refer to <http://www.cra-arc.gc.ca/E/pub/gm/b-103/README.html> for the 4 subsets of this rule.
 - Rule 3: The place of supply for supply of IPP that can be used in Canada and can be used other than only primarily (>50%) in the participating provinces and other than only primarily (>50%) outside the participating provinces depends on a number of additional factors. Please refer to <http://www.cra-arc.gc.ca/E/pub/gm/b-103/README.html> for the 3 subsets of this rule.
 - Rule 4: If Rules 1-3 do not apply because two (2) or more relevant participating provinces have the same highest rate for the provincial part of the HST, the supply is made in the specified province among those provinces where the business address of the supplier that is most closely connected with the supply is located, or, if such an address is not located in one of the specified provinces, in the specified province that is closest in proximity, determined in any reasonable matter, to such an address.
- (c) Services – there are three (3) general rules and some exceptions. Please refer to <http://www.cra-arc.gc.ca/E/pub/gm/b-103/README.html> for more information on the exceptions to the general place of supply rules for services.
 - Rule 1: Supply is made in a province if, in the ordinary course of business of the supplier, the supplier obtains an address in the province
 - Rule 2: If Rule 1 does not deem the supply of the service to be made in a province and the Canadian element of the service is not performed primarily (>50%) in participating provinces, the supply is made in a non-participating province.
 - Rule 3: If a supply of a service cannot be determined under Rule 2C to be made in a single participating province because of the highest tax rates for two or more participating provinces are the same, the supply is made in the specified province among those provinces where the business address of the supplier that is most closely connected with the supply is located or, if such an address is not located in one of the specified provinces, in the specified province that is closest in proximity, determined in any reasonable manner, to the business address of the supplier that is most closely connected with the supply.

Definitions and Acronyms:

Canadian Element – the portion of the service that is performed in Canada

Commercial Goods – are goods that are for sale or for any other commercial, industrial, occupational, institutional or other like use. When commercial goods are imported into Canada, tax under Division III (i.e., GST at 5%) is generally payable to Customs at the time of importation into Canada.

GST – The 5% federal Goods and Services Tax

HST – Harmonized Sales Tax, consisting of the federal component (GST) of 5% and the provincial component (PVAT) which, in Ontario is 8%.

Imported Taxable Supply – generally means a taxable supply of intangible personal property or a service that is made outside Canada to a recipient who is resident in Canada and that may reasonably be regarded as having been received by the recipient for use in Canada otherwise than exclusively in a commercial activity, but does not include a supply in respect of which tax under Division II or III of the Excise Tax Act is payable, a zero-rated supply, goods included in Schedule VII to the Excise Tax Act, or a prescribed supply.

IPP – intangible personal property

Non-participating Province – a province that is not a Participating Province (doesn't have HST)

PP – Participating Province – a province that has implemented the HST, included Ontario, Nova Scotia, New Brunswick, PEI, and Newfoundland and Labrador.

PVAT – the provincial component of the HST which can differ by province. Please refer to: [1.1.3 Provincial Tax Rates](#)

TPP – tangible personal property