



NIAGARA
REGIONAL
HOUSING



NRH Notice

NUMBER: 04-13
DATE: December 10, 2004

Mandatory
 For Information

Applicable to:

- | | |
|-------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> | Municipal & Private Non Profit |
| <input checked="" type="checkbox"/> | Co-operatives |
| <input checked="" type="checkbox"/> | Federal Non Profits |
| <input checked="" type="checkbox"/> | OCHAP/CSHP |
| <input type="checkbox"/> | Rent Supplement |

Subject: GST Rebate for Providers with Municipal Status Designation

Policy:

In May 2004, Bill C-30 received Royal Assent. Housing providers with municipal status designation are now entitled to a 100% rebate on GST paid for the provision of a designated service (provision of accommodation on a rent-geared-to-income (RGI) basis). This rebate is an increase from the previous 57.14% and is effective from February 3, 2004.

Background

In 1993, the Ministry of Municipal Affairs & Housing issued a directive for all non-profits and co-operatives to register for municipal status designation. The municipal status designation would allow providers to take advantage of an additional rebate for GST from 50% to 57.14%.

The following conditions must be met for a provider to qualify for the municipal status designation:

1. The provider must be engaged in a “designated activity”. A designated activity is defined as:

- The housing provider’s housing units must be self-contained units (i.e., have their own washrooms);
- Housing must be provided on a long-term basis;
- Only RGI units that are subsidized by the Region are entitled to the 100% rebate;

2. Subsidized housing is a designated activity.

3. One or more levels of government must support the provider.

Providers who have municipal status can claim 100% GST rebate on RGI units if at least 10% of the units in the project are RGI. Market units are only eligible for a 50% rebate. In order to remain consistent from year to year, it is recommended that the group use the target plan to calculate a weighted average percentage. The following example using a project with 50 RGI and 10 market units show how to calculate the rebate:

$$\begin{array}{rcl} 50/60 \text{ RGI units} \times 100\% & = & 83.3\% \\ 10/60 \text{ market} \times 50\% & = & \underline{8.3\%} \\ & & 91.6\% \end{array}$$

91.6% is the weighted average percentage to be used on total GST expenses for all units.

Housing Provider Role

Housing Providers Without Municipal Status

Housing providers who do not have municipal status designation should apply to Canada Customs Revenue Agency (CCRA) requesting municipal status for GST purposes. Mail your request with supporting documentation to:

Director
Public Service Bodies and Governments
GST/HST Rulings and Interpretations
Canada Customs and Revenue Agency
Ottawa ON K1A 0L5

The following information should be included with your request:

1. a description of the activity or supply of the organization and the municipality where the organization engages in the activity;
2. a full description of the services provided and clients served;
3. a copy of the articles of incorporation and any relevant corporate by-laws;
4. a copy of any agreement between the provider and NRH with regard to the provision of the service.

It is recommended that providers use the interest adjustment date as the effective date of their status.

Housing Providers With Municipal Status

Effective February 2004, housing providers should claim 100% GST rebate for RGI units.

Service Manager's Role

NRH will confirm that housing providers have municipal status designation and are receiving 100% GST rebate on the RGI units during the operational review process.

If you have any questions regarding this Notice, please contact your Housing Administrator.

Lora Beckwith
General Manager