



Election or Revocation of an Election for Closely Related Corporations and/or Canadian Partnerships to Treat Certain Taxable Supplies as Having Been Made for Nil Consideration for GST/HST Purposes

Corporations and Canadian partnerships that are specified members of a qualifying group can use this form to either jointly elect to treat certain taxable supplies between them as having been made for no consideration, or to jointly revoke the election.

To make or to revoke the election, you have to complete both parts A and B. If more than three corporations or Canadian partnerships use this form to elect or revoke the election, add another page to provide the information requested in Part A. For more information, see pages 2, 3, and 4 of this form.

Note

Do not list branches or divisions in Part A that are part of your legal entity (for example, not separately incorporated) even if they have separate GST/HST program accounts. The election or revocation applies to the entire legal entity.

Part A – Identification			
First specified member making or revoking the election			
Legal name and operating, trading, or partnership name (if different from legal name)		Business number	
Tick the appropriate box: <input type="checkbox"/> Qualifying Member <input type="checkbox"/> Temporary Member		Reporting period (that includes effective date of the election or revocation): From	
		Year	Month Day
		Year	Month Day
Contact person		Contact person's title	Telephone number Extension
Certification by the first specified member			
I, _____, certify that the information given on this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am authorized to file on behalf of the specified members identified in Part A. I will notify all specified members of this joint election. I will notify all specified members if this joint election was not successfully filed or revoked.			
Signature of the authorized person		Title	Year Month Day
Second specified member making or revoking the election			
Legal name and operating, trading, or partnership name (if different from legal name)		Business number	
Tick the appropriate box: <input type="checkbox"/> Qualifying Member <input type="checkbox"/> Temporary Member		Reporting period (that includes effective date of the election or revocation): From	
		Year	Month Day
		Year	Month Day
Contact person		Contact person's title	Telephone number Extension
Third specified member making or revoking the election			
Legal name and operating, trading, or partnership name (if different from legal name)		Business number	
Tick the appropriate box: <input type="checkbox"/> Qualifying Member <input type="checkbox"/> Temporary Member		Reporting period (that includes effective date of the election or revocation): From	
		Year	Month Day
		Year	Month Day
Contact person		Contact person's title	Telephone number Extension
Part B – Election or revocation of the election			
The corporations and Canadian partnerships identified in Part A (and on any attached page) jointly elect or revoke an election to treat taxable supplies made between them, while the election is in effect, as having been made for no consideration under section 156 of the <i>Excise Tax Act</i> .			
Note			
The election does not apply to a supply of property or a service that is not acquired by the recipient of the supply for consumption, use, or supply exclusively in its commercial activities or to a sale of real property. If the recipient of the supply is a temporary member, the election also does not apply if a supply is not made in contemplation of a distribution in the course of a reorganization, as described in the <i>Income Tax Act</i> .			
Tick the appropriate box: <input type="checkbox"/> Election <input type="checkbox"/> Revocation			
Effective date of the election or revocation:			
Year Month Day			

Privacy Act, personal information bank number CRA PPU 047

General information

Who is eligible?

The election permits a specified member of a qualifying group to elect jointly with another specified member of the same qualifying group. Only specified members of the same qualifying group are eligible to make the election. A specified member of a qualifying group is defined to mean a **qualifying member** of the group or a **temporary member** of the group, as those terms are defined on page 3 of this form.

What is the effect of the election?

When all of the eligibility requirements are met and a specified member of a qualifying group elects, at any time on or after January 1, 2015, jointly with another specified member of the group, certain taxable supplies made between them are considered to have been made for no consideration. The election is effective on the day specified in Part B of this form.

When all of the eligibility requirements continue to be met and parties to an existing election with an effective date before January 1, 2015, that is still in effect on January 1, 2015, continue to elect jointly with each other, certain taxable supplies made between them after 2014 are considered to have been made for no consideration.

Every combination of eligible corporations and eligible Canadian partnerships whose names appear in Part A of this form (and on any attached page) is considered to have made an election. For example, a form having three electing members numbered as 1, 2, and 3, would have the following combinations:

- 1 and 2;
- 1 and 3; and
- 2 and 3.

The election does **not** apply to the following supplies:

- a supply by way of sale of real property;
- a supply of property or service that is not acquired by the recipient for consumption, use, or supply exclusively in the commercial activities of the recipient; and
- a supply of property that is not made in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the *Income Tax Act* (ITA) if the recipient of the supply is a temporary member.

Joint and several, or solidary, liability of all specified members

Effective January 1, 2015, specified members to an election are jointly and severally, or solidarily, liable to pay the Receiver General for obligations that result from a failure to account for or pay as and when required an amount of GST/HST attributable to a supply made between them. This also applies to persons that conduct themselves as if an election were in effect.

How do you make the election?

To make the election, you have to complete parts A and B of this form and file it on or before the day which the GST/HST return for the reporting period that includes the effective date of the election is required to be filed. This form is to be filed by the earliest date that a GST/HST return is due from the specified members who intend to make the election.

Example

Corporation X and Corporation Y are specified members of the same qualifying group and they make an election to deem certain taxable supplies made between them as having been made for no consideration effective January 1, 2015. They did not have an election in effect before 2015. Corporation X has a quarterly reporting period based on calendar quarters and Corporation Y is an annual filer on a calendar basis. The earliest date on which either of the parties is required to file a return for the period that includes the day on which the election becomes effective is April 30, 2015 – the due date of the return for Corporation X. The election form must be filed on or before April 30, 2015.

Parties to an existing election with an effective date before January 1, 2015, that is still in effect on January 1, 2015, will also be required to file the election form. However, they will be required to file the election form after 2014 and before January 1, 2016.

How do you revoke the election?

To revoke the election, you have to complete parts A and B of this form and file it on or before the day which the GST/HST return for the reporting period that includes the effective date of the revocation is required to be filed. The form is to be filed by the earliest date that a GST/HST return is due from the specified members who intend to make the revocation. The revocation is effective on the day specified in Part B.

Every combination of eligible corporations and eligible Canadian partnerships whose names appear in Part A (and on any attached page) will be considered to have revoked their election.

Revoking an election made before 2015

Parties to an election made before 2015 that is still in effect on January 1, 2015, that wish to revoke that election at any time in 2015 are required to file the revocation form before January 1, 2016.

An election ceases to be effective on the earliest of:

- the day one of the electing members ceases to be a specified member of the qualifying group; or
- the day the members jointly revoke the election.

Definitions

Canadian partnership – means a partnership each member of which is a corporation or partnership and is resident in Canada.

Distribution – has the meaning assigned by subsection 55(1) of the ITA. A distribution for the purposes of section 55 of the ITA means the direct or indirect transfer of property of a corporation (referred to in section 55 as a "distributing corporation") to one or more of its corporate shareholders (referred to in section 55 as a "transferee corporation") such that each transferee corporation that receives property on the distribution receives its *pro rata* share of each type of property owned by the distributing corporation immediately before the distribution.

Qualifying group – means:

- a group of corporations, each member of which is closely related, within the meaning assigned by section 128 of the *Excise Tax Act* (ETA), to each other member of the group; or
- a group of Canadian partnerships, or of Canadian partnerships and corporations, each member of which is closely related, within the meaning of section 156 of the ETA, to each other member of the group.

For additional information on whether corporations or Canadian partnerships are closely related to other corporations or Canadian partnerships for the purposes of this election, see "Closely related corporations and closely related Canadian partnerships" on the following pages.

Qualifying member – of a qualifying group means, effective January 1, 2015, a registrant corporation resident in Canada or a registrant Canadian partnership:

- that is a member of the qualifying group;
- that is not a party to an election under section 150 of the ETA to treat certain taxable supplies as supplies of financial services; and
- that meets one of the following conditions:
 - the registrant has property (other than financial instruments and property having a nominal value) and has last manufactured, produced, acquired, or imported all or substantially all of its property (other than financial instruments and property having a nominal value) for consumption, use, or supply exclusively in the course of its commercial activities,
 - the registrant has no property (other than financial instruments and property having a nominal value), has made supplies, and all or substantially all of the supplies made by the registrant are taxable supplies, or
 - the registrant has no property (other than financial instruments and property having a nominal value), has not made taxable supplies, and it is reasonable to expect that:
 - (a) the registrant will be making supplies throughout the next twelve months,
 - (b) all or substantially all of these supplies will be taxable supplies, and
 - (c) all or substantially all of the property (other than financial instruments and property having a nominal value) to be manufactured, produced, acquired, or imported by the registrant within the next twelve months will be for consumption, use, or supply exclusively in the course of its commercial activities.

Qualifying subsidiary – of a particular corporation means another corporation not less than 90% of the value and number of the issued and outstanding shares of the capital stock of which, having full voting rights under all circumstances, are owned by the particular corporation, and includes:

- a corporation that is a qualifying subsidiary of a qualifying subsidiary of the particular corporation;
- where the particular corporation is a credit union, every other credit union; and
- where the particular corporation is a member of a mutual insurance group, every other member of that group.

Specified member – of a qualifying group means:

- a qualifying member of the group, as defined above; or
- a temporary member of the group, as defined below.

Note

Once the reorganization is completed, the temporary member must meet the requirements of being a qualifying member to be a specified member and eligible to make this election.

Temporary member – of a qualifying group means a registrant corporation, resident in Canada:

- that is a member of the group but not a qualifying member;
- that is not a party to an election under section 150 of the ETA to treat certain taxable supplies as supplies of financial services;
- that receives a supply of property in contemplation of a distribution made in the course of a reorganization described in subparagraph 55(3)(b)(i) of the ITA from the distributing corporation that is a qualifying member of the same group;
- that does not carry on any business or have any property (other than financial instruments) before receiving the supply; and
- that transfers its shares on the distribution.

Closely related corporations and closely related Canadian partnerships

Closely related corporations

In general, two corporations are considered to be closely related if at least 90% of the value and number of the issued and outstanding shares of the capital stock of one of the corporations, having full voting rights under all circumstances, are owned by:

- the other corporation;
- a qualifying subsidiary of the other corporation;
- a corporation of which the other corporation is a qualifying subsidiary;
- a qualifying subsidiary of a corporation of which the other corporation is a qualifying subsidiary; or
- any combination of the corporations or subsidiaries referred to above.

Closely related Canadian partnerships

In general, a particular Canadian partnership and another Canadian partnership are closely related if all or substantially all of the interest in the other partnership is held by:

- the particular partnership;
- a corporation or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member; or
- any combination of corporations or partnerships referred to above.

Two Canadian partnerships are also closely related to each other if one:

- owns at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the other partnership is a member; or
- holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the other partnership is a member.

Closely related Canadian partnerships and corporations

In general, a particular Canadian partnership is considered to be closely related to a particular corporation if one of the following applies:

- at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of the particular corporation are owned by:
 - the particular partnership;
 - a corporation or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member; or
 - any combination of corporations or partnerships referred to above;
- at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the particular partnership is a member, are owned by the particular corporation;
- at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation that is a member of a qualifying group of which the particular corporation is a member, are owned by the particular partnership;
- all or substantially all of the interest in the particular partnership is held by:
 - the particular corporation;
 - a corporation or a Canadian partnership that is a member of a qualifying group of which the particular corporation is a member; or
 - any combination of corporations or partnerships referred to above;
- all or substantially all of the interest in a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member, is held by the particular corporation; or
- all or substantially all of the interest in a Canadian partnership, that is a member of a qualifying group of which the particular corporation is a member, is held by the particular partnership.

Persons closely related to the same person

Two corporations are considered closely related to each other for purposes of the GST/HST if they are each closely related to the same third corporation.

A corporation and a Canadian partnership or two Canadian partnerships are considered closely related to each other for the election if they are each closely related to the same third corporation or Canadian partnership, or would be so related to the partnership if each member of that partnership were resident in Canada.

Interest in a partnership

For the purposes of the election, a person (corporation or partnership), or a group of persons, holds, at any time, all or substantially all of the interest in a partnership if at that time the person, or every person in the group, is a member of the partnership and the person is, or the members of the group collectively are, all of the following:

- entitled to receive at least 90% of the total of all amounts, each of which is the share of the partnership's income from all sources that each of its members is entitled to receive for the last fiscal period (within the meaning of the ITA) of the partnership that ended before that time (or if the partnership's first fiscal period includes that time, for that period), or if the partnership has no income, the total of all amounts each of which is the share of the income of the partnership that each member of the partnership would be entitled to receive if the income of the partnership from each source were one dollar;
- entitled to receive at least 90% of the total amount that would be paid to all members of the partnership (other than amounts that would be paid as a share of partnership income) if it were wound up; and
- able to direct the business and the affairs of the partnership, or would be able to do so if no secured creditor had any security interest in an interest in, or the property of, the partnership.

Where do you send this form?

Send this completed form and any attachments (if applicable) to your tax centre. To get the address of your tax centre, go to www.cra.gc.ca/tso, or call **1-800-959-5525**.

What if you need help?

For more information, go to www.cra.gc.ca/gsthst, or call **1-800-959-8287**.

To get our forms and publications, go to www.cra.gc.ca/gsthstpub, or call **1-800-959-5525**.