

Canada
Tax

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Canadian indirect tax news

File your existing section 156 ETA and section 334 QSTA elections before January 1, 2016!

November 9, 2015 (15-4)

Are you a party to a closely related election made under section 156 of the Excise Tax Act (ETA) and section 334 of the Quebec Sales Tax Act (QSTA) that was in effect on or before January 1, 2015? If yes, action is required before January 1, 2016!

The closely related election allows certain closely related corporations and partnerships that are registrants engaged exclusively in commercial activities and that are members of a qualifying group, not to charge GST/HST and QST on taxable supplies made to group members. (The QST election is only required for corporations and partnerships that have operations in Quebec.)

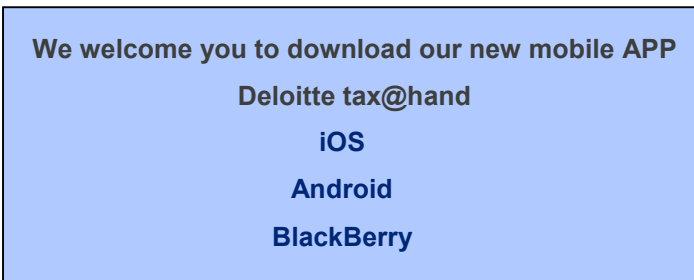
Parties to an existing election with an effective date before January 1, 2015 that was still in effect on that date are required to file Form RC4616, *Election or Revocation of an Election for Closely Related Corporations and/or Canadian Partnerships to Treat Certain Taxable Supplies as Having Been Made for Nil Consideration for GST/HST Purposes*, with the Canada Revenue Agency (CRA) and Form FP-4616 *Election or Revocation of an Election to Have Certain Taxable Supplies Made Between Specified Members Deemed Made for No Consideration* with Revenu Quebec, before January 1, 2016, in order to uphold the validity of the election. Form FP-4616 (QST) must be filed with Revenu Quebec by mail; however, Form RC4616 may be filed with CRA by mail or online using the CRA's My Business Account. The new forms replace Form GST25 (GST) and VD-334 (QST), which were not required to be filed with the CRA or Revenu Quebec but rather retained in registrants' files.

It may be necessary for registrants to file Form RC4616 (GST) and Form VD-334 (QST), as the case may be, if they have revoked or intend to revoke their existing election on file before January 1, 2016.

In addition to the changes affecting the filing requirements, substantive changes were made to section 156 of the ETA and section 334 of the QSTA, including joint and several liability provisions between members that are parties to the election with respect to all GST/HST and QST obligations.

It is recommended that all existing closely related elections be reviewed to ensure that changes to the filing and eligibility criteria are satisfied.

For detailed assistance, please contact your local Deloitte indirect tax representative.



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