

Quick Tip 24 –Taxable Activities & HST

This reference will explain briefly what are Taxable Activities and the HST impact on the Unit for Taxable Activities.

Please read the full document – [HST for Ontario and Nunavut Units \(A Guideline for Unit Treasurers about HST\)](#).

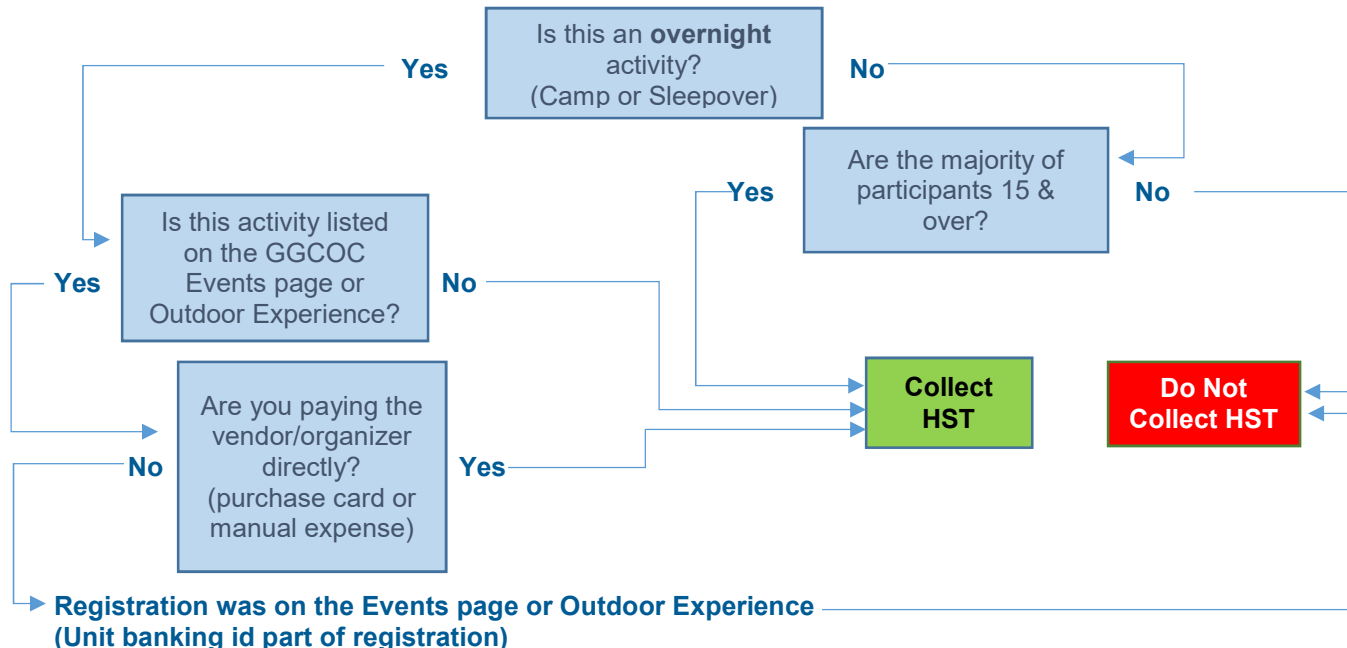
How HST affects your Unit for Taxable Activities

- Taxable Activities are defined by the Canada Revenue Agency (CRA) as any overnight activity (any age) as well as any activity where the majority of the participants are aged 15 and older.
- CRA requires us to collect HST on the total revenue we collect for Taxable Activities. This is called **HST Collection**.
- CRA allows us to recover 100% of the HST paid on expenses for those taxable activities. This is called an **Input Tax Credit (ITC)**.

Taxable Fees – When to collect HST

- When you collect money (“fees”) from parents/guardians specifically to pay for expenses associated with an overnight camp, event, trip or outing for any age (or a day activity where the majority are aged 15 years and older), you are acting as a service provider (a “merchant”) and you are required to collect HST from the parents/guardians (your “customers”).

When to collect HST chart:



Collect HST:

Fees Collected for	Age Group	Taxable	Collect HST
Overnight activities	Any age	Yes	Yes
Day camp or events	Most participants 15 years old and older	Yes	Yes

Do not collect HST:

Fees Collected for	Age Group	Taxable	Collect HST
Day camp or events	Most participants 14 years old and under	No	No

Exception - Event Transfers:

- GGC Event Calendar and Outdoor Experience (Overnight Activities) where the Unit is charged by Unit to Province transfer – Unit collects total fees and allocates the revenues to **Special Events (Calendar + Day Camp <15yrs)**
- **(Please note Outdoor Experience and Overnight activities on the Events calendar are still Taxable Activities but the Unit is not responsible for remitting the taxes. The taxes are submitted to the CRA from Province so when the payment is deposited into the Unit account it goes as a Special Event and the taxes are not remitted at that time)**

Determine the Fee Amount

- For Taxable Activities (defined above), determine fee amount by adding up the **before-tax** cost of the activity's expenses and then add 13% HST on top of that amount.

Example for an overnight camp:

Taxable Activity Expenses	Before-tax amount	HST paid to merchant	After-tax amount
Accommodations	\$50	\$0.00	\$50.00
Crafts	\$15	\$1.95	\$16.95
Groceries	\$25	\$0.00	\$25.00
Badges/crafts	\$10	\$1.30	\$11.30
Total Expenses	\$100	\$9.75	\$103.25
Total Fee to charge Participants	Before-tax amount x 1.13 = \$100 x 1.13 = \$113.00		

You must collect HST on the entire before-Tax amount (\$100.00 x 13%) = \$13.00 even though HST was not paid on Groceries or Accommodations.

Processing Deposits (fees from participants) for Taxable Activities and how HST Collected is remitted to the CRA

Ontario Council forwards the HST collected to the CRA on your Unit's behalf. There is no additional paperwork to submit for HST remittance.

- **Action by Treasurer:** For the fees collected that include HST, allocate the deposit to "**Taxable Activity (extract HST) - Overnight + Day 15yrs+**", click the "**Extract HST**" checkbox on the distribution line and submit your deposit slips to your Unit Banking Clerk. For additional information refer to [Quick Tip 5 – Allocating a Deposit](#).

Click "**Extract HST**" checkbox.

Description	Total	Tax	Net	Extract HST
Taxable Activity (extract HST) - Overnight + Day 15yrs+	113.00	13.00	100.00	<input checked="" type="checkbox"/>



- **Effect on the Unit account:** The HST will be deducted from your Unit balance once the transaction is "Verified, Provincial" status. On your Balance report, you will see the amount of HST collected accumulate in the HST Collected box. At the end of the month, the HST number clears to zero.

When you run a Transaction report the net amount will be in the "Taxable Activity (extract HST) - Overnight + Day 15yrs+" column and the amount submitted to the CRA will be in the "HSTCollected" column. Also, when you look at the list of all your revenue transactions (status: ALL), you will see the net amount and the amount listed in the appropriate columns.

Type	Community	Status	Net Amount	Amount	Date
Revenue - Royal Bank Deposit	901028	Verified, Provincial	100.00	113.00	01/10/2019

Processing Expenses and how the Input Tax Credit (ITC) is claimed

Units are asked to separate the expenses for Taxable Activities from the rest of the Unit expenses. There are two categories to use:

- **ITC -Taxable Activity - Overnight + Day 15yrs+** (for expenses where the vendor has charged tax- like the Crafts and Badges in the example above)
- **ITC -Taxable Activity -No Tax Charged-Overnight + Day 15+** (for expenses where the vendor has not charged taxes like the accommodations and groceries in the example above – or the receipt has been lost and a lost or incomplete receipt form is being submitted)

Ontario Council claims the ITC from the CRA on behalf of your Unit. Your expense is automatically reduced by the GST/HST amount once your expense is "Verified, Provincial" status.

- **Action by Treasurer:** In your Unit account, allocate the expenses associated with Taxable Activities to "**ITC -Taxable Activity - Overnight + Day 15yrs+**" (or **ITC -Taxable Activity -No Tax Charged-Overnight + Day 15+** if no taxes were charged by the vendor) and submit your receipts to your Unit Banking Clerk.
- For additional information refer to [Quick Tip 6 – Submitting a Manual Expense](#) or [Quick Tip 7 – Allocating a Purchase Card](#).
 - No receipt = no ITC. Itemized receipt must clearly show HST amount.
 - No Taxes charged by vendor = no ITC to be claimed
 - Receipts must be "Verified, Provincial" status for the credit to be applied.

- **Effect on the Unit account:** Your expense will be reduced by the ITC amount once the transaction is “Verified, Provincial” status. The credit has already reduced your expense. On your Balance report, you will see the credit accumulate in the HST Rebate box. This is for information purposes only. At the end of the month, this number clears to zero.
 - When you run a Transaction report, the net amount will be in the ITC expense column and the amount rebated will be in the HST rebate column. Also, when you look at the list of all your expense transactions you will see the net amount and the amount in the appropriate columns.

❖ **Exclusions (No ITC):**


- Purchases from Girl Guides (e.g. Guide Store, GGC Ontario Event Registration, etc.)
- Purchases outside Canada
- Purchases where the vendor did not charge taxes
- Missing receipts

How this will affect Unit Transactions:

When you sign-in to your Unit bank account, you will be able to see the actual amount the Unit paid for expenses (i.e. the actual cost after the rebate). This is called the **“Net Amount”**.

ID	User ID	Unit Name	Type	Community	Status	Net Amount	Amount	Date
984421	001463	9th Sample Pathfinder Unit	Expense - Purchase Card	901000	Verified, Provincial	31.36	31.36	08/07/2015
951136	001463	9th Sample Pathfinder Unit	Expense - Purchase Card	901000	Verified, Provincial	29	32.13	06/05/2015

- Transaction ID 984421 is a **Guide Store Purchase** – these purchases receive no rebates, so the “Net Amount” equals the “Amount”. The “After Taxes Amount” shown when you open the transaction is the actual cost to the Unit.

ID	984421 												
User ID	001463 - 9th Markham Pathfinder Unit												
Community/Camp/Special	901038												
Type	Expense - Purchase Card Guide Store: Yes												
Level	Provincial												
Status	Verified ←												
Before Taxes Amount	27.75												
Tax Amount	3.61												
After Taxes Amount	31.36												
Distribution	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Description</th> <th>Amount</th> <th>GST</th> <th>HST</th> </tr> </thead> <tbody> <tr> <td>Postage/Courier</td> <td>9.00</td> <td>0.00</td> <td>1.17</td> </tr> <tr> <td>Awards and Badges</td> <td>18.75</td> <td>0.00</td> <td>2.44</td> </tr> </tbody> </table>	Description	Amount	GST	HST	Postage/Courier	9.00	0.00	1.17	Awards and Badges	18.75	0.00	2.44
Description	Amount	GST	HST										
Postage/Courier	9.00	0.00	1.17										
Awards and Badges	18.75	0.00	2.44										
Merchant	PAYPAL *GIRLGUIDES												
Date	08/07/2015												

Girl Guides of Canada, Ontario Council: HST

- Transaction ID 951136 is an **ITC Expense** – this purchase was \$29 plus \$3.13 in HST. The Unit receives 100% of the HST in rebate. So when you open the transaction, the “Net Amount” equals the “Before-Tax Amount”. The actual cost to the Unit for this purchase is \$29.

ID	951136 								
User ID	001463 - 9th Markham Pathfinder Unit								
Community/Camp/ Special	901038								
Type	Expense - Purchase Card Guide Store: No								
Level	Provincial								
Status	Verified 								
Before Taxes Amount	29.00								
Tax Amount	3.13								
After Taxes Amount	32.13								
Distribution	<table border="1"><thead><tr><th>Description</th><th>Amount</th><th>GST</th><th>HST</th></tr></thead><tbody><tr><td>ITC -Taxable Activity - Overnight + Day 15yrs+</td><td>29.00</td><td>0.00</td><td>3.13</td></tr></tbody></table>	Description	Amount	GST	HST	ITC -Taxable Activity - Overnight + Day 15yrs+	29.00	0.00	3.13
Description	Amount	GST	HST						
ITC -Taxable Activity - Overnight + Day 15yrs+	29.00	0.00	3.13						
Merchant	MICHAELS OF CANADA #34								
Date	06/05/2015								

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