

NEW BRUNSWICK 100 PER CENT PROVINCIAL HST REBATE FOR HOSPITAL AUTHORITIES, SCHOOL AUTHORITIES AND PUBLIC COLLEGES

March 21, 2024

The Government of Canada and the Government of New Brunswick signed a Reciprocal Taxation Agreement (RTA), effective April 1, 2024. An RTA is a formal agreement between the federal government and a provincial government to pay each other's specified taxes and fees for administrative simplicity.

With the entry into force of the RTA, eligible hospitals, schools and public colleges in New Brunswick will no longer be entitled to a 100 per cent government entity rebate of the Goods and Services Tax/Harmonized Sales Tax (GST/HST) under the Canada-New Brunswick Comprehensive Integrated Tax Coordination Agreement. Instead, hospital authorities, school authorities and public colleges in New Brunswick will be eligible for a 100 per cent public service body rebate of the provincial component of the HST, also effective April 1, 2024, as described below. This 100 per cent public service body rebate in respect of the provincial component of the HST will be implemented by means of amendments to regulations under the federal *Excise Tax Act*, the legislation that governs the GST/HST.

This notice provides general descriptions of transitional rules that will be proposed to implement this change. In addition, this notice sets out new remittance rates that will be proposed in respect of the Special Quick Method for Public Service Bodies.

Transitional Rules

In general, the 100 per cent public service body rebate in respect of the provincial component of the HST will apply for the purpose of determining a rebate of a person for claim periods ending on or after April 1, 2024.

It will not, however, apply for the purpose of determining a rebate of a person in respect of:

- tax that became payable by the person before April 1, 2024,
- an amount that is deemed to have been paid or collected by the person before April 1, 2024, or
- an amount that is required to be added in determining the person's net tax as a result of a branch or division of the person becoming a small supplier division before April 1, 2024, or as a result of the person ceasing before April 1, 2024 to be a registrant.

Instead, where an entity is eligible, the previous 100 per cent government entity rebate under the Canada-New Brunswick Comprehensive Integrated Tax Coordination Agreement will apply in the above instances.

To facilitate an orderly transition to the 100 per cent public service body rebate in respect of the provincial component of the HST and to protect the integrity of the tax system, the proposed transitional rules will include an anti-avoidance rule. This could limit, in certain specific cases, the availability of the public service body rebate in respect of certain property disposed of by a hospital authority, school authority or public college and subsequently reacquired by the hospital authority, school authority or public college.

Streamlined Accounting

Eligible public service bodies may account for tax using the Special Quick Method for Public Service Bodies to simplify compliance. This allows the public service body to remit an amount of tax that is a percentage (the remittance rate) of its eligible GST/HST-included sales. In general, this allows the entity to avoid having to keep track of the GST/HST collected on sales and paid on purchases.

The remittance rates are set out in the federal *Streamlined Accounting (GST/HST) Regulations* under the federal *Excise Tax Act*.

As a result of the 100 per cent public service body rebate in respect of the provincial component of the HST, new remittance rates are required for the Special Quick Method for Public Service Bodies for hospital authorities, school authorities and public colleges.

The proposed new rates for hospital authorities, school authorities and public colleges are as follows:

	Supplies made in		
	Non-participating province	ON	NS or NB or PEI or NL
Hospital Authority	4.5%	11.3%	12.8%
School Authority	4.4%	11.1%	12.7%
Public College (vending machines \geq 25%)⁽ⁱ⁾	4.1%	10.9%	12.4%
Public College (vending machines $<$ 25%)⁽ⁱⁱ⁾	4.4%	11.1%	12.7%

⁽ⁱ⁾ Supplies made through vending machines and retail establishments account for at least 25 per cent of supplies.
⁽ⁱⁱ⁾ Supplies made through vending machines and retail establishments account for less than 25 per cent of supplies.

The above remittance rates apply for the purpose of determining the net tax of a hospital authority, school authority or public college for reporting periods of the entity that begin after March 31, 2024. For reporting periods that begin before April 1, 2024 and end after March 31, 2024, the remittance rates that apply before the proposed changes come into effect will continue to apply in respect of a supply for which consideration becomes due or is paid before April 1, 2024.

Administration and Enforcement of the GST/HST

Administration and enforcement of the GST/HST is the responsibility of the Canada Revenue Agency (CRA). This responsibility includes processing rebate applications and making rulings and interpretations on the application of the GST/HST. All individuals and businesses must deal directly with the CRA for any of these or other administrative and enforcement issues. For more information, please contact the [Canada Revenue Agency](#).

Disclaimer: This notice is intended to provide information respecting the GST/HST in the Province of New Brunswick under the *Excise Tax Act* (Canada). This should not be regarded as a replacement of the laws, regulations or administrative documents to which it refers.