

DIRECTIVE

DATE: August 3, 2005

NUMBER: 2005-02

The policies, procedures and County requirements in this Directive are to be implemented by housing providers that are funded under the following Programs, which are administered by the County:

Please note if your program is not checked, this Directive is not applicable to your project(s).

<input checked="" type="checkbox"/>	Federal/Provincial Non-Profit Housing Program	<input type="checkbox"/>	Rent Supplement - Commercial
<input checked="" type="checkbox"/>	Ontario Non-Profit Housing Programs	<input type="checkbox"/>	Rent Supplement-Homelessness Initiative
<input checked="" type="checkbox"/>	Federal/Provincial & Ontario Co-operative Housing Programs	<input checked="" type="checkbox"/>	Rent Supplement-OCHAP & CSHP
<input checked="" type="checkbox"/>	Simcoe County Housing Corporation	<input type="checkbox"/>	

SUBJECT: GOODS AND SERVICES (GST) REBATE

DELEGATED AUTHORITY

The County of Simcoe has the delegated authority under the Social Housing Reform Act 2000 for administering and funding prescribed housing programs.

ISSUE:

On May 14, 2004, Bill C-30 received Royal Assent. All housing providers that have received designated municipal status 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 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 and Housing issued a directive for all Non-Profits and Co-ops to register for designated municipal status. This would allow them to take advantage of additional rebates for GST (from 50% to 57.14%). It was advantageous for providers who could not meet the 40% threshold of funding from government to qualify for the 50% rebate.

DIRECTION:

All providers should have applied for and received their municipal designation. Any provider not designated municipal should apply immediately.

The following conditions are required for a provider to qualify for the municipal 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 rent-geared-to-income (RGI) units that are subsidized by the County of Simcoe are entitled to a 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% 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:

50/60 RGI units X 100%	=	83.3%
10/60 Market units X 50%	=	8.3%
Total	=	91.6%

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

How to Apply for Municipal Status:

Write a letter to the Canada Customs Revenue Agency (CCRA) requesting municipal status or determination for GST purposes. Mail your request, with supporting documentation to:

Director
Public Services Bodies and Government
GST/HST Rulings and Interpretations
Canada Customs and Revenue Agency
Ottawa, ON K1A 0L5

The following information should be included with the letter:

- A description of the activity or supply of the organization and the municipality where the organization engages in the activity
- A full description of the service provided and the clients served
- A copy of the articles of incorporation and any relevant corporate by-laws
- A copy of any agreement between the provider and Service Manager with regard to the provision of the service. The Service Manager will be able to provide confirmation of the provider's participation in the designated activity if required by the CCRA

It is recommended that providers use the interest adjustment date as the effective date of their status. It should be noted that the process to receive municipal status through CCRA is lengthy.

If you have any further questions regarding this directive please contact your Program Supervisor.

This directive is effective immediately.