



MAPLE RIDGE | LANGLEY
CHARTERED PROFESSIONAL ACCOUNTANTS

EPR CLIENT NEWS BULLETIN

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Medical Practitioners and the GST

Unlike most businesses, medical practitioners¹ only need to collect Goods and Services Tax (“GST”) on certain types of supplies and are restricted from claiming an input tax credit (“ITC”) on costs incurred based on the type of supplies provided.

It is important that a medical practitioner correctly evaluate the GST status of their supplies as either taxable supplies, zero rated supplies or exempt supplies.

Taxable Supplies

If a medical practitioner is a GST registrant and provides a taxable supply they will be required to collect and remit GST on the taxable supply. Taxable supplies are the most common type of supply and medical practitioners making taxable supplies are required to collect the 5% GST (or Harmonized Sales Tax (“HST”) at the applicable rate). If a medical practitioner is supplying a service or product which is not a zero-rate or exempt supply then the supply would be a taxable supply. Any GST paid on costs incurred to make the taxable supply would be eligible for an ITC which would offset any GST collected.

Examples of taxable supplies provided by medical practitioners can include the following: providing reports for non-medical reasons, management fees received, administrative services provided, fees received on research projects, expert witness fees, consulting services, fees for any service which are not diagnostic or treatment based in nature.

A taxable supply may be partially an exempt or zero-rate supply and therefore it is important to evaluate the nature of each transaction and determine what type of supply is being provided.

Zero-Rated Supplies

Some supplies are zero-rated under the GST/HST. GST/HST applies to these supplies at a rate of 0% and similar to making taxable supplies, medical practitioners making zero-rated supplies are entitled to claim the GST/HST paid on costs incurred related to the making of the zero-rated supplies as an ITC.

Examples of zero-rated supplies provided by medical practitioners are qualifying medical devices, prescription drugs and drug-dispensing services².

¹ Medical practitioner is defined as a person who is entitled under the laws of the province to practice the profession of medicine or dentistry

² As outlined in *Excise Tax Act* and its Regulations

Exempt Supplies

Some supplies are exempt from the GST/HST and GST/HST does not apply to these exempt supplies. If you are solely providing exempt supplies you do not charge the GST/HST and you generally cannot claim ITCs to recover the GST/HST on costs incurred to make the exempt supplies.

Examples of exempt supplies are most health, medical and dental services performed by licensed physicians or dentists for medical reasons³. This does not include what would otherwise be considered a zero-rated or taxable supply.

What Should You Do?

Medical practitioners should identify if they are providing a mix of taxable, zero-rated or exempt supplies, each of which would result in their respective GST/HST treatment. Taxable supplies would require GST/HST to be collected while zero-rated and exempt supplies would not require GST/HST to be collected. GST/HST paid on costs incurred to make taxable supplies and zero-rated supplies would be eligible to claim ITCs while costs incurred to make exempt supplies would not.

CRA has provided administrative guidance on types of supplies and examples of taxable supplies, zero-rated supplies and exempt supplies here: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-gst/charge-gst-hst.html#type>.

Please note that what has been outlined above is general in nature and that the GST/HST rules are complex. Before you make any changes to your GST/HST, please consult your tax or accounting advisor.

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³ As outlined in *Excise Tax Act* and its Regulations