



Canada Revenue
Agency

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du Canada

Rosewell Porter Ltd.
o/a Living Assistance Services
3183A Yonge Street
Toronto ON M4N 2K9

Attention: Rafia Hasan
Service Coordinator

Ontario Region
LPRA Division – GST/HST Rulings
55 Bay Street North
P. O. Box 2220
Hamilton ON L8N 3E1

Case Number: 123939
Business Number: 863830162

May 27, 2010

Dear Rafia Hasan:

Subject: GST/HST RULING
Homemaker services

Thank you for your fax of May 4, 2010, and our telephone conversation of the same date, concerning the application of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST) to the supply of homemaker services.

HST currently applies at the rate of 13% in Nova Scotia, New Brunswick, and Newfoundland and Labrador. Effective July 1, 2010, HST will apply at the rate of 15% in Nova Scotia, 13% in New Brunswick, Newfoundland and Labrador, and Ontario, and 12% in British Columbia. GST will continue to apply at the rate of 5% in the remaining provinces and territories.

All legislative references are to the *Excise Tax Act* (ETA) unless otherwise specified.

STATEMENT OF FACTS

We understand that:

1. You were previously issued a ruling, our case number 58084 dated February 24, 2005, regarding the supply of homemaker services.
2. Rosewell Porter Ltd., o/a Living Assistance Services, is registered for GST/HST purposes.
3. Living Assistance Services provides homemaker services to individuals in their homes.

4. Several of Living Assistance Services' clients receive government funding for the provision of homemaker services.
5. A certain percentage of Living Assistance Services' clients do not receive any funding from a government or municipality for the provision of homemaker services.

RULING REQUESTED

You would like to confirm that supplies of homemaker services rendered to an individual in their place of residence are exempt supplies for purposes of the GST/HST.

RULING GIVEN

Based on the facts set out above, we rule that, pursuant to section 13 of Part II of Schedule V, a homemaker service rendered to an individual in the individual's place of residence is exempt where the service is provided by a government or municipality, or where the services are funded by a government, municipality, or organization administering a government or municipal program.

This ruling is subject to the qualifications in GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*. We are bound by this ruling provided that none of the above issues are currently under audit, objection, or appeal, that no future changes to the ETA, regulations or our interpretative policy affect its validity, and all relevant facts and transactions have been fully disclosed.

EXPLANATION

Most supplies of goods and services that are made in Canada are taxable supplies subject to the GST/HST, unless the supply is specifically identified as being an *exempt* supply or a *zero-rated* supply. "Exempt supplies" are listed in Schedule V and are not subject to GST/HST. "Zero-rated supplies" are taxable at the rate of 0% and are listed in Schedule VI.

Section 1 of Part II of Schedule V defines a "*homemaker service*" to include "*a household or personal service, such as cleaning, laundering, meal preparation and child care, that is rendered to an individual who, due to age, infirmity or disability, requires assistance*".

Section 13 of Part II of Schedule V provides exemption to:

13. A supply of a homemaker service that is rendered to an individual in the individual's place of residence, whether the recipient of the supply is the individual or any other person, where
 - (a) the supplier is a government or municipality;
 - (b) a government, municipality or organization administering a government or municipal program in respect of homemaker services pays an amount

- (i) to the supplier in respect of the supply, or
- (ii) to any person for the purpose of the acquisition of the service; or
- (c) another supply of a homemaker service rendered to the individual is made in the circumstances described in paragraph (a) or (b).

In accordance with these provisions, a homemaker service rendered to an individual in the individual's place of residence is exempt where the service is provided by a government or municipality, or if the services are funded by a government, municipality, or organization administering a government or municipal program. Section 13 of Part II of Schedule V exempts a homemaker service where the funding is given to the individual to acquire the homemaker service or where the funding is paid directly to the supplier of the service. The exemption also applies to additional unsubsidized homemaker services when the service is rendered to an individual who is receiving other exempt homemaker services (i.e. the individual is also receiving subsidized homemaker services from a government or municipality). It should be noted that both the subsidized and unsubsidized homemaker services do not have to be made by the same supplier. However, in order for the exemption to apply, the supplier must maintain evidence of the individual's entitlement to subsidization.

This means that Living Assistance Services' clients that are receiving homemaker services from a government funded agency or those clients that receive subsidization to obtain homemaker services may also acquire additional homemaker services from Living Assistance Services on an exempt basis.

It should be noted that services rendered outside the individual's place of residence, such as grocery shopping, running errands and transportation to and from medical appointments, are subject to GST/HST as are any homemaker services where Living Assistance Services' clients do not also receive the services from a government or municipality or financial assistance from a government, municipality, or organization administering a government or municipal program in respect of homemaker services.

Where a person supplies together, or as a package, goods and/or services, which if supplied separately have a different tax status, it is necessary to perform a "single supply vs. multiple supplies" analysis. *Policy Statement P-77R2 - Single and Multiple Supplies* provides a framework for analyzing the facts of a particular situation to determine whether a supplier is making a single supply or multiple supplies. The single supply/multiple supplies issue is invariably a question of fact, not interpretation, requiring the analysis of all evidence to establish the nature of the particular transaction(s).

New HST in Ontario

Generally, the rules for the HST in Ontario will follow those currently in place for the administration of the GST in that province, except where special rules or provisions have been announced. As of this date, no special rules or provisions have been announced in regards to homemaker services.

If you require clarification with respect to any of the issues discussed in this letter, please call me directly at 905-570-7052. Should you have additional questions on the interpretation and application of GST/HST, please contact a GST/HST Rulings officer at 1-800-959-8287.

Yours truly,



Kathy J. MacDonald
GST/HST Rulings Centre