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Canada Revenue Agency | Agence du revenu du Canada

Protected B
when completed

GST/HST Election Concerning the Acquisition of a Business or Part of a Business

Do not use this area.

Fill out this form if you are the recipient of a supply of a business and you want to jointly elect with the supplier so that the goods and services tax / harmonized sales tax (GST/HST) does **not** apply to the supply of the business. In addition, you can make this election by using the "File an election" digital service in My Business Account or in Represent a Client at **canada.ca/cra-sign-in-services**. If you use the CRA's digital services, **do not** send this form.

You may also be eligible if you are acquiring part of a business. For more information, see pages 3 and 4.

Notes

Do not fill out this form if you are a recipient that is a selected listed financial institution (SLFI) for GST/HST or Quebec sales tax (QST) purposes or **both**, unless you are an SLFI only for GST/HST purposes and you want to make the election only for GST/HST purposes. Instead, fill out Form RC7244, GST/HST and QST Elections Concerning the Acquisition of a Business or Part of a Business by a Recipient that is a Selected Listed Financial Institution. For more information, go to **canada.ca/gst-hst-financial-institutions**.

If the supplier is a GST/HST registrant and the recipient is **not** a registrant, this election **cannot** be made.

Part A – Identification (recipient)

Name: _____

Business number: _____ R T _____

Trading name (if different from name): _____

Type of business: _____

Part B – Identification (supplier)

Name: _____

Business number: _____ R T _____

Trading name (if different from name): _____

Type of business: _____

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Part C – Election

For the eligibility requirements and exceptions that apply to this election, see page 3.

Enter the date the property was acquired by the recipient: Year Month Day

Description of property acquired (if you need more space, attach a separate sheet of paper):

☐ We, the **supplier** and **recipient** of a business or part of a business, jointly elect under subsection 167(1) of the Excise Tax Act (ETA) to have the supply of the business or part of the business **not** be subject to the **GST/HST**.

Enter the recipient's GST/HST reporting period in which the acquisition occurred: From Year Month Day to Year Month Day

Part D – Certification (recipient)

I certify that the information given on this form and in any attached document with respect to the person identified in Part A is correct and complete, and that I am the recipient or that I am authorized to sign on behalf of the recipient.

Name (print) Title

Telephone number Extension Signature Year Month Day

Part E – Certification (supplier)

I certify that the information given on this form and in any attached document with respect to the person identified in Part B is correct and complete, and that I am the supplier or that I am authorized to sign on behalf of the supplier.

Name (print) Title

Telephone number Extension Signature Year Month Day

Personal information is collected and used to administer or enforce Part IX of the Excise Tax Act, and related programs and activities including administering tax, rebates, elections, audit, compliance, and collection. The information collected may be disclosed to other federal, provincial, territorial, aboriginal, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, and to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 241 on Info Source at **canada.ca/cra-info-source**.

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General information

Who should fill out this form

Fill out this form with the supplier if you are the recipient of a supply of a business or part of a business and you want to make an election so that GST/HST does **not** apply to the supply, with some exceptions.

Note
Do not fill out this form if you are a recipient that is an SLFI for GST/HST or QST purposes or **both**, unless you are an SLFI only for GST/HST purposes and you want to make the election only for GST/HST purposes. Instead, fill out Form RC7244, GST/HST and QST Elections Concerning the Acquisition of a Business or Part of a Business by a Recipient that is a Selected Listed Financial Institution.

Eligibility

The supplier and the recipient can jointly make this election if they meet **all** of the following conditions:

- The supplier makes a supply of a business or part of it that was established or carried on by the supplier, or that was established or carried on by another person and acquired by the supplier.
- Under the agreement for the supply, the recipient acquires ownership, possession, or use of all, or substantially all, of the property necessary for the recipient to be capable of carrying on the business or part as a business.
- **One** of the following situations applies:
  - The supplier and the recipient are **both** registrants.
  - The supplier and the recipient are **both** non-registrants.
  - The supplier is a non-registrant and the recipient is a registrant.

Information you should provide in Part C as the description of the property acquired

List the land, building, equipment, inventory, road vehicles, intangibles such as goodwill, and any other property as defined on this page that has been acquired from the supplier. This list of property is likely described in the agreement between supplier and recipient.

The effect of this election

When **all** of the eligibility requirements are met and the election is made, GST/HST is **not** payable on the supply of any property or service that is considered to be made under the agreement for the supply of a business or part of a business, with some exceptions. As a result, the supplier does **not** have to collect and the recipient does **not** have to pay the GST/HST on the supplies, with the following exceptions:

- a taxable supply of a service to be rendered by the supplier
- a taxable supply of property by way of lease, licence or similar arrangement
- a taxable supply of real property by way of sale, if the recipient is **not** a registrant

Definitions

All or substantially all generally means 90% or more.

Business includes a profession, calling, trade, manufacture or undertaking of any kind whatsoever, whether the activity or undertaking is engaged in for profit. It also includes any activity done on a regular or continuous basis that involves the supply of property by way of lease, licence or similar arrangement, but does **not** include an office or employment.

Part of a business generally includes:

- an activity that may be a functionally and physically discrete operating unit
- an activity that supports or is related to the broader business but is organized as a separate activity, which is capable of operating on its own

The sale of individual assets of a business is **not** a supply of part of the business. For more information, see GST/HST Memorandum 14-4, Sale of a Business or Part of a Business.

Property means any property, whether real or personal, movable or immovable, tangible or intangible, corporeal or incorporeal, and includes a right or interest of any kind, a share and a chose in action, but does not include money.

Recipient of a supply of property or a service means:

- where consideration for the supply is payable under an agreement for the supply, the person who is liable under the agreement to pay that consideration
- where the above bullet does not apply and consideration is payable for the supply, the person who is liable to pay that consideration
- where no consideration is payable for the supply:
  - in the case of a supply of property by way of sale, the person to whom the property is delivered or made available
  - in the case of a supply of property otherwise than by way of sale, the person to whom possession or use of the property is given or made available
  - in the case of a supply of a service, the person to whom the service is rendered

Any reference to a person to whom a supply is made must be read as a reference to the recipient of the supply.

Registrant means a person that is registered or required to be registered for the GST/HST, but generally excludes a person that is registered or required to be registered under special rules applicable to digital economy businesses unless that person registered under those special rules begins carrying on business in Canada, requiring them to register under the regular rules that apply to most persons.

Supplier means the person making the supply (for example, the vendor).

Supply means the provision of property or a service in any way, including sale, transfer, barter, exchange, licence, rental, lease, gift, or disposition.

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Where to send this form

A recipient who is a GST/HST registrant must send this form, with their GST/HST return for the reporting period in which the acquisition was made, to the address specified on the return. If you file your GST/HST return electronically, file this form electronically or send it by mail to:

Sudbury Tax Centre
1050 Notre Dame Avenue
Sudbury ON P3A 5C2

When the supplier and recipient are **both** non-registrants, you do **not** need to send this form. Instead, the recipient must keep this form (or a copy) on file in case the CRA asks to see it.

If you need help

For more information, see GST/HST Memorandum 14-4, Sale of a Business or Part of a Business, go to **canada.ca/gst-hst**, or call **1-800-959-5525**.

To get the CRA forms and publications, go to **canada.ca/gst-hst-pub**.