

## Claiming HST Refunds

Associations have inquired about their ability to claim a rebate for the HST they paid on purchases. It is legally possible for the individual 'units' of a charitable organization to apply for a HST rebate. Another option is to allow the school to apply for the rebate for purchases made with funds from the Home and School. This is the option most strongly recommended by the Executive Committee of OFHSA. It is straightforward and avoids the necessity of associations filing tax and HST returns.

### The School Applies for the Rebate

1. Associations make large purchases through their school principal. Sometimes school administrators can access better prices than Home & School associations can. Schools already file income tax and HST returns.
2. The H&S association would issue a cheque made out to the school's "non-board" funds account from the association account. The principal, who is the signing authority on that account, will then issue a cheque for an equal amount to cover the purchase.
3. The HST paid will be refunded to the school when the school files its HST return.
4. In order to keep track of the HST rebate owing to them, the association must keep photocopied records of all invoices showing the HST paid, and the association cheques written to the school account. When the rebate is paid, the principal can issue a cheque to the Home & School association for the amount owing, or hold the funds in trust for the association's use for future purchases.
5. If the funds are held in trust by the principal, the association may pass a motion at a meeting to identify, in writing, to the principal acceptable uses for those funds. The association should report each year, as part of their financial statements, any amount recovered from a HST rebate and held in the school account.
6. Purchasing items through the school's account has the bonus of clearly establishing the ownership of the items and responsibility for maintenance, repairs and liability.
7. The school board should be entitled to a rebate which is approximately 10.84% of the 13% total HST paid on purchases, leaving the association responsible for the remaining 2.16% of the tax paid on any purchase.

### The Association Applies for the Rebate

The Federation may grant its units permission to apply for a HST rebate. The burden of proof of purchases and the tracking of receipts would then fall on the association or council. Any association considering such a move is strongly advised to investigate the reporting requirements thoroughly before attempting this task. Associations applying for their own HST rebate must follow certain federal rules. A possible process that could be followed is:

1. Call the Canada Revenue Agency and inquire about application and recording requirements.
2. Apply for a HST claim number to be used on all returns.
3. Track in detail all purchases made with originals and copies of all purchase orders showing clearly the HST. Have copies of all association cheques written matched with these purchase orders.
4. File an income tax return. Once an association has filed an income tax return there will probably be an expectation that it does so every year.
5. File a HST rebate form. The association should be entitled to a rebate which is approximately 9.04% of the 13% total HST paid on purchases, leaving the association responsible for the remaining 3.94% of the tax paid on any purchase.



**Please note:** the Ontario Federation of Home and School Associations will not apply for the HST rebate for association purchases.