



OFFICE OF THE  
PARLIAMENTARY  
BUDGET OFFICER  
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BUDGET

# **Cost Estimate of Bill C-241: An Act to Amend the Excise Tax Act (School Authorities)**

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[www.pbo-dpb.gc.ca](http://www.pbo-dpb.gc.ca)

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The House of Commons Standing Committee on Finance has directed the PBO to prepare cost estimates of all private members' bills placed on the Order of Precedence, that have been deemed fiscally material by the PBO.

This report was prepared by the staff of the Parliamentary Budget Officer. Peter Weltman wrote the report. Mostafa Askari provided comments. Patricia Brown and Jocelyne Scrim assisted with the preparation of the report for publication. Please contact [pbo-dpb@parl.gc.ca](mailto:pbo-dpb@parl.gc.ca) for further information.

Jean-Denis Fréchette  
Parliamentary Budget Officer

# 1. Background

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This private member's Bill amends the *Excise Tax Act* in order to increase the goods and services tax rebate rate for school authorities from 68% to 100%.

School authorities are organizations that operate elementary or secondary schools in which instruction is provided that meets the standards of education instruction of the province in which they operate.

Currently, organizations that are deemed to be 'public service bodies' qualify for a rebate on Goods and Services Tax (GST) or the federal part of the Harmonized Sales Tax (HST) paid on eligible purchases and expenses.<sup>1</sup>

Schools provide primarily tax-exempt services and as such are unable to claim input tax credits for GST paid on most of their purchases.

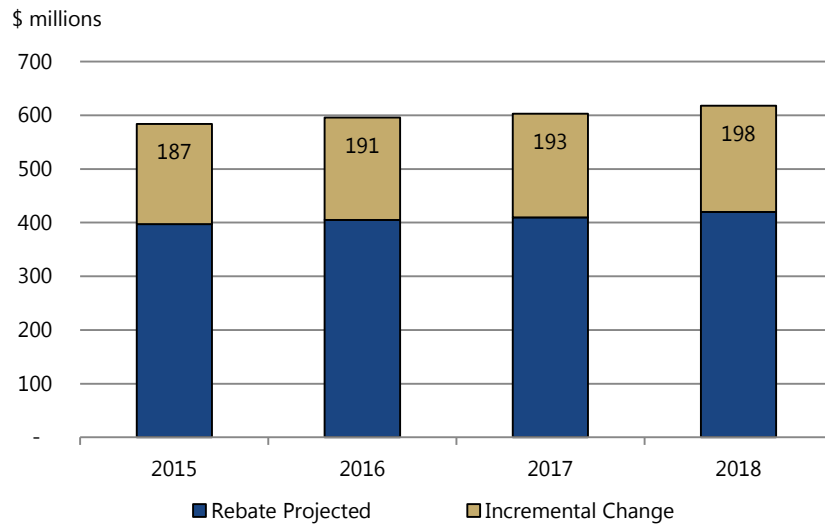
School authorities operating on a not-for-profit basis are entitled to a 68% rebate paid or payable on property or services consumed, used or supplied in activities engaged in by the person in the course of operating an elementary or secondary school.<sup>2</sup>

# 2. Methodology

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Organizations claiming the GST rebate report the rebate claimed on line 302 of their GST return. Using data found in the Report of Federal Tax Expenditures<sup>3</sup>, PBO has grossed up the rebate amount by 32%, to represent a 100% rebate as provided for by the bill.

**Figure 2-1** Incremental Cost of 100% GST Rebate for School Authorities



Sources: Department of Finance and PBO.

### 3. Conclusion

The incremental cost the GST rebate to school authorities proposed by Bill C -241 will amount to roughly \$581,180,000 over the next three calendar years.

# Notes

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1. <http://www.cra-arc.gc.ca/E/pub/gp/rc4034/rc4034-e.html#CCSBR>; accessed May 12 2016.
2. Ibid.
3. <http://www.fin.gc.ca/taxexp-depfisc/2016/taxexp1607-eng.asp#Rebate-for-schools,-colleges-and-universities>, accessed May 13 2016.