

REGULATION #4910.1 SCHOOL/STUDENT FUNDRAISING: GOODS & SERVICES TAX CONSIDERATIONS

1. PURPOSE OF REGULATION

- 1.1. Schools can conduct fundraising activities pursuant to [Policy #4910 – School/Student Fundraising](#) and must account for these funds pursuant to [Policy #4900 – Management of Site Based Funds](#). The purpose of this regulation is to define the responsibilities of principals and vice principals related to Goods & Services Tax (GST) matters arising from these activities.
- 1.2. Sections 5 and 6 of this regulation provide information on how GST affects the process of Parent Advisory Councils raising funds for the purpose of school support.

2. SCHOOL FUNDRAISING THROUGH DONATIONS

- 2.1. GST is not charged on funds raised through donations.
- 2.2. If charitable receipts are to be issued to make the donations income tax deductible to the donor, please see [Policy #4430 – Charitable Donations](#) and [Regulation #4430.1 – Charitable Donations](#).

3. SCHOOL FUNDRAISING THROUGH GAMES OF CHANCE

- 3.1. **Admissions** to a bingo, casino night or other gambling events are not GST taxable as long as both:
 - a) The event is operated exclusively by volunteers.
 - b) The event is not held in a commercial hall used primarily for gambling events.(Excise Tax Act, Schedule V, part VI, 5.)
- 3.2. Where gambling events are conducted by a school, the principal is responsible to ensure required licensing and reporting of the activity occurs.

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4. SCHOOL FUNDRAISING THROUGH THE RE-SALE OF GOODS

The tax treatment of revenue realized through the re-sale of goods can be determined by sequentially addressing three questions.

QUESTION #1: Is the supplier of the goods merely paying the school a commission and is it the supplier who is responsible for collecting and remitting GST based on the total retail amount collected from the final end-user purchaser?

- a) Yes, no GST remittance is required by the school.
- b) NO, go on to question #2.
- c) An example of the situation contemplated in question #1 is as follows:

Goods with a wholesale value of \$100 and retail value of \$200 which, with 7% GST on \$200, are sold to final purchasers for \$214. The school retains \$100 and remits \$114 to the supplier who is responsible to remit \$14 of GST to Canada Revenue Agency. In this situation, the school is not liable to remit GST to Canada Revenue Agency neither does the school qualify for any rebate or input tax credit related to the transaction. The school was a commission earning agent of the supplier, not an independent merchant of the goods.

QUESTION #2: Are all the following conditions present?
(E.T.A., Schedule V, Part VI, 4)

- a) The goods are in the course of fundraising.
- b) All salespersons are volunteers.
- c) The price of the goods does not exceed \$5 for each item.
- d) The goods are not sold at an event where similar competing goods are sold by vendors in the business of making those sales.

QUESTION #3: Are the school's annual taxable sales in excess of \$50,000?

- a) Yes. The school must collect and remit GST on the sale, and may claim an Input Tax Credit for 100% of GST paid to enable the sale.
- b) No. The school is not required to collect and remit GST on the sale.

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SCHOOL/STUDENT FUNDRAISING: GOODS & SERVICES TAX
CONSIDERATIONS

5. PARENT ADVISORY COUNCIL FUNDRAISING ACTIVITIES

- 5.1. Parent Advisory Councils (PAC's) raise funds in close conjunction with schools. Principals and vice principals need a general understanding of how GST legislation impacts on these activities and on the funds ultimately realized by schools.
- 5.2. Canada Revenue Agency has provided a written interpretation that it does not consider a PAC to be a part of a "School Authority". As a school authority, we can only obtain rebates for GST arising from expenses we incur directly. We cannot recover GST on expenses which PAC's pay for directly.

6. PAC FUNDRAISING – EXAMPLES OF ARRANGEMENTS

- 6.1. A PAC may donate funds for the purchase of computers, playgrounds, books, etc. The purchase would be made in the name of the school authority and GST would be paid thereon. A rebate of 68% (or 100% for printed books), provided that items are not subject for resale, of the GST paid could be claimed by the school district. The effect of the rebate is to enable more goods to be acquired with the funds or the same goods at less cost than would otherwise be the case.
- 6.2. Where a PAC purchases and donates goods, no recovery of GST paid by the PAC can be made. From a financial perspective, this is a less desirable approach than utilizing the method described in 6.1.
- 6.3. A PAC may incur GST on expenditures in the course of raising funds to donate. An example being GST paid to a casino operator. As a school authority we are not able to claim GST rebates on expenditures incurred by a PAC.

Revised: 2016-06-03
2013-03-31
2010-06-24
1999-04-13
1995-05-25
Approved: 1994-04-26

X-Ref: Reg. [#4900.1](#)
Reg. [#4900.3](#)