November 2013

Insurance and Benefits Plans

This publication explains how Retail Sales Tax (RST) applies to contracts of insurance and benefits plans. Please note that this publication replaces the previous version titled Insurance – General Information dated September 2006.

If you require additional information please contact the Ministry of Finance toll free at 1 866 ONT-TAXS (1 866 668-8297) or visit **ontario.ca/finance**.

For information on the obligation to pay the federal and provincial portions of the Harmonized Sales Tax (HST), contact the **Canada Revenue Agency** at 1 800 959-5525 or visit **www.cra.gc.ca/gsthst**.

Disclaimer

The information contained in this publication is provided only as a guideline and is not intended to replace the legislation.

Taxable premiums

Retail Sales Tax (RST) at the rate of eight per cent applies to premiums paid under taxable insurance contracts, group insurance, certain contributions paid into funded benefits plans, benefits and certain payments made in respect of unfunded benefits plans and qualifying trusts, and amounts required to be paid into insurance schemes or compensation funds established by statute. Contributions made by subscribers of reciprocal insurance exchanges are also subject to RST.

Examples

- contracts of insurance to insure property located in Ontario
- all-terrain vehicles insured under a property insurance contract
- contracts of insurance for snowmobiles
- trip cancellation insurance where the insured may cancel a trip before leaving Ontario

- builder’s risk insurance taken out by contractors to insure a building under construction. This type of policy is not the same as a performance bond or payment bond which is not subject to RST.
- group life insurance to insure the life of an individual who has acquired a mortgage
- payments made in respect of a benefits plan that provides drug, dental and vision care benefits to employees

A premium includes dues, assessments and administration fees (e.g., claims management, processing, brokerage, etc.) paid for the administration or servicing in respect of the contract as well as other considerations (excluding fees subject to the HST).

Insurance means the undertaking by one person to indemnify another person against loss or liability for loss in respect of a certain risk or peril to which the object of the insurance may be exposed, or to pay a sum of money or other thing of value upon the happening of a certain event, and includes life insurance. Contracts may include a policy, a certificate, an interim receipt, a renewal receipt, a written contract, sealed or unsealed, and a binding oral agreement.

RST is due when the premium is paid. If annual premiums are paid by monthly instalments, RST applies to each instalment but not to any reasonable amount charged for the right to pay monthly, if shown separately.

Fees not subject to RST

Any portion of a premium that is subject to the HST (e.g., certain administration fees) is exempt from RST. For information about the HST please contact the Canada Revenue Agency at 1 800 959-5525 or visit their website at **www.cra.gc.ca/gsthst**.

Charges for consulting, late payments, non-sufficient funds (NSF) or similar charges and reasonable financing fees are not subject to RST. Initiation and underwriting fees in respect of mortgage insurance are also non-taxable.

Financing fees are for the right to pay the premium over a period of time rather than in full at the beginning of the contract. Interest charges are considered financing fees.

Liability for RST

The person who collects the premium is typically liable for the collection and remittance of applicable RST. Where an agent or broker agreement exists, the liability to collect and remit may extend to the agent/broker depending on the agreement between the parties and whether the insurer is registered with the Ontario Ministry of Finance and holds a Vendor Permit. In this instance, the insurer could also be held accountable for the accuracy of the collection and remittance by their agents/brokers. Insurers should verify that agents/brokers are applying and remitting RST accurately.

Purchasers of taxable insurance contracts must ensure RST is paid. If the purchaser has not been invoiced RST (e.g., insurance purchased from a non-Ontario based insurer), the purchaser must self-assess RST and remit to the Ministry of Finance within 23 days of the following month in which the premium was paid.

For more information about who is liable for the RST please refer to the section entitled **Purchasers and vendors – who pays, collects and remits RST (vendor registration)**.

Group insurance

Group insurance covers the participants of a specified group under a master policy.

Master policy

A master policy is an insurance policy issued to the person who makes the insurance products available to its members. It describes the coverage, conditions, and eligibility criteria to those who wish to purchase the insurance coverage. Individuals covered by the policy do not receive separate policies.

Example

Universities may offer life insurance to their alumni. The university is the holder of a master policy. The insurance company does not issue individual policies to each alumnus. The insurance coverage is group insurance and RST applies on the insurance premiums.

Employer premiums

Employer premiums under group insurance are taxable depending on the place of employment and not on residency. If an employee works in Ontario, or the employee’s salary is paid from Ontario, then employer premiums are taxable.

Employee premiums

Employee premiums under group insurance are taxable depending on both the place of employment and residency. An employee must live and work in Ontario in order for employee premiums to be taxable.

Application of RST to group insurance premiums

Where the employee lives	Where the employee works	Employer premiums	Employee premiums
Ontario	Ontario	**Taxable**	**Taxable**
Outside Ontario	Ontario	**Taxable**	Exempt
Ontario	Outside Ontario	Exempt	Exempt

Benefits plans

Protection against risk

Benefits plans provide protection against risk to an individual that could otherwise be obtained by taking out a contract of insurance, whether the benefits are partly insured or not. Protection against risk to an individual includes any undertaking to pay on death, or disability; for supplemental health care (drugs, dental, vision or hearing care); for protection against loss of income due to illness or accident; or that provides any other similar benefits to an individual. Benefits plans include funded benefits plans, unfunded benefits plans and qualifying trusts.

Planholder

A planholder is the person who provides a benefits plan, including an employer under a multi-employer benefits plan, and the trustee of a qualifying trust.

Multi-employer benefits plan

A Multi-Employer Benefits Plan (MEBP) provides employees of two or more unrelated employers protection against risk to an individual under a single funded benefits plan.

An MEBP is generally provided where unionized employees work for more than one employer (e.g., construction trades). Such plans are jointly established by the union and the employers under a collective agreement to provide health and welfare benefits to the employees. The various employers contribute amounts to the plan based on each employee’s earnings.

Each employer is responsible for adding eight per cent RST to their contributions to the plan. Employers are also responsible for collecting and remitting RST on any employee contributions into a plan.

Funded benefits plan

A funded benefits plan (including an MEBP) is a plan where the amounts paid by the planholder into the fund from which benefits will be paid, exceeds the amounts required for payment of benefits foreseeable and payable within 30 days after such amounts are paid into the fund. These amounts (other than amounts included in the total Ontario remuneration of the planholder subject to Employer Health Tax (EHT) when paid out of the plan) are taxable premiums. RST is payable at the time the planholder pays amounts into the plan. RST also applies to any amounts paid by members in order to receive benefits under the plan.

Unfunded benefits plan

An unfunded benefits plan is a plan where payments are made by the planholder directly to or on behalf of plan members or to the vendor upon the occurrence of risk. RST applies to the claims paid by the planholder (other than amounts included in Ontario remuneration of the planholder subject to EHT). RST also applies to any amounts paid by members in order to receive benefits under the plan.

Qualifying trusts

A benefits plan may also be in the form of a “qualifying trust” from which benefits are paid to plan members. A qualifying trust means a trust that is established on or after December 1, 2010, to provide members and others with protection against risk to an individual that could otherwise be obtained by taking out a contract of insurance, whether the benefits are partly insured or not.

A qualifying trust comes into existence when it contains contributions that exceed three years worth of benefits payable to its members, unless otherwise prescribed. A trust is a qualifying trust if it qualifies as an employee life and health trust under subsection 144.1(2) of the Income Tax Act (Canada) at any point in time. A qualifying trust cannot be designated as a funded or an unfunded benefits plan.

The planholder of a qualifying trust is required to pay RST on any amounts paid out as benefits to plan members, less any amount paid to the planholder by members in order to receive benefits under the plan. The planholder is also required to collect RST on any amounts paid by members in order to receive benefits under the plan.

Administration services only (ASO) agreements

Where there is an ASO agreement (e.g., a contract between an employer and a third-party administrator), the premiums may include dues, assessments, or administrative costs and fees paid for the administration of the plan. Any portion of a premium that is subject to the HST is exempt from RST.

Designation of benefits plans

A planholder who establishes a new benefits plan (other than a qualifying trust) on or after November 18, 2010, is required to designate in writing whether the benefits plan is intended to be a funded benefits plan or an unfunded benefits plan. This designation applies until the planholder advises the ministry of a change to the status of the plan. This allows for a proper determination of the timing of the RST liability on benefits plans. There is no prescribed form for designating a new benefits plan as a funded plan or an unfunded plan.

The ministry will accept the agreement entered into between the planholder and the administrator as sufficient evidence of the designation. The designation must be filed with the administrator (including self-administered plans) at the time the plan is set up or within 30 days of the first payment by the planholder to the administrator. Where a benefits plan employs multiple administrators for various types of benefits under the plan, the designation must be filed with each administrator.

Each class of benefits administered under separate plans by an administrator will require separate designations. The administrator is responsible for charging, collecting and remitting the applicable RST on the premiums paid to it for the service it administers.

RST liability – funded and unfunded benefits plans

Designating a benefits plan as either funded or unfunded determines the timing of the RST liability.

The administrator can rely on the planholder’s election of funded or unfunded status to determine how to charge, collect and remit RST on the premiums. The status of the benefits plan will not change unless the planholder provides a new designation to the ministry. If a planholder’s designation of funded or unfunded status of a plan conflicts with their actual funding practices, the planholder will be solely liable for any shortcomings in tax reporting and remittance.

Where a planholder self-administers a plan or a third-party administrator has no responsibilities under the plan for the payment of benefits or the collection of amounts used to pay benefits (e.g., benefit adjudication services only), then the liability for the remittance of the applicable RST remains with the planholder.

Changing the designation of a benefits plan

If a funded benefits plan is re-designated as an unfunded benefits plan, no RST will be payable in respect of benefits paid to members out of contributions on which RST was previously paid. If an unfunded benefits plan is re-designated as a funded benefits plan, RST will be payable in respect of the total amount in the plan as of the date of the change. Planholders must advise the ministry in writing of any change in the designation of the plan. Written confirmation should include the name of the planholder and their Ontario vendor permit number (if any), the name of the plan administrator (if any) and their Ontario vendor permit number, the designation of the plan and the effective date. This information should be mailed to: Ministry of Finance, 33 King Street West, Oshawa, Ontario, L1H 8H5 or faxed to 1 866 888-3850.

Reciprocal insurance exchange

A reciprocal insurance exchange (RIE) is an unincorporated group of persons called subscribers who mutually insure one another, thereby sharing in one another’s risk. RIEs must register for a Vendor Permit with the ministry and charge, collect and remit RST on the contributions made by their subscribers. RIEs may purchase contracts of reinsurance from insurance companies exempt from RST.

Exempt premiums

RST does not apply to premiums for the following types of insurance:

Automobile insurance

Contracts of automobile insurance for motor vehicles (including all-terrain vehicles) required to be insured under the Compulsory Automobile Insurance Act.

Contracts for the service, maintenance or warranty of tangible personal property

Contracts for the service, maintenance or warranty of goods such as appliances, vehicles, etc.

Employer/employee premiums (depending on location of employment and/or employee residency)

Employer premiums under group insurance may be exempt depending on the place of employment. Employee premiums under group insurance may be exempt depending on the place of employment and their residency. Refer to the section titled **Group insurance** for specific application for employer/employee premiums.

Individual life insurance

Contracts of insurance (other than contracts of group insurance or trip cancellation insurance) for the life, health or physical well-being of insured individuals. This may include:

- individual life insurance purchased by a corporation or organization that is payable to the corporation on the death of the insured
- contracts of life insurance that include an individual and members of his or her family, or any other individual related to the insured by blood or adoption, under a single policy (A Purchase Exemption Certificate would be required if this exemption is being claimed.)

Property insurance

Property insurance in respect of risk, perils or events for property wholly outside Ontario.

Reinsurance

Schemes and funds established by statute

Premiums, assessments or contributions paid under the:

- Canada Pension Plan
- Credit Unions and Caisses Populaires Act, 1994
- Crop Insurance Act (Ontario), 1996
- Employment Insurance Act (Canada)
- Workplace Safety and Insurance Act, 1997.

Surety

A surety is a contract in which one party agrees to:

- be bound to the other party by the same obligations as may be owing by a named debtor or principal to the other party, and
- agrees to pay an amount to the other party either upon the happening of an event or upon a default in payment to the other party by the named debtor or principal, and
- includes a letter of credit.

Trip interruption

Trip interruption insurance to cover benefits and risk, incurred totally outside of Ontario, if shown as a separate charge on the customer's invoice.

Conditionally-exempt premiums

RST does not apply to premiums for certain types of insurance when the purchaser is entitled to an exemption and provides a valid Purchase Exemption Certificate or a valid identity card. Refer to the **Purchase Exemption Certificates and identity cards** section for more details.

Conditionally exempt premiums include:

Agricultural property

Contracts of insurance on agricultural property including farm buildings, structures, equipment and livestock normally located on the farm. To qualify for the exemption from RST, the property must be owned or leased to a person actively engaged in the business of farming and the property must be located on the farm as farm property.

Contracts of insurance for all-terrain vehicles used by farmers for agricultural use. Refer to the publication **Identity Cards for Claiming Exemption from Retail Sales Tax** for more information.

Livestock

Contracts of insurance for bloodstock or livestock purchased by a person engaged in the business of farming, to insure livestock against loss through death, sickness, accident or theft of the animal.

Aircraft

Contracts of insurance in respect of state aircraft used exclusively in the service of Her Majesty in right of Canada or in right of a province, and commercial aircraft for use of the general public, not primarily reserved for the use of a particular person, and operated or available for hire or reward.

Cargo insurance

Cargo insurance is designed to cover goods in transit, usually while the goods are in the custody of a haulage company. RST only applies to the portion of the premium that relates to risk inside Ontario. As property insurance, cargo insurance is subject to prorate rules where the risk occurs both inside and outside Ontario.

Marine insurance

Marine insurance purchased for:

- vessels over 1,400 cubic metres, or
- vessels of 1,400 cubic metres or less that are operated for commercial purposes, including boats operated by a person engaged in the business of fishing. The exemption does not extend to boats operated for tourists; charter or tour services; ferrying of pilots or work crews; or sporting, entertaining or recreational purposes.

Marine insurance includes coverage of goods during voyages by sea and may include incidental land based travel either before or after the actual sea voyage (e.g., transportation from a vessel to the location of first temporary storage in Ontario) by the haulage company. However, the portion of the premium paid to cover the following risk is taxable:

- any transportation of the goods occurring in Ontario after the first storage based on mileage within Ontario, and
- goods stored in warehouses or retail outlets in Ontario until the goods are shipped outside Ontario or sold to consumers in Ontario.

Declared value surcharges

Declared value surcharges are amounts charged by carriers to customers who wish to be covered for damages greater than the statutory limit imposed under the Truck Transportation Act, and who declare this greater value. Payments made to carriers with respect to declared value surcharges constitute insurance but these premiums are specifically exempted from RST. Where the carrier has acquired third-party insurance from an insurer licensed under the Insurance Act, to insure against loss or damage to its customers' goods, RST is payable by the carrier on the insurance premiums.

Railways and carriers

Railways, interprovincial carriers and international carriers, may calculate RST on insurance premiums based on the distance travelled in Ontario as a percentage of total distance travelled.

Foreign entities, representatives and officials

Contracts of insurance entered into by certain foreign entities, representatives and officials authorized by Foreign Affairs and International Trade Canada. Refer to the publication **Retail Sales Tax Exemption for Foreign Entities, Representatives and Officials** for more information.

Premiums previously paid under an Act

Contracts of insurance purchased out of premiums that had previously been paid into a benefits plan, or into an insurance scheme or compensation fund established by or under any Act of Canada or Ontario, and on which RST had been paid.

Status Indians

Contracts of insurance entered into by Status Indians, Indian Bands, or councils of a band pertaining to real or personal property situated on a reserve or in respect of Status Indians ordinarily resident on a reserve. Refer to the publication **Identity Cards for Claiming Exemption from Retail Sales Tax** for more information.

Warranty insurance

Contracts of insurance purchased to cover claims made under a warranty that is included in the price of a manufacturer's product, but not including a contract of insurance to indemnify losses to a warrantor beyond a specified dollar limit.

Risk both inside and outside Ontario

Where a contract of insurance (other than group insurance) relates to a risk, peril or event both inside Ontario and outside Ontario, premiums must be apportioned to determine the portion of the premium that relates to the risk, peril or events in Ontario.

If a contract of insurance relates to real property and/or tangible personal property and does not specify the Ontario portion of the premium, the taxable Ontario portion may be calculated by multiplying the total premium by the proportion of the insured value of the property located in Ontario in relation to the insured value of all the property covered by the contract.

If a contract of insurance does not cover real or tangible personal property, the Ontario portion may be calculated on a reasonable basis taking into account the nature of the insurance and, based on information or estimates from the most recent fiscal period of the insured, the gross revenue earned by the insured inside and outside Ontario, salaries and wages paid by the insured inside and outside Ontario and any other information that may form a reasonable basis for apportionment.

Purchase Exemption Certificates and identity cards

Purchase Exemption Certificates requirements

Purchase Exemption Certificates (PECs) are to be completed by persons entitled to claim a conditional exemption. A valid PEC must contain all the required information under the Retail Sales Tax Act. PECs may be used in the following ways:

- Single-Purchase Certificates: Used to claim an exemption for only one contract of insurance or benefits plan.
- Multiple-Purchase Certificates (Blanket): Used to claim an exemption where more than one contract of insurance or benefits plan is entered into. Indicate the word “Blanket” on the form. A blanket certificate is valid until revoked by the issuer or cancelled by the Minister of Finance.

PEC forms are not provided by the ministry. A valid PEC must show the following:

- the date the person provided the PEC
- name of the person claiming the exemption, or the name under which the person transacts business
- address of the person claiming the exemption, or the address at which the person carries on business
- the name of the person authorized to enter into the contract of insurance or benefits plan
- Vendor Permit number (if applicable), and
- the reason the exemption is being claimed.

A **sample Purchase Exemption Certificate** is located at the end of this publication.

Important information

Anyone who makes a false statement on or misuses a Purchase Exemption Certificate is liable, if convicted, to a fine (not less than $1,000 and not more than double the amount of the tax that should have been paid) or to imprisonment (for a term of not more than two years), or both.

Use of identity cards instead of PECs

Qualifying purchasers may enter into certain contracts of insurance and benefit plans without paying RST by providing the vendor with a valid identity card at the time of purchase.

For information about these identity cards, please refer to the following publications:

- **Identity Cards for Claiming Exemption from Retail Sales Tax**
- **Retail Sales Tax Exemption for Foreign Entities, Representatives and Officials**, and
- **Certificate of Indian Status Identity Cards**.

Vendors responsibilities

Vendors are required to charge RST on taxable contracts of insurance or benefits plans whenever persons do not provide a PEC or a valid identity card.

Vendors must maintain a record of all PECs provided by customers, and the name and number or other identifier on each identity card presented to support sales where no RST was charged. Refer to the publication **Retention/Destruction of Books and Records**, available at **ontario.ca/recordretention**, to determine how long such records should be kept.

Refunds

General

A refund of RST may be available where RST has been incorrectly charged on premiums exempt from RST. To obtain the refund, an **Application for Refund of Retail Sales Tax on Insurance or Benefit Plan Premiums form** must be completed and submitted to the Ministry of Finance.

Reduced or cancelled premium

If RST has been collected on premiums that are subsequently reduced or cancelled, vendors may refund the RST to the person from whom the RST was collected on the reduced or cancelled premium amount.

Policy dividend or experience rating refunds

If a policy dividend or experience rating refund is paid to a policyholder, a refund of RST may be given by the vendor if the premiums paid by the policyholder were subject to RST. These refunds may be paid to the policyholder or may be kept on deposit by the vendor in an unrestricted demand deposit account which is held outside the insurance contract. A refund will not be allowed until the amount is actually paid to the policyholder or used to reduce the taxable premium on the policyholder’s renewal.

If the refund is used to reduce the taxable premium on the policyholder's renewal, it will not be necessary to show a credit of RST on the policyholder's billing. The RST on renewal will only be paid on the net amount after applying the dividend or experience rating refund.

If the policy dividend or experience rating refund is paid to a group policyholder, the same rules apply. If the refund is subsequently shared with members of the plan, the employer will either pay a premium refund directly to a member (plus RST) or deduct the refund from future premiums and calculate RST on the net amount after the deduction.

Refund time limits

RST refunds must be made within four years from the due date of the premium on which RST was collected. Some insurance contracts may provide coverage for a period of more than four years. A refund on this insurance will not be allowed if the date the premium is refunded is more than four years from the due date of the premium on which RST was collected.

Policyholders may apply to the ministry for a refund where RST has been paid in error on premiums that qualify for exemption by completing an Application for Refund of Retail Sales Tax on Insurance or Benefit Plan Premiums form. All refund claims must be received by the ministry within four years from the date the RST was paid.

Purchasers and vendors – Who pays, collects and remits RST (vendor registration)

Who pays RST

Residents

A person who is resident in or carries on business in Ontario and who:

- enters into a contract of insurance with an insurer,
- is the holder of, or whose risk is covered by group insurance,
- is a planholder or member of a benefits plan, or
- is required to contribute to an insurance scheme or compensation fund established by the Parliament of Canada or the Legislature of Ontario.

Non-residents

A person who is not resident in or does not carry on business in Ontario and who:

- enters into a contract of insurance with an insurer in respect of individuals who are ordinarily resident in Ontario,

- enters into a contract of insurance with an insurer in respect of real property in Ontario or personal property ordinarily located in Ontario,
- is a planholder of a benefits plan in respect of members who are ordinarily resident in Ontario (if the members are not employees of the planholder), or
- is the holder of group insurance covering risks of persons who are ordinarily resident in Ontario and who are not its employees.

Self-assessment of RST

If the person (e.g., insurer, broker, etc.) collecting the premium is not registered with an Ontario Vendor Permit number and/or has not charged RST, it is the purchaser's responsibility to self-assess and remit the RST on taxable premiums.

Example

A business enters into an insurance contract with an insurance company who does not carry on business in Ontario, and a portion of the premium pertains to a risk in Ontario. The business is required to self-assess and remit RST on the portion of the premium that relates to the risk in Ontario.

To make a payment of RST, you may contact the ministry for instructions by calling 1 866 ONT-TAXS (1 866 668-8297) or send a letter (with a copy of the policy) and a cheque for the 8 per cent RST to the:

Ministry of Finance,
PO Box 627, 33 King St W
Oshawa ON L1H 8H5

Registration requirements for a vendor permit number

Persons that are required to register for a **Vendor Permit** in order to charge, collect and remit RST include:

- holders of group insurance to whom premiums are paid by persons whose risks are covered by the policy (e.g., a retailer who holds a group policy and then sells an insurance policy to an individual on a purchase)
- planholders who self-administer funded or unfunded benefits plans where there is no third-party administrator of the plans (e.g., employers who pay premiums and/or collect premiums from their employees for health and welfare benefits plans)
- the trustee of a qualifying trust
- administrators or trustees of funded or unfunded benefits plans
- insurers and insurance agents licensed under the Insurance Act, or registered brokers as defined in the Registered Insurance Brokers Act
- persons to whom contributions are paid for insurance arrangements or compensation funds established by or under a federal or provincial Act, or
- any other person who sells taxable insurance contracts (e.g., banks and other financial institutions, motor vehicle dealers).

If you are required to register, or are unsure if you are required to be registered to charge and collect RST on taxable premiums, you may contact the ministry by:

- Calling 1 866 ONT-TAXS (1 866 668-8297).
- Completing the **Application for Vendor Permit**. This form may be printed and mailed to: Ministry of Finance, PO Box 623, Oshawa ON L1H 8H7.

All businesses that are required to register with the ministry and collect RST on insurance premiums must file and remit the RST collected with their Retail Sales Tax Return. Self-assessed RST on insurance premiums may be reported using line three of the return.

Vendor compensation

Compensation is to reimburse vendors for the cost of collecting and remitting RST on behalf of the province.

Vendors are entitled to claim compensation based on the amount of RST charged on their sales.

Vendors that collect RST on insurance premiums may claim compensation to a maximum of $1,500 for each fiscal year commencing April 1st.

Compensation is not payable in respect of self-assessed RST.

Request for written interpretations

To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Finance
Advisory Services, Retail Sales Tax
33 King Street West, 3rd Floor
Oshawa ON L1H 8H5

For more information

Visit **ontario.ca/finance** or contact the Ministry of Finance at 1 866 ONT-TAXS (1 866 668-8297) or 1 800 263-7776 for teletypewriter (TTY).

Cette publication est disponible en français sous le titre « Les assurances et les régimes d’avantages sociaux - Taxe de vente au détail ». Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant ontario.ca/finances.

ISBN: 978-1-4606-2246-9 (Print)
ISBN: 978-1-4606-2244-5 (PDF)

© Queen’s Printer for Ontario, 2013

Sample

Ontario Retail Sales Tax: Purchase Exemption Certificate

This form may be used by persons that are qualified to claim an exemption from Retail Sales Tax on contracts of insurance or benefits plans. If you have questions about the use of this form please contact the Ministry of Finance toll free at 1 866 ONT-TAXS (1 866 668-8297) or visit **ontario.ca/finance**.

Important

The person entering into a contract of insurance or benefits plan for which an exemption is claimed must provide a Purchase Exemption Certificate to the vendor. The vendor is to keep this form as stated in section 16(3.1) of the Retail Sales Tax Act, and in sections 21 and 22 of Regulation 1012 under the Retail Sales Tax Act.

Anyone who makes a false statement on or misuses a Purchase Exemption Certificate is liable, if convicted, to a fine (not less than $1,000 and not more than double the amount of the tax that should have been paid) or to imprisonment (for a term of not more than two years), or both.

Information

Date: ___________________________

Legal Name of Person or Business: ____

Address of Person or Business:____

Name of Person Authorized to enter into the contract of insurance or benefits plan (if a Business):

____

Vendor Permit number (if applicable): ___________________________

Reason for claiming exemption

I am claiming the following exemption from Ontario Retail Sales Tax pursuant to paragraphs 3, 4 or 6 of subsection 6(2) of Regulation 1012 under the Retail Sales Tax Act upon entering into a contract of insurance or with regard to a benefits plan:

____

____

For reference:

Policy number:

Plan number: