



# Proposed Exemption of Multidisciplinary Health Care Services

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GST/HST Notices - Notice 311

May 2019

On March 19, 2019, the Minister of Finance tabled Budget 2019 which proposed an amendment to Part II of Schedule V to the Excise Tax Act, that would add the supply of multidisciplinary health care services to the list of services that are exempt for purposes of the GST/HST.

This amendment is included in Bill C-97, Budget Implementation Act, 2019, No.1, which received second reading in the House of Commons on April 30, 2019.

This publication provides information and examples regarding the proposed amendment. Any commentary in this publication should not be taken as a statement by the CRA that the proposed amendment will become law in its current form.

In this publication, all legislative references to the “Act” are to the Excise Tax Act unless otherwise specified. The information in this publication does not replace the law found in the Act and its regulations.

If this information does not completely address your particular situation, you may wish to refer to the Act or relevant regulation, or call GST/HST Rulings at 1-800-959-8287 for additional information. If you require certainty with respect to any particular GST/HST matter, you may request a ruling.

[GST/HST Memorandum 1-4, Excise and GST/HST Rulings and Interpretations Service](#), explains how to obtain a ruling or an interpretation and lists the GST/HST rulings centres.

If you are located in Quebec and wish to request a ruling related to the GST/HST, please call Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec website at [revenuquebec.ca](http://revenuquebec.ca) to obtain general information.

For listed financial institutions that are selected listed financial institutions (SLFIs) for GST/HST or Quebec sales tax (QST) purposes or both, whether or not they are located in Quebec, the CRA administers the GST/HST and the QST. If you wish to make a technical GST/HST or QST enquiry related to SLFIs, please call 1-855-666-5166.

**GST/HST rates**

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario and 15% in New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, see [GST/HST Technical Information Bulletin B-103, Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province.](#)

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## Introduction

Generally, most supplies of property and services made in Canada are subject to GST/HST, unless they are specifically exempt under Schedule V to the Act. Part II of Schedule V sets out the health care services that are exempt from GST/HST. More specifically, Part II of Schedule V exempts supplies of specific health care services when the services are supplied under specific conditions such as conditions regarding the type of service being rendered and who renders the service.

Certain health care services may be provided by a multidisciplinary team of licensed health care professionals. When supplied separately, the services rendered by the health care professionals may be exempt from GST/HST. However, there is currently no provision under the Act that explicitly relieves the services of a multidisciplinary health care team that combines elements of the various practices in a single supply.

## Proposed Amendment

Bill C-97 proposes to exempt from GST/HST the supply of certain multidisciplinary health care services by adding section 7.4 to Part II of Schedule V to the Act. Proposed section 7.4 would exempt a “supply of a service if all or substantially all of the consideration for the supply is reasonably attributable to two or more particular services, each of which meets the following conditions:

- a. the particular service is rendered in the course of making the supply; and
- b. a supply of the particular service would be a supply included in any of sections 5 to 7.3, if the particular service were supplied separately.”

Section 7.4 would apply to supplies made after March 19, 2019.

Proposed section 7.4 of Part II of Schedule V to the Act contains several conditions that a supply must meet in order to be exempt. The supply must be a single supply that consists of two or more particular services. Additionally, all or substantially all of the consideration for the supply must be

reasonably attributable to particular services rendered in the course of making the supply by medical practitioners, nurses, practitioners (as defined in section 1 of Part II of Schedule V to the Act), dietetic service practitioners, social workers and/or pharmacists and which would be exempt pursuant to any of sections 5 to 7.3 of Part II of Schedule V to the Act if the particular services were supplied on their own.

However, if a supply falls within the exemption in proposed section 7.4 of Part II of Schedule V to the Act it will still be subject to sections 1.1 and 1.2 of Part II of Schedule V to the Act. Therefore, it is necessary to determine if the supply is excluded from the exemption because the supply is a cosmetic service supply (or a supply in respect of a cosmetic service supply) or because the supply is not a qualifying health care supply.

## Examples

For purposes of these examples it is assumed that, where applicable, the particular services rendered by the health care professionals would meet the conditions in sections 5 to 7.3 of Part II of Schedule V to the Act if the services were supplied separately. It is also assumed that the particular services would also not be deemed to be excluded from Part II of Schedule V to the Act by virtue of sections 1.1 and 1.2. All of the supplies in the examples are made after March 19, 2019. If a supply was made on or before March 19, 2019, proposed section 7.4 would not apply and the supply may have been subject to GST/HST. Prior to the introduction of proposed section 7.4, there was no exemption in Part II of Schedule V to the Act that would apply to a single supply of health care services rendered to an individual by various members of a multidisciplinary health care team.

### Example 1

A corporation makes a single supply of a rehabilitation program rendered to an individual by a multidisciplinary health care team. The rehabilitation program consists of psychological services rendered by a psychologist, physiotherapy services rendered by a physiotherapist and chiropractic services rendered by a chiropractor (the particular services). The consideration for the supply can reasonably be attributed to the particular services in the following manner:

- 40% for the psychological services;
- 30% for the physiotherapy services; and
- 30% for the chiropractic services.

Each of the particular services is rendered in the course of the corporation making its supply of a rehabilitation program and would be included in sections 5 to 7.3 if the particular services were supplied separately. Therefore, as all of the consideration for the supply can be reasonably attributed to the particular services, the single supply made by the corporation would be exempt pursuant to proposed section 7.4 of Part II of Schedule V to the Act.

## Example 2

A corporation operates a clinic to make supplies of rehabilitation programs that are rendered to individuals who have sustained minor injuries in an accident. The 12 week rehabilitation program consists of a variety of health care services depending on the individual's needs. The rehabilitation program's services are provided for a fixed fee and typically include a combination of several sessions of chiropractic services, physiotherapy services, acupuncture and/or massage therapy. The 12 week rehabilitation programs are billed to the individual or the individual's insurance company at a fixed price regardless of the combination of services provided. The invoice issued by the corporation for the rehabilitation program only lists a fixed fee for a package of services. The corporation also makes supplies of chiropractic services, physiotherapy services, acupuncture services and massage therapy services on a fee for service basis.

Where a flat fee is charged for a package of services, it would be reasonable to attribute the consideration for the supply to each of the particular services by looking at the relative value for each of the particular services compared to the total supply. The attribution of the consideration of a fixed fee for a package of services can reasonably be done using the rates that would be charged for each of the services if those services were supplied separately multiplied by the number of hours for each of the services.

In this case, the individual's insurance company is billed a fixed fee of \$3,500 for the rehabilitation program. The rehabilitation program for an individual consists of the following treatment plan:

**TABLE 1 – Example of fixed fee treatment plan**

<b>Service</b>	<b>Weeks 1-4</b>	<b>Weeks 5-8</b>	<b>Weeks 9-12</b>	<b>Total Hours</b>
Chiropractic services	3 times per week, 30 minutes per treatment	2 times per week, 30 minutes per treatment	Once per week, 30 minutes per treatment	12 hours of services
Massage therapy	Once per week, 60 minutes per treatment	2 times per week, 30 minutes per treatment	Once per week, 30 minutes per treatment	10 hours of services
Physiotherapy	3 times per week, 30 minutes per treatment	2 times per week, 30 minutes per treatment	Once per week, 30 minutes per treatment	12 hours of services

Acupuncture	2 times per week, 30 minutes per treatment	2 times per week, 30 minutes per treatment	Once per week, 30 minutes per treatment	10 hours of services
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If the particular services were supplied separately, based on the number of hours of treatment and the fee for service rates for each of the particular services it would reasonable to attribute the consideration for the supply in the following proportions:

**TABLE 2 – Proportion of total consideration for service**

Service	Number of hours	Fee for service rate	Consideration	Proportion of total consideration
Chiropractic services	12	\$120/Hour	\$1,440	$1,440/4,140 = 35\%$
Massage therapy	10	\$75/Hour	\$750	$750/4,140 = 18\%$
Physiotherapy	12	\$100/Hour	\$1,200	$1,200/4,140 = 29\%$
Acupuncture	10	\$75/Hour	\$750	$750/4,140 = 18\%$
Total consideration			\$4,140	

The chiropractic services, physiotherapy services and acupuncture services are all rendered to the individual by a practitioner of the service and would be exempt pursuant to section 7 of Part II of Schedule V to the Act if the services were supplied separately. However, a supply of massage therapy services rendered to the individual by a Registered Massage Therapist would not be included in sections 5 to 7.3 of Part II of Schedule V to the Act if the massage therapy services were supplied separately. Therefore, only 82% of the consideration can be reasonably attributed to particular services (chiropractic, physiotherapy and acupuncture services) that would be included in section 7 if the services were supplied separately. Proposed section 7.4 would not apply to this supply of a rehabilitation program as the supply has not met the condition that all or substantially all of the consideration for the supply is reasonably attributable to particular services that would be included in sections 5 to 7.3 of Part II of Schedule V to the Act if supplied separately. Where the corporation is a registrant, the supply of the rehabilitation program would be subject to the GST/HST at the applicable rate depending on the province in which the supply is made.

### Example 3

A corporation makes a single supply of an assessment and rehabilitation program which includes a variety of health care services. The services are rendered by a multidisciplinary health care team to an individual who was injured in an accident. The corporation charges a flat fee of \$1,580 for the supply. The particular services rendered in the course of making the supply consist of massage therapy services, occupational therapy services, physiotherapy services, and nursing services. The individual's insurance company receives an invoice for the total amount based on the following treatment plan:

**TABLE 3 – Example of flat fee treatment plan**

<b>Service</b>	<b>Service Provider</b>	<b>Frequency</b>	<b>Total Hours</b>
Massage Therapy	Registered Massage Therapist	Once every 2 weeks, 30 minutes per treatment for 8 weeks.	2
Occupational Therapy	Occupational Therapist	Once per week, 60 minutes per treatment for 4 weeks, followed by once per week, 30 minutes per treatment for 4 weeks.	6
Physiotherapy	Physiotherapist	Once per week, 45 minutes per treatment for 4 weeks, followed by once per week, 30 minutes per treatment for 4 weeks.	5
Nursing Service	Registered Nurse	Once per week, 30 minutes per treatment for 8 weeks.	4

In this case, the particular services of occupational therapy, physiotherapy and nursing services all would be included in sections 5 to 7.3 of Part II of Schedule V to the Act if they were supplied separately. Massage therapy services are not included in any of those sections. The corporation determines that, based on its fee for service rates, 8% of the consideration for the supply can be reasonably attributed to the massage therapy services. In this case, 92% of the consideration for the supply can reasonably be attributed to the occupational therapy, physiotherapy and nursing services. Where all or substantially all of the consideration for the supply is reasonably attributable to particular services, rendered in the course of making the supply, that would be included in sections 5 to 7.3 of Part II of Schedule V to the Act if the particular services were supplied separately, the supply would be exempt pursuant to proposed section 7.4 of Part II of Schedule V to the Act.

**Example 4**

A corporation makes a supply of a rehabilitation program that consists of a variety of health care services that are rendered to an individual by a multidisciplinary health care team consisting of a social worker, kinesiologist, massage therapist and occupational therapist. Based on the relative value and amount of time spent for each particular service, the consideration for the supply of the rehabilitation program can reasonably be attributed to the particular services at the follow percentages:

Social work services 30%

Kinesiology services 20%

Massage therapy services 15%

Occupational therapy services 35%

The social work services rendered by a social worker and the occupational therapy services rendered by an occupational therapist would be included in sections 7.2 and 7, respectively, of Part II of Schedule V to the Act if they were supplied separately. Massage therapy services rendered by a massage therapist and kinesiology services rendered by a kinesiologist are not included in sections 5 to 7.3 of Part II of Schedule V to the Act. Therefore, only 65% of the consideration for the supply by the corporation is reasonably attributable to particular services (social work services and occupational therapy services) that would be included in sections 5 to 7.3 of Part II of Schedule V to the Act if supplied separately. The supply of the rehabilitation program made by the corporation would not be exempt pursuant to proposed section 7.4 of Part II of Schedule V to the Act as not all or substantially all of the consideration for the supply is reasonably attributable to services that would be included in sections 5 to 7.3 of Part II of Schedule V to the Act if the particular services were supplied separately. Where the corporation is a registrant, the supply of the rehabilitation program would be subject to the GST/HST at the applicable rate depending on the province in which the supply is made.

## Further information

All **GST/HST technical publications** are available at [GST/HST technical information](#).

To make a GST/HST enquiry by telephone:

- for **GST/HST general enquiries**, call **Business Enquiries** at **1-800-959-5525**
- for **GST/HST technical enquiries**, call **GST/HST Rulings** at **1-800-959-8287**

If you are located in **Quebec**, call **Revenu Québec** at **1-800-567-4692** or visit their website at [revenuquebec.ca](http://revenuquebec.ca).

If you are a **selected listed financial institution** (whether or not you are located in Quebec) and require information on the **GST/HST** or the **QST**, go to [GST/HST and QST - Financial institutions, including selected listed financial institutions](#) or:

- for **general GST/HST or QST enquiries**, call **Business Enquiries** at **1-800-959-5525**
- for **technical GST/HST or QST enquiries**, call **GST/HST Rulings SLFI** at **1-855-666-5166**

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