HST Information Sheet

How do I claim my HST?

Under the Ontario MicroFIT program, you are entitled to claim the HST paid on your solar system if you elect to voluntarily register as an HST registrant (file for an HST number) with the Canada Revenue Agency (“CRA”).

If you elect to register for a HST number, your hydro company will pay you HST in addition to and in accordance with, electricity generation sales from the solar system. You will need to remit this HST to the CRA annually or quarterly (depending on preference).

I would like to register for a HST number and receive my HST – what are the next steps?

Contact the Canada Revenue Agency at: 1-800-959-5525 and explain you wish to voluntarily register for an HST number. You will most likely be informed that you do not require a HST number given revenues are less than 30,000 – please inform the agent that you wish to register voluntarily.

Information you will need/will be asked for:

Legal Name of Entity and Type – corporation, sole proprietorship etc.
Social Insurance Number(s)
Legal Address(es)
Phone Number(s)
Fiscal Year End Date – you want this to be a date shortly after your system is up and running
How Often you want to remit HST (Annually or Quarterly)
Approx. Value of Revenues
Commencement Date – you want this to be a date occurring prior to the first invoice issued to you from Brightworks Solar

When you receive a HST number from the Canada Revenue Agency, please inform Brightworks Solar so we can inform the respective hydro company of your HST registration, on your behalf. Please note, you will need to remit HST collected on sales to the CRA based on the remittance interval you select.

For more information regarding your HST filing, and other taxable deductions regarding the operation and maintenance of your solar system, please contact a Licensed Professional Accountant.
The Ontario Power Authority has developed a Feed-In Tariff (FIT) Program for the Province of Ontario to encourage and promote greater use of renewable energy sources, including wind, waterpower, renewable biomass, bio-gas, landfill gas and solar photovoltaic, for electricity generating projects in Ontario. The micro Feed-In Tariff (microFIT) Program is a stream of the FIT Program and allows for the participation in "micro" renewable energy projects (10 kW or less).

The information provided in this info sheet is based on the material provided on the Ontario Power Authority’s Web site at www.fit.powerauthority.on.ca/. Further details of the FIT and microFIT Programs can be found at that Web site.

This info sheet provides details on the GST/HST entitlements and obligations of a participant in the microFIT Program. The info sheet discusses GST/HST registration requirements and a person’s eligibility to recover the GST/HST paid or payable on the acquisition of a solar panel system where all of the electricity produced by the system is sold to the Ontario Power Authority or its designate. The info sheet also addresses the implications of a GST/HST registrant’s sale of a solar panel system, ceasing to use a solar panel system to make taxable sales of electricity and cancelling their GST/HST registration.

In this info sheet, a solar panel system refers to a photovoltaic electricity generation system and includes solar panels, mounting brackets, support rails and the wiring and electrical hardware necessary to tie into the electrical grid.

Rooftop solar panel systems are expected to be the most common microFIT projects, but solar panel systems may also be ground-mounted.

Definitions of key terms used in this info sheet, including input tax credit, person, public service body, registrant and small supplier, are provided in Guide RC4022, General Information for GST/HST Registrants.

Registering for the GST/HST

Depending on the revenue you earn from the sale of electricity made under the microFIT Program, you may be required to register for the GST/HST. If you are not required to register, you may be eligible to register voluntarily.

The sale of electricity under the microFIT Program is a taxable supply for GST/HST purposes. If the total value of consideration from your taxable supplies, including your sales of electricity, exceeds the small supplier threshold, you are required to register for the GST/HST. If you make taxable supplies but remain a “small supplier”, you are eligible to voluntarily register for the GST/HST. See GST/HST Memorandum 2.1, Required Registration, GST/HST Memorandum 2.2, Small Suppliers, and GST/HST Memorandum 2.3, Voluntary Registration, for details on GST/HST registration.

Most participants in the microFIT Program are expected to be small suppliers for GST/HST purposes. Nonetheless, if you choose to register for the GST/HST voluntarily, you are a registrant and you are required to collect and remit the GST/HST on your taxable supplies of electricity. You will also be required to account for the GST/HST if you sell a solar panel system, cease using the system to make taxable sales of electricity or cancel your GST/HST registration.
Recovering the GST/HST paid or payable on the acquisition of a solar panel system

A GST/HST registrant (other than a financial institution) is eligible to claim full input tax credits (ITCs) for the GST/HST paid or payable by them on the purchase of capital personal property if the property is for use primarily in commercial activities of the registrant.

Given the terms of the microFIT Program whereby all sales of electricity are taxable supplies made in the course of a commercial activity, a solar panel system that is connected to the electrical grid and used exclusively to sell electricity to the Ontario Power Authority or its designate is considered to be capital personal property. If you are a GST/HST registrant, you are eligible to claim full ITCs for costs related to the purchase and installation of a solar panel system, provided that the documentary requirements for claiming ITCs are satisfied and the claim is made within the time limit. The documentary requirements for claiming ITCs are set out in Guide RC4409, Keeping Records. The rules on the time limit for claiming ITCs are set out in GST/HST Memorandum 8.1, General Eligibility Rules. These publications are available on the Canada Revenue Agency’s web site at www.cra.gc.ca.

If you are a public service body that is not a GST/HST registrant, you may be eligible to claim a public service bodies’ rebate to recover a percentage of the GST/HST paid or payable on inputs related to your taxable supply of electricity and for which you cannot claim ITCs.

Sale of a solar panel system, ceasing to make taxable sales of electricity or cancelling your GST/HST registration

If you are a GST/HST registrant and you sell a solar panel system, whether on its own or as part of the sale of a building or land to which it is attached, you are required to charge and collect the GST/HST on the sale of the solar panel system.

If you are a GST/HST registrant and you cease using a solar panel system primarily in commercial activities (i.e., in making taxable sales of electricity), you will be considered to have sold the system and to have collected the GST/HST on the sale. You will have to remit the GST/HST you are considered to have collected. The tax considered to have been collected is equal to the basic tax content of the system at the time of sale. The term basic tax content is described in GST/HST Memorandum 19.4.2, Commercial Real Property – Deemed Supplies.

If you are a GST/HST registrant and you cancel your GST/HST registration, you are considered to have sold the solar panel system and to have collected the GST/HST on the sale. You will have to remit the GST/HST you are considered to have collected. The tax considered to have been collected is equal to the basic tax content of the system at the time of the sale.

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, New Brunswick and Newfoundland and Labrador, 15% in Nova Scotia, and 12% in British Columbia. 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, you may refer to GST/HST Technical Information Bulletin B-103, Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec Web site to obtain general information.

All technical publications related to GST/HST are available on the CRA Web site at www.cra.gc.ca/gsthsttech.