



## MEMO

**TO:** ALL CLIENTELE  
**FROM:** THE PARTNERSHIP  
**DATE:** November 25, 2014  
**SUBJECT:** CHANGES TO GST/HST ELECTION PROCEDURES IN RESPECT OF  
TRANSACTIONS BETWEEN MEMBERS OF A RELATED GROUP

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A Section 156 election under the Excise Tax Act allows supplies between certain members of a closely related group to be treated as having been made for NIL consideration. As a result, transactions take place between closely related entities with no requirement to collect GST/HST and, therefore, provide cash flow relief. The election, made on Form GST25, is signed by all entities listed on it and, in the past, was required to be kept on file by all of those entities. The form was not required to be filed with the CRA.

Based on a proposed change introduced in the 2014 Federal Budget, there is now a requirement for parties subject to a new election on or after January 1, 2015 to file the election form with the CRA.

For elections that are in effect prior to January 1, 2015, the election form, which was previously not required to be sent to the CRA, must now be filed with the CRA but only after January 1, 2015 and before January 1, 2016.

If the election is in effect prior to January 1, 2015 and the form is filed with the CRA prior to that date, it is deemed not have been filed, i.e. you must wait until 2015 to file.

Please contact us should you have any questions in respect of the above.