

1.0 Purpose

1.1 **As of July 1, 2016:** On all expenditures involving HST, UNB receives a 67% rebate from the federal government on the federal portion, which is 5%. Research equipment is eligible for a full or partial rebate of the provincial portion of the HST (which is 10%). The rebate percentage is based on the percentage of asset utilization for research purposes. Therefore, a composite figure ranging from 1.65% to 11.65% must be calculated and added to the cost as applicable. For example, if the equipment is to be used 100% for research, the tax rate would be 1.65%. To be eligible for this rebate, you must complete the NB Sales Tax Exemption Declaration form. This exemption does not apply to motorized vehicles (cars, trucks, trailers, boats, etc.) or to renovation or construction costs. For the Government of New Brunswick's regulations regarding the equipment rebate, see 4.2 Implementation below. If in doubt, contact Procurement Services.

Previously, to June 30, 2016: Until June 30, 2016, the provincial portion of the HST was 8%. Using the calculation described in 1.1 above, the composite figure ranging from 1.65% to 9.65% would have been calculated and added to the cost as applicable. For example, if the equipment was to be used 100% for research, the tax rate would be 1.65%.

2.0 Applicability

- 2.1 University-wide
- 2.2 Grant and contract proposals must include funds to cover the Harmonized Sales Tax (HST) where appropriate. Almost all invoiced goods and services purchased or acquired from outside UNB will be subject to the HST. It is the researcher's responsibility to consider such charges when preparing budgets.

3.0 Definitions

- 3.1 Non Applicable

4.0 Implementation

- 4.1 Taxes on all purchases and expenses that are not research equipment, including renovations or construction costs, should be calculated 11.65% as of July 1, 2016.
- 4.2 UNB is not normally required to charge HST when contracting out its services or those of its faculty members for research purposes.
- 4.3 HST is not added to invoices to external parties when we are billing from a research account unless we are selling a prototype to the customer or billing clients for equipment/other asset rental. There are three factors that determine whether HST is charged on activity that is not research when a research account is involved:
 - Is it a service?: No HST
 - Is it integral to the contract?: No HST
 - Is it ancillary to the contract?: Add HST

5.0 Withholding taxes for non-resident vendors

- 5.1 Departments are reminded that non-resident withholding taxes, usually 15%, must be deducted on payments made to vendors (guest speakers, contractors, etc.) who are not residents of Canada, for services provided in Canada unless the vendor obtains a waiver in advance from the Canada Revenue Agency (CRA).
- 5.2 This non-resident withholding tax cannot be absorbed using externally restricted research funds.

6.0 NB Research and Development Tax Credit (SR&ED)

- 6.1 Although not available to UNB directly, the Government of New Brunswick Tax Act contains a section that specifically deals with the Research and Development Tax Credit that may be available to New Brunswick corporations that fund research within the province:
<http://www2.gnb.ca/content/gnb/en/departments/finance/taxes/taxcredit.html>

7.0 Interpretation and Questions

- 7.1 For further information, please contact [Financial Services](#)