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Canadian Value-Added Taxation — A Practitioner's Guide

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This release updates the following chapters:

Chapter 2 (Taxable Supplies), Chapter 3 (Exempt Supplies), Chapter 5 (Collection and Payment), Chapter 6 (Administration and Enforcement, and Chapter 11 (Special Sectors)

Highlights:

- **Chapter 2 — Taxable Supplies — Zero-Rated Supplies — Basic Groceries — Tea — Stores Closed Due to COVID Pandemic — Assessment Based on Prior Year's Sales — Application to Extend Time to Object Granted — Assessment Based on Incorrect Assumption —** Where the registrant sold tea, which was a zero-rated supply, and was forced to close its stores due to the COVID pandemic, and was assessed GST based on estimated sales in the previous year, and applied to the

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Tax Court for an extension of time to object, its application was granted as there was proof that it application was prepared nine days before the deadline, and the underlying assessment appeared to rest on an arguably incorrect assumption regarding the tax status of zero-rated supplies: *Twisted Leaves Ltd. v. The King*, 2026 CarswellNat 531, 2026 TCC 38 (T.C.C.).

- **Chapter 3 — Exempt Supply — Non-Profit Organization — Peloton Association — Commercial Activity — Sponsorship Contracts — Fulfilling Obligations — Entitlement to ITCs Including re Annual Cycle Race —** Where the registrant non-profit claimed input tax credits (ITCs) for expenses incurred in fulfilling its obligations under sponsorship contracts, it was also entitled to claim ITCs in respect of its annual cycle race. As a matter of practical and commercial reality, the race and the sponsorship contracts were interdependent: *Alberta Peloton Association v. The King*, 2026 CarswellNat 508, 2026 TCC 32, [2026] G.S.T.C. 10 ([General Procedure]).

- **Chapter 6 — Administration and Enforcement — Notice of Objection — Applying to Extend Time to Object — Application Denied as Lack of Timely Written Request to Minister for Extension —** Where the CRA reassessed the registrant, denying a new housing GST/HST Rebate, the registrant's application for an extension of time for the filing of a notice of objection was denied as a timely written request for an extension, and a written denial of the request were the necessary prerequisites for an application: *Akwaboah v. The King*, 2025 TCC 164, 2025 CarswellNat 4630, [2025] G.S.T.C. 43, [2025] T.C.J. No. 115 (T.C.C.).

- **Chapter 6 — Administration and Enforcement — Notice of Objection — Applying to Extend Time to Object — Notice of Reassessment Deemed Received on Date Mailed — Application Denied — Notice Mailed to Address on Record — Whether Notice Received Not Relevant —** Where the notice of reassessment (NOR) denying the GST/HST New Housing Rebate was sent to the proper address on record with the CRA, the notice was deemed received by the taxpayer on the date it was mailed, and whether the taxpayer received the document was not relevant: *Ng v. The King*, 2025 TCC 172,

2025 CarswellNat 4817, 2025 D.T.C. 1107 ([Informal Procedure]).

- **Chapter 6 — Administration and Enforcement — Appeals to Tax Court — Amending Notice of Appeal — After Evidence Presented — Appellant Raising New Ground — Court Having Discretion to Re-Open Hearing — Interests of Justice Favouring Re-Opening —** Where the registrant, after the evidence portion of the appeal hearing was completed, sought to reopen the hearing to present a new argument and relevant evidence, his motion was granted as Rule 138 of the *Tax Court of Canada Rules* granted broad discretion to re-open a hearing for such purposes when it did not impose an overly onerous burden on the Crown in defending its case: *Salehi v. The King*, 2026 CarswellNat 372, 2026 TCC 30, [2026] G.S.T.C. 7 ([General Procedure]).

- **Chapter 6 — Administration and Enforcement — Appeals to Tax Court — Jurisdiction of Tax Court — Application for Extension to Object — Three Conditions Precedent Required to be Met —** The three conditions precedent that must be met before the Tax Court has jurisdiction to hear an application for an extension of time to object to a GST/HST assessment. Section 304(1) of the *Excise Tax Act* sets out three conditions precedent that must be met for the Tax Court to obtain jurisdiction: *Amador v. The King*, 2025 TCC 143, 2025 CarswellNat 4177, [2025] G.S.T.C. 37, [2025] T.C.J. No. 199 (T.C.C.).

- **Chapter 6 — Offences — Directors and Officers — Incorporated Bodies — CBCA Corporation Dissolved — Minister Reviving Corporation to Collect GST — Revival Not Prospectively Reinstating Directors —** Where a CBCA corporation was dissolved for the failure to file annual returns, and was later revived by the Minister of National Revenue in order to collect certain GST debt. The issue was whether the revival of the CBCA corporation had the effect of prospectively reinstating the directors: *Maragos v. The King*, 2026 TCC 4, 2026 CarswellNat 34, 2026 D.T.C. 1002, [2026] G.S.T.C. 2 ([General Procedure]).

- **Chapter 11 — Special Sectors — Real Property — Residential Property — New Housing Rebate — Applicant and Friend Purchasing New Home — Friend Not Residing in Home — Rebate Denied —** Where the applicant and his longtime friend purchased a new home under construction purportedly intending to treat it as their primary residence, the applicant's claim for GST/HST new housing rebate was denied due to the friend's non-residence of the home, and the applicant did not need to demolish any assumption regarding his friend's intention at the time of the purchase: *Mvemba v. The King*, 2025 CarswellNat 4105, 2025 TCC 140, [2025] G.S.T.C. 35 ([Informal Procedure]).

- **Chapter 11 — Special Sectors — Real Property — Residential Property — New Housing Rebate — Eligibility Based on Intention to Occupy Property — Eligibility Not Based on Property Being Primary Place of Residence —** In order to determine if the taxpayer qualified for the new housing rebate under para. 254(2)(g) of the *Excise Tax Act*, the court must be satisfied that the taxpayer intended to occupy the property as his or her place of residence, and was the first to occupy the property at any time after substantial completion of the property, but this criterion did not specify that the property be the primary place of residence: *Paglia v. The King*, 2025 CarswellNat 4357, 2025 TCC 148, [2025] G.S.T.C. 39 ([Informal Procedure]).

- **Chapter 11 — Special Sectors — Real Property — Residential Property — Self-Supply Rule — Husband and Wife Taxpayers Purchasing Land and Building Several Homes — Taxpayers Selling Five of Them, Including Subject Property — Each Taxpayer Found to be "Builder" Making Self-Supply — Exemption Under s. 191(5) Not Applying as Property Being Inventory and Not Residency —** When the taxpayer spouses, over an 11-year period, jointly purchased seven residences and sold five of them, including the subject property, where the taxpayers built a home on acquired land, each of the taxpayers were found to be a "builder" per s. 123(1) of the *Excise Tax Act*, who made a "self-supply" per s. 191(1) of the Act, but the exemption under subs. 191(5) of the Act was not applicable, as the primary use of the property was

inventory rather than residency: *Caddell v. The King*, 2026 CarswellNat 276, 2026 TCC 27, [2026] G.S.T.C. 4 ([Informal Procedure]).

- **Chapter 11 — Special Sectors — Real Property — Residential Rental Property Rebate — Failure to Apply Within Two-Year Limit — Subsection 296(1) of ETA Not applicable to Compel Minister to Accept Late Application —** Where the Minister of National Revenue disallowed an for a GST/HST new residential rental property rebate (NRRPR) on the basis that the applicant failed to file it on or before the two-year limit for such an application as required by the *Excise Tax Act* (ETA), the applicant could not rely on subs. 296(2.1) of the ETA to compel the Minister to accept his application despite being late: *Nagendra v. The King*, 2026 CarswellNat 631, 2026 TCC 46 ([Informal Procedure]).