

1.0 Purpose

- 1.1 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 8%). The rebate percentage is based on the percentage of asset utilization for research purposes. Therefore, a composite figure ranging from 1.65% to 9.65% 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.

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 at 9.65%.
- 4.2 The Government of New Brunswick Regulation 97-28 (<http://www.gnb.ca/0062/PDF-regs/97-28.pdf>) of the HST Sales Tax Act contains a section that specifically deals with the Research and Development Tax Credit:
- “Research and Development means systematic investigation or search carried out in a field of science or technology by means of experiment or analysis, including
- (a) basic research, namely, work undertaken for the advancement of scientific or technical knowledge without a specific practical application in view,
 - (b) applied research, namely, work undertaken for the advancement of scientific

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or technical knowledge with a specific practical application in view, or
(c) development, namely, use of the results of basic or applied research for the purpose of creating new, or improving existing, materials, devices, products or processes,

but not including

(d) market research or sales promotion,
(e) quality control or routine testing of materials, devices or products,
(f) prospecting, exploring or drilling for or producing minerals, petroleum or natural gas,
(g) the commercial production of a new or improved material, device or product or the commercial use of a new or improved process,
(h) style changes, or
(i) routine data collection.”

4.3 UNB is not normally required to charge the HST when contracting out its services or those of its faculty members for research purposes.

4.4 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 Interpretation and Questions

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