



## RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION No.: **421-02669**

BY: **MR. DUSSEAU (SHERBROOKE)**

DATE: **SEPTEMBER 26, 2018**

PRINT NAME OF SIGNATORY: **JENNIFER O'CONNELL**

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Response by the Minister of Finance

SIGNATURE  
Minister or Parliamentary Secretary

SUBJECT

**Tax system**

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**ORIGINAL TEXT**

**REPLY**

The Goods and Services Tax/Harmonized Sales Tax (GST/HST) is a broad-based tax that applies to supplies of most goods and services in Canada, with only limited exceptions. Exceptions to the general application of the GST/HST are currently limited to certain items like basic groceries, prescription drugs, certain health care services and some medical and assistive devices.

The policy underlying the GST/HST treatment of the health care sector is that basic health care services are tax-exempt. In determining what constitutes a basic health care service, the approach that the Government of Canada has generally taken is to look to the provinces and territories, given their major role in delivering health care. In this regard, the following three criteria are used in determining which health care services are eligible to be exempt from the GST/HST:

- If a service is covered by the public health insurance program in a given province or territory, it is exempt in that province or territory.
- If a service is covered by the public health insurance program of two or more provinces or territories, it is exempt in all provinces and territories.

- If a profession is regulated as a health profession by at least five provinces or territories, the services of that profession are exempt in all provinces and territories.

The services of health professions that meet the above criteria are listed as tax-exempt in GST/HST legislation. For instance, the list of health care professions whose services are GST/HST-exempt includes physicians, nurses, psychologists and social workers.

It is the Government's understanding that the services of psychotherapists do not satisfy the criteria to be exempt from the GST/HST at this time. Accordingly, these services are not listed as tax-exempt in the legislation.

The GST/HST exemption recognizes the major role of provincial and territorial programs in the health care field. Since the provinces and territories have the expertise and are responsible for health care delivery in Canada, it is appropriate and practical to rely on their practices for determining GST/HST exemptions.