

Ontario Sales Taxes and the Not-for-Profit Organization

PETER H. WOOD, C.A.*

Introduction

Now that most not-for-profit organizations have sorted out the new federal income tax rules, it may be appropriate for them to focus on sales taxes levied by the federal and most provincial governments. Those organizations which are not familiar with sales taxes will often discover that they have been over-paying these taxes. This article outlines some areas where these organizations can reduce their costs under Ontario's sales tax statute, The Retail Sales Tax Act (the "Act").

The provinces are limited to the imposition of direct taxes under the British North America Act. As a result, the Act, like all other provincial retail sales tax statutes, imposes a direct tax on the purchaser or consumer at the point of sale rather than on the vendor or the manufacturer. An obligation is placed upon the vendor to levy and collect, as agent for the province, the tax on the purchaser or consumer.

The Act provides for a tax on:

- (a) every purchaser of tangible personal property in respect of the consumption or use thereof at a rate of 7% except for liquor, beer, or wine and prepared meals sold at a price over \$6 for which the rate of tax is 10%;
- (b) every purchaser of certain defined taxable services at the rate of 7% of the fair value of the service;
- (c) every purchaser of admission to a place of amusement at the rate of 10% on the price of admission where it exceeds \$3; and
- (d) on every person who brings into Ontario or receives delivery in Ontario tangible personal property acquired by him for value at the same rate as would be applicable if the property had been purchased at a retail sale in Ontario.¹

Most not-for-profit organizations are both taxpayers and vendors in respect of sales taxes. They are taxpayers in respect of tangible personal property which they purchase for their own consumption and use; for example stationery, office supplies, office furniture, fixtures and equipment. They are vendors in respect of property which they purchase or obtain for resale to others and where they charge admission to fund raising events.

The Act does not contain a separate set of rules for not-for-profit organizations. Instead, some rules apply to all organizations including not-for-profit organizations, and some have application depending on the classification of their

*Clarkson Gordon, Toronto

activities such as educational, health, religious, public service, and fund raising. At the same time, there are a few special provisions which apply to “religious, charitable, or benevolent organizations” which are defined as those which have been registered as “charities” under the Income Tax Act (Canada)². While no reference is made to those organizations registered under the Income Tax Act as “registered amateur athletic associations” I understand that Ontario may consider these to qualify for the special provisions as well.

Not-for-profit organizations as vendors

As a vendor of tangible personal property the not-for-profit organization is required to obtain a vendor’s licence and to collect the taxes imposed upon the purchaser or consumer. All taxes collected must be remitted on or before the 23rd day of the following month. Although the filing of a monthly return is the general rule, quarterly and semi-annual filing is available where the tax collected does not reach a certain threshold amount. The Act provides for compensation to the vendor for his services in collecting and remitting the tax. The compensation is a small percentage of the tax collected up to a maximum of \$700 for each 12 month period commencing April 1 of each year.

The vendor’s licence enables the not-for-profit organization to purchase tangible personal property acquired for resale on an exempt basis. This exemption is obtained by the provision of the vendor’s permit number and the appropriate exemption certificate to the supplier.

The Act contains special rules which relieve the not-for-profit organization from its responsibilities as a vendor in certain circumstances. One of these is an exemption for used clothing or footwear sold by a “religious, charitable, benevolent or non-profit organization” where the sale price on any one transaction does not exceed \$50.³

A further provision exempts the purchaser from the payment of the tax and the organization from the collection of the tax if certain conditions are met.⁴ This exemption applies where the organization holds, stages or operates events, including bazaars and rummage sales provided that

- (a) the total receipts of that year from sale of taxable tangible personal property do not exceed \$50,000; and
- (b) the organization does not hold, stage or operate in that year more than four such events.

If these conditions are met and the organization has paid tax on any taxable tangible personal property which it has purchased for resale at such events, then the purchaser is exempt and the organization is not required to collect any additional tax. Thus, the organization pays tax on the cost of such tangible personal property rather than collecting the tax on the higher selling price.

Discretionary exemptions and rebates on fund raising events

It has already been noted that there is a 10% tax on the admission price to a place of amusement. Place of amusement is broadly defined and includes many

fund raising events of not-for-profit organizations, including any place where a movie is shown, a theatrical performance or concert is given, or where there are facilities for dancing and at which alcohol is provided, and any place at which a concert is given.⁵ The Act provides for a rebate to the organization of tax collected and paid in some circumstances and in other cases there is a complete exemption for the price of admission.

One rebate is available to a religious, charitable or educational organization even though it does not hold the fund raising event. If it is shown to the satisfaction of the Minister of Revenue that

- (a) entertainment was held for the purposes of raising funds for religious, charitable or educational purposes;
- (b) the tax was collected and remitted to the government; and
- (c) the vendor files with the Minister a statement, verified by affidavit, of the receipts and expenses, and an acknowledgement of receipt of the net proceeds by a religious, charitable or educational organization, then a rebate may be granted.

The rebate is equal to the proportion of the tax collected and paid on admissions which the net profit on admissions bears to the gross admission receipts.⁶ A similar rebate is available to municipalities for entertainment held for the benefit of the municipality where it is held in a community centre as defined in and for which aid has been granted under The Community Centres Act.⁷

It is possible to get an exemption from the tax on the price of admission to a place of amusement in advance where application is made to the Minister at least 10 days before any tax would otherwise be collected. This exemption will normally be granted where the Minister is satisfied that the performers in a theatrical or musical performance are residents of Canada performing under the management of a person resident in Canada and the performance will not be presented with the showing of a motion picture or a carnival, circus, sideshow, menagerie, rodeo, exhibition, horse race, athletic contest or other performance.⁸

There is a further provision that where special circumstances exist, whether of a religious, charitable or educational nature or otherwise, the Lieutenant Governor in Council may exempt the purchaser from the payment and the vendor from the collection of the tax.⁹ I understand that permission is not readily granted and the provision is not widely used.

A complete exemption is also granted in the regulations where the entertainment is an entertainment given, amusement provided or game played for religious, charitable or educational purposes and the Minister determines that it is given under circumstances listed in the regulations.¹⁰ These regulations are reproduced in Appendix I.

An exemption is also granted in respect of an event held, staged or operated by a "religious, charitable, benevolent or non-profit organization" where,

- (a) the total receipts from admissions do not exceed \$7,500, and
- (b) the organization does not hold more than four such events in a year.¹¹

Rebates and exemptions on capital construction

A special rebate is available to the governing body of a religious, charitable or benevolent organization in respect of tangible personal property that enters into and becomes a part of the construction of a building or structure on land of that organization.¹² If invoices are available to show the actual amount of tax paid then it is the Ministry of Revenue's practice to permit that amount to be refunded. On the other hand, where work is performed under a contract which includes sales tax then a formula is applied to the contract price in order to determine the sales tax content of the contract for the purposes of the rebate. For the purpose of this special rebate, total contract price is defined to include the architect's fees but it excludes land or land improvement costs.

The rebate formula is altered from time to time because of the changes in the provincial sales tax rate. For instance, with respect to contract work completed after April 10, 1978 and before October 8, 1978, while the sales tax rate was 4%, the amount of the rebate is determined by applying the rate of 1.5% to the total contract price of roads and 1.7% for all other structures. The rate is normally 2.6% for roads and 2.95% for other structures. Where a construction contract requires progress payments, the rebate percentage may be applied to each progress payment instead of waiting for contract completion. An application for the rebate must be made within two years after the last payment has been made under the contract in respect of which the rebate is claimed.

An exemption is available for tangible personal property

- (a) that is purchased by the governing board of a public hospital, nurses' residence, school or university and that will be incorporated into and form part of a building of such organizations;¹³ and
- (b) that enters into and becomes part of a municipality's or local board's capital works (essentially real property) where such organization substantially bears the costs.¹⁴

In the case where the organization does not purchase the property itself, I understand that the invitation to bid on the project must specify that exemption is being claimed. The contractor who is awarded the contract should obtain a "Special Permit" which is valid for the specific contract only and which will permit the contractor to purchase materials on an exempt basis.

Other Exemptions

The Act contains a wide variety of other exemptions. In some cases the exemption depends on the status of the purchaser and in other cases it depends on the nature of the goods purchased. For instance certain equipment and repairs to such equipment purchased by a religious institution are exempt because of the status of the purchaser.¹⁵ On the other hand children's clothing

is exempt regardless of the status of the purchaser.¹⁶ A list of the more common exemptions which may apply to not-for-profit organizations has been compiled and included in Appendix I.

Not-for-profit organizations and printed matter

A number of not-for-profit organizations have in-house printing facilities. Where printed matter is produced for its own use (eg. letterhead, forms, newsletters) to a value in excess of \$5,000 per annum, the organization is required to pay tax on the value of the printed matter except when the printed matter is specifically exempt from tax. The value of the printing is determined as the cost of materials plus 220% of that cost plus any federal sales tax payable. Where the organization purchases printing for its own use, tax must also be paid except where the printing is exempt. The most common exemptions for printed matter are the exemption for magazines and periodicals issued at least four times a year and the exemptions for books and certain religious publications. Many in-house newsletters fall into this exemption. The detailed exemptions are set out in Appendix I.

Conclusion

It has been my experience that many not-for-profit organizations are overpaying their sales tax because they are not familiar with the rules which apply to them. This is particularly true where the organization is decentralized and purchases are made and events held at the local level. In these circumstances, guidelines should be established for use throughout the organization. All is not lost if the not-for-profit organization discovers that it has been overpaying its taxes. A refund is generally available within two years of the overpayment by filing a refund claim.

Notes:

¹ S.2 is the charging section. During the period from April 11, 1978 to October 7, 1978 the rate was reduced for most taxable goods and services to 4%.

² Reg. 785 S.1(55).

³ S.5(1)20.

⁴ Reg. 785 S.30.

⁵ S.1.7.

⁶ S.7(3).

⁷ S.7(3a)

⁸ S.7(4).

⁹ S.7(2).

¹⁰ Reg. 785 S.27(1).

¹¹ Reg. 785 S.30.

¹² Reg. 785 S.20.

¹³ S.5(1)59.

¹⁴ S.5(1)60.

¹⁵ S.5(1)53.

¹⁶ S.5(1)42.

APPENDIX I

General

The following pages reproduce some of the provisions of the Act, the regulations, and rulings issued by the Ministry of Revenue which may apply to the not-for-profit organization. This information is set out in six sections:

1. Printing
2. Religious
3. Educational
4. Health
5. Capital Construction
6. Fund Raising Activities

These sections are not mutually exclusive. Certain regulations and rulings have not been reproduced because of their length and their limited application.

1. Printing

The Retail Sales Tax Act (Ontario)

Sec. 5. Exemptions. — (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

45. books that are printed and bound and that are published solely for educational, technical, cultural or literary purposes and that contain no advertising, but not directories, price lists, time tables, rate books, catalogues, reports, fashion books, albums, or any books of the same general classes;

46. newspapers, however purchased;
47. magazines and periodicals, as defined by the Minister;

56. religious and educational publications, as defined by the Minister;

Regulations

785 Sec. 1. 5. "books that are printed and bound and that are published solely for educational, technical, cultural or literary purposes" includes all loose-leaf sheets or pages that are printed and punched that contain no advertising for insertion in a ring or post binder and that are published solely for educational, technical, cultural or literary purposes, and all books that contain no advertising and that are printed and bound with permanent binding for those purposes, but does not include directories, price lists, time tables, rate books, catalogues, reports, fashion books, albums, ring or post binders, paper ruled for accounting or bookkeeping purposes, loose-leaf sheets or pages that are printed and punched for insertion in directories, price lists, time tables, rate books, catalogues, reports, fashion books or albums, or any books or articles of the same general classes;

785 Sec. 1. 37. (not reproduced).

784 Sec. 1. 2. "Magazines and periodicals" as used in paragraph 47 of subsection 1 of the said section 5 includes bound magazines and periodicals, bound trade magazines, employees' house organs, unbound literary and technical papers and employees' newsletters and club information bulletins issued at intervals not less frequent than four times a year, and school year books;

Ruling 19 — Religious and Educational Publications

(1) Paragraph 56 of subsection 1 of section 5 of The Retail Sales Tax Act exempts from tax "religious and educational publications as defined by the Minister."

(2) The Minister defines "religious and educational publications" to include the following:

1. photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to produce the same, for use exclusively for the promotion of religion;
2. religious tracts, Sunday School lesson pictures, unbound pamphlets, books, leaflets,

- scripture, prayer, hymn and mass cards, mottoes, unframed pictures, and calendars, produced exclusively for the promotion of religion;
3. any film or video tape that has been certified by the National Film Board as educational, or any film or video tape that is exempt from tax under the *Excise Tax Act* (Canada) because it is included in Tariff Item 69615-1 and is certified by the government of the country of production or by an appropriate representative thereof or by a recognized representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character;
 4. phonograph records and audio tapes purchased for use and not for resale by schools, school boards or universities;
 5. printed instructional material purchased for use and not for resale by a charitable organization that is exempt from tax under paragraph 55 of section 1 of Regulation 785;
- but does not include:
- stationery, forms, price lists, time tables, rate books, directories, or any similar printed matter that is not used directly in religious service.

See also ruling 5(7) which outlines the general rules on printing and printed matter produced for own use.

2. Religious

The Retail Sales Tax Act (Ontario)

Sec. 5. Exemptions. — (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

53. equipment, as defined by the Minister, that is to be used by a religious institution exclusively in that part of its premises where religious worship or Sabbath school is regularly conducted, and repairs to such equipment, but not including any equipment acquired for resale by a religious institution;

56. religious and educational publications as defined by the minister; (see section 1 on **Printing**, page 18).

Regulations

784 Sec. 1. 1a. "Equipment", as used in paragraph 53 of subsection 1 of the said section 5, means,

- altars, altar cloths and linens,
- altar desks,
- baptismal bowls,
- baptismal fonts,
- baptismal shells,
- chairs,
- chimes and bells,
- choir stalls,
- collection plates,
- communion ware,
- confessionals,
- confessional counters,
- draperies and carpets,
- kneelers and prie-dieux,
- lecterns and lectern cloths,
- mass linen,
- memorial plaques and tablets,
- monuments and statutes,
- organs,
- pews,
- pianos,
- public address systems,
- pulpits and pulpit cloths,
- special lighting apparatus,
- stools,
- tables,

and similar equipment used exclusively in religious worship or Sabbath school, but does not include clothing or vestments.

Ruling 8 — Equipment Purchased by Religious Institutions

(1) Paragraph 53 of subsection 1 of section 5 of *The Retail Sales Tax Act* exempts from tax "equipment, as defined by the Minister, that is purchased by a religious institution for use exclusively and not for resale in that part of the premises where religious worship or Sabbath school is regularly conducted".

(2) The Minister defines the following equipment to be such equipment and to

include other similar equipment used exclusively in religious worship or Sabbath school but does not include items of clothing or vestments:

altars, altar cloths and linens	kneelers and prie-dieux
altar desks	lecterns and lectern cloths
baptismal bowls	mass linen
baptismal fonts	memorial plaques and tablets
baptismal shells	monuments and statues
chairs	organs
chimes and bells	pews
choir stalls	pianos
collection plates	public address systems
communion ware	pulpits and pulpit cloths
confessionals	special lighting apparatus
confessional counters	stools
draperies and carpets	tables

(3) Only a religious institution may buy the defined items free of tax and the vendor may sell such items to a religious institution free of tax only when he receives from a duly authorized official thereof a completed exemption certificate.

(4) All other equipment purchased by a religious institution that is not used for religious worship or Sabbath school is subject to tax.

3. Educational

The Retail Sales Tax Act (Ontario)

Sec. 5. Exemptions. — (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

43. classroom supplies, as defined by the Minister, purchased for use or consumption and not for resale by schools, school boards and universities;

44. students' supplies, as defined by the Minister;

Regulations

784 Sec. 1. 1. "Classroom supplies" as used in paragraph 43 of subsection 1 of the said section 5 means all instructional equipment used in experimental, research and teaching activities and includes equipment used in physical, manual, machine shop and home economics training, playground equipment, musical instruments, school room furniture, including draperies and curtains used in classrooms where teaching aids are used, chalk, blackboards, blackboard equipment and printing and duplicating machines that are purchased by a school, school board or university for its own use in the exercise of its teaching function or for the use of its students free of charge, but does not include maintenance supplies and tools, or office stationery, equipment and supplies;

785 Sec. 1. 62. "student supplies" means,
(a) blank exercise and work-books whether or not lined but excluding such books as are ruled for bookkeeping or accounting purposes;
(b) loose-leaf paper punched for insertion in a loose-leaf binder but excluding such paper as is ruled for bookkeeping or accounting purposes and all loose-

- leaf paper that is not punched for insertion in a loose-leaf binder;
- (c) books for drawing upon;
- (d) music manuscript paper; and
- (e) school-bags and satchels;

785 Sec. 1. 59. "school" means a public school, separate school, high school, continuation school, vocational school, retarded children's school, school of nursing, university, college and a non-profit private school inspected by the Department of Education and operated by a board as defined in *The Department of Education Act*, and includes any school operated by a school board but does not include a school whose operator is registered under *The Trade Schools Regulation Act*;

785 Sec. 1. 60. "school board" means a public school board, separate school board, continuation school board, high school board or a board of education;

Ruling 16 – Instruction to Schools, School Boards, Universities and Suppliers of School Equipment, Furniture and Supplies

(1) Schedule A. – The following items are taxable when purchased for use by anyone including schools, school boards and universities except when eligible for exemption under Schedule B:

- office furniture and equipment
- office supplies
- tables and chairs used in cafeterias
- tools and supplies for school building maintenance

(2) Schedule B – The following items may be purchased tax exempt by a school, school board, university or Department of Education on behalf of a school when it certifies that they are being purchased for use by the school, school board or university or for use or consumption by students in the exercise of their functions as students and will be provided to the students free of monetary consideration and will not be sold to them:

- loose-leaf paper
- appliances and equipment for instructional purposes in schools teaching home economics
- ball point pens
- brushes – paint, mucilage and blackboard chalk
- crayons
- desks and chairs for instructional areas
- drawing boards
- duplicating machines and supplies therefor
- erasers
- equipment and uniforms for organized school sports, and playground equipment
- ink
- materials and apparatus used in vocational guidance and administering psychological and aptitude tests
- maps and other apparatus used in teaching geography
- motion and still film projectors, tape recorders and record players when used as instructional equipment and including blackout drapes
- mucilage and paste
- mathematical instruments and rulers
- musical instruments
- office equipment and supplies to be used exclusively for instructional purposes in commercial and business education courses
- pencils and pencil boxes and cases
- pens and pen nibs
- plasticine and modelling clay
- scientific and experimental equipment and supplies including chemicals
- scratch pads
- schoolroom and library furniture
- tools and equipment for instructional purposes in technical schools
- all consumable supplies and materials used in connection with the teaching of manual training, home economics, arts and crafts, music and other technical or academic subjects

all printed instructional aids
all equipment and materials used in instructing kindergarten classes
Only a school, school board, or university may purchase items in this schedule free of tax and a vendor may sell such items to a school, school board or university free of tax only when he receives from a duly authorized official thereof, an exemption certificate as described in sections 4 and 5 of Regulation 785 under The Retail Sales Tax Act.

(3) Schedule C – The following items may be purchased free of tax by anyone including students and other persons regardless of where they are purchased:

- plain and lined exercise books and scribblers, but not if vertically ruled for bookkeeping or accounting
- lined foolscap in book form
- scrap books
- graph paper in book form
- punched loose-leaf refills (plain or lined, but not if ruled for bookkeeping or accounting)
- drawing books
- school bags and satchels
- music manuscript paper
- motion picture films certified to be “educational” by The National Film Board (Canada)
- educational portfolios which are designed as teaching aids and which contain facsimiles and reproductions of historical documents and descriptive data and educational materials

4. Health

The Retail Sales Tax Act (Ontario)

Sec. 5. Exemptions. – (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

21. personal hygiene and household products, as defined by the Minister, purchased for household use and not for use in any commercial, industrial or institutional establishment;

29. drugs and medicines when sold on the prescription of a physician, dentist or veterinarian;

30. artificial limbs and any prosthetic

Regulations

784 Sec. 1. 14. (not reproduced).

785 Sec. 1. 20. “drugs and medicines” includes:

- (a) X-ray pictures;
- (b) any substance, mixture of substances and any article that may be used for the diagnosis, treatment, mitigation or prevention of disease in man or animal; and
- (c) any substance or mixture of substances that may be used in restoring, correcting or modifying organic functions; but does not include weight reducing dietary supplements as defined by the Minister, disinfectants such as creoline, rodent exterminators, cosmetics of all kinds, medicated or otherwise, including hair tonics, shampoos, toothpastes, shaving creams, beauty aids and toiletries, depilatories and perfumes;

785 Sec. 1. 21. “drugs and medicines when sold on the prescription of a physician, dentist or veterinarian” includes drugs and medicines administered by a physician, dentist or veterinarian and those administered to patients in a hospital;

785 Sec. 1. 50. “prescription” means a formula or direction given in writing by a physician, dentist or veterinarian of a remedy for or as a treatment for a disease or a disorder, prescribing the ingredients with or without the method of using;

784 Sec. 1. 11. “Prosthetic appliance or

appliance or equipment as defined by the Minister;

31. orthopaedic appliances;

32. equipment designed solely for the use of blind persons, cripples or chronic invalids;

33. hearing aids;

34. dentures and dental appliances;

35. optical appliances when sold on the prescription of a physician or an optometrist;

equipment” as used in paragraph 30 of subsection 1 of section 5 of the Act means artificial devices, excluding wigs, designed to take the place of missing parts of the body;

785 Sec. 1. 44. “orthopaedic appliances” includes trusses and parts, surgical supports and appliances and parts, spinal braces, sacroiliac belts and supports, elastic hosiery, but does not include shoulder braces, athletic supports, suspensories, arch, ankle, knee and like supports, including bracer and sporter types;

785 Sec. 1. 23. “equipment designed solely for the use of blind persons, cripples or chronic invalids” includes all special equipment used by blind persons, cripples or chronic invalids and insulin needles and syringes used by diabetics for the injection of insulin;

785 Sec. 1. 19. “dentures” and “dental appliances” include:

(a) gold, amalgam, porcelain or any other kind of dental filling and cotton used in preparing the patient’s teeth for filling and other supplies likewise used;

(b) materials to be processed, fabricated into, attached to or incorporated into a denture or dental appliance;

or

(c) impression materials for use in dentistry;

if used by a dentist or denture therapist, but “dentures” and “dental appliances” do not include any other instrument or equipment used in the provision of dental services or treatment to patients;

785 Sec. 1. 18. “dentist” means a person legally qualified and entitled to practise the profession of dentistry in Ontario;

785 Sec. 1. 18a. “denture therapist” means a person licensed under *The Denture Therapists Act, 1974* to engage in the practice of denture therapy or the practice of supervised denture therapy;

785 Sec. 1. 41. “optical appliances” means any lenses ground to correct any visual or muscular error or defect of the eye and includes the frame or other apparatus to which any such lenses are attached in order to maintain them in place on the face of the wearer and repair parts to such frame or other apparatus, but does not include any other frame or apparatus;

785 Sec. 1. 42. “optician” means the manufacturer and vendor of glasses or spectacles;

785 Sec. 1. 43. “optometrist” includes an oculist and means a person who examines the eyes for the purpose of determining if glasses are necessary and, if so, prescribes for them;

785 Sec. 1. 40. "oculist" means physician who specializes in diseases of the eyes and whose services include, in addition to the examination of the eyes and treatment of diseases pertaining to sight, the prescription of glasses or spectacles where necessary;

36. equipment as defined by the Minister and purchased in good faith for use exclusively and not for resale by a hospital that is approved as a public hospital under *The Public Hospitals Act* or that is established under *The Community Psychiatric Hospitals Act*, or by a sanatorium as defined in *The Sanatoria for Consumptives Act* or by The Ontario Cancer Treatment and Research Foundation, and repairs to such equipment;

Ruling 15 — Equipment Purchased by Public Hospitals, Psychiatric Hospitals, Sanatoria or Ontario Cancer Treatment and Research Foundations

(1) The Minister defines equipment that is exempt from tax under paragraph 36 of subsection 1 of section 5 of the Act to be all equipment and supplies purchased in good faith for use exclusively and not for resale by public hospitals, psychiatric hospitals, sanatoria and the Ontario Cancer Treatment and Research Foundation as defined, except those items of equipment and supplies that fall within the following described classifications:

- (a) supplies such as soaps, detergents, floor wax, paper towels and all other supplies and materials that are not used directly in connection with the medical or surgical treatment of patients;
- (b) office and administrative equipment and supplies such as accounting and book-keeping machines, adding machines, bookcases, calculators, comptometers, data processing equipment, duplicators, filing cabinets, office furniture, safes, stationery supplies, typewriters, and equipment and supplies of a similar nature;
- (c) kitchen and dietary supplies such as cutlery, dishes, glassware, kitchen utensils, and all supplies of a similar nature;
- (d) housekeeping equipment such as brooms, floor polishers, laundry carts, vacuum cleaners, and all equipment of a similar nature;
- (e) plant maintenance equipment such as electrical tools, ladders, small tools, lathes, saws, and all equipment of a similar nature;
- (f) general equipment such as motor vehicles, lawn mowers, uniforms for maintenance staff and all other equipment that is not used directly in connection with the medical or surgical treatment of patients;
- (g) furniture such as carpets, coat racks, lounge furniture and all items of furniture that are to be used in any part of a public hospital that is not a bedroom or a place where patients normally receive medical or surgical treatment;
- (h) recreational equipment such as motion picture equipment, games, television sets and radios, and all equipment of a similar nature.

784 Sec. 9. (1) Where it is established to the satisfaction of the Minister that a motor vehicle,

(a) has been adapted for the transportation of persons who have a permanent physical handicap which renders it impractical for them to use the usual forms of public transportation, if available; and

(b) has not or will not be operated for profit or as part of any undertaking carried on for gain,

the Minister may, upon application, rebate the tax paid on the purchase of the motor vehicle if the adaptation made is necessary for the operation of the motor vehicle by a person with such a permanent physical handicap or for the transportation of persons with such a permanent physical handicap.

(2) Every application for a rebate of tax under this section shall be accompanied by,

(a) a copy of the agreement under which the motor vehicle was purchased by the applicant showing the total purchase price and the amount of the tax paid on the purchase of the motor vehicle;

(b) where,

(i) the applicant has a permanent physical handicap, a statement describing the nature of such disability that renders it impractical for the applicant to use the usual forms of public transportation, or

(ii) the applicant has purchased the motor vehicle to provide transportation to persons having a permanent physical handicap, a statement by the applicant certifying that the motor vehicle will be used principally to transport persons who have a permanent physical handicap that renders it impractical for them to use the usual forms of public transportation and a statement describing the nature of such permanent physical handicap; and

(c) a statement by the applicant certifying that the motor vehicle will not be operated or permitted to be operated for profit or as part of any undertaking carried on for gain.

(3) The Minister may obtain from the Ontario Advisory Council on the Physically Handicapped or from a physician an opinion concerning the nature of the permanent physical handicap of the applicant or the person for whose transportation the motor vehicle has been adapted and stating that it is impractical for that person to use the usual forms of public transportation, and such opinion shall be in writing if requested by the Minister and may be relied on in determining whether to make the rebate authorized in subsection 1.

(4) No rebate shall be made under this section unless the application is made within two years after the payment of tax in respect of which the rebate is claimed.

5. Capital Construction

The Retail Sales Tax Act (Ontario)

Sec. 5. Exemptions. — (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

59. tangible personal property that is purchased in good faith pursuant to a contract entered into on or after the 1st day of June, 1964, for use exclusively and not for resale by the governing board of a public hospital, nurses' residence, school or university and that will be incorporated into and form part of a public hospital, nurses' residence, school or university building;

Regulations

Ruling 16A — Building Exemptions to Hospitals, Nurses' Residences, Schools and Universities

(1) Paragraph 59 of subsection 1 of section 5 of The Retail Sales Tax Act exempts from tax tangible personal property that is purchased by the governing board of a hospital, nurses' residence, school or university whenever a project is undertaken to construct or repair a building or other structure on land.

(2) The tangible personal property that may be purchased exempt is any article that will form part of a building or other structure on land. The items may be generally described as building materials and include normal building equipment such as furnaces, hot water heaters, air-conditioners, and similar items. Note that ready-mix cement and hot or cold asphalt mix, while building materials, cannot be purchased tax exempt and must be tendered, bid and purchased on a tax-included basis.

Prior to April 1, 1970, sewage disposal equipment installed in a sewage disposal plant was considered exempt under this section of the Act. With effect from April 1, 1970, sewage disposal equipment must *not* be bought exempt. The former exemption was replaced as of April 1, 1970, with a system of tax-equivalent grants and at the same time the relief was extended to water treatment equipment and incinerators. Information regarding grants may be obtained from the Department of Energy and Resources Management, Queens Park, Toronto, Ontario.

(3) A governing board of a hospital, nurses' residence, school or university may purchase the allowable items exempt and a vendor may sell such items to the governing board of a hospital, nurses' residence, school or university free of tax when he receives from its duly authorized official a certificate in substantially the form described under Regulation 785(5) of The Retail Sales Tax Act.

(4) To obtain the exemption the materials must be:

- (a) delivered to the exempt purchaser;
- (b) paid for by the funds of the exempt purchaser; and
- (c) purchased under the prescribed certificate signed by an authorized official of the exempt purchaser.

(5) Where the governing board of a hospital, nurses' residence, school or university calls for tenders on the construction or repair of building or other structure on land it must specify that retail sales tax is *not* to be included in the bid. If tax is included, no authority is available under the Act to rebate such tax to the governing board except on ready-mix concrete and hot or cold asphalt mix. These three products must be purchased on a tax-included basis and a claim made as outlined in sub-ruling (9) below.

When an exempt contract has been let to a contractor to construct or repair a building or other structure on land, the contractor, normally a consumer and not permitted to purchase anything exempt, may under prescribed conditions be permitted to purchase exempt from tax materials that enter into and form part of the building or other structure on land, for that particular contract.

(6) The prescribed conditions are

- (a) the contractor or the subcontractor, as the case may be, must obtain a special permit in order to purchase exempt from tax tangible personal property that will enter into and form part of the capital works of the governing board of a hospital, nurses' residence, school or university (except ready-mix concrete and hot or cold asphalt mix — see subruling (9) below);
- (b) in the application for a special permit the contractor or the subcontractor must give the following information:
 - (i) the contract number,
 - (ii) the name of the governing board of the hospital, nurses' residence, school or university,
 - (iii) the amount of the contract (in the case of the general contractor, the net amount),
 - (iv) the cost of the materials in that contract,
 - (v) the date on which the contract is to begin, and
 - (vi) the date by which the contract is to be completed;
- (c) in the books and records, the contractor or the subcontractor, as the case may be, must segregate the costs and revenue of the contract mentioned in (b) from the costs and revenues of any other contracts;
- (d) the contractor or the subcontractor, as the case may be, must keep separate from all other invoices the invoices for materials purchased for the contract mentioned in (b); and
- (e) the contractor or the subcontractor, as the case may be, must issue a purchase exemption certificate to the supplier for all items of tangible personal property that will enter into and form part of the capital works of the governing board of a hospital, nurses' residence, school or university except ready-mix concrete and hot or cold asphalt mix. These three products must be bid, purchased and sold on a tax-included basis.

(7) Where the contractor or the subcontractor, as the case may be, does not follow the above rules, the Retail Sales Tax Branch may audit and make an assessment of tax on the amount of tangible personal property purchased deemed to be in excess of the requirements for that particular contract and thereafter the contractor or the subcontractor, as the case may be, must submit to the Minister such proof as he may require to substantiate that all the materials claimed as purchased for that contract were incorporated into and form part of the building or other structure on land constructed for the governing board of a hospital, nurses' residence, school or university under the terms of that contract.

(8) Where a contractor or subcontractor, as the case may be, has been awarded a contract to construct a building or other structure on land for the governing board of a hospital, nurses' residence, school or university and in the performance of that contract consumes by incorporating into a building or other structure on land for such governing board of a hospital, nurses' residence, school or university tangible personal property purchased by him prior to that contract date, he may apply for and receive a rebate of the tax paid on the tangible personal property so used.

(9) This exemption does not apply to the purchase of tools, free-standing desks, cabinets, rugs, draperies, pole lights, light fixtures, stoves, ranges, heaters, refrigerators, kitchen waste-disposal equipment, window air-conditioners, dishwashers, furniture, office equipment, or any similar items not built into real property. Venetian blinds, awnings or any items built to specifications, not transferable to other property, and permanently affixed, will be considered real property.

The above exemption cannot be applied to the purchase of ready-mix concrete or hot or cold asphalt mix and tenders must be called on a *tax-included* basis on these three products. The contractor or subcontractor as the case may be must bid, purchase and sell the ready-mix concrete and hot or cold asphalt portions of his contract on a tax-included basis.

The tax paid by the ready-mix operator and hot or cold asphalt mixer will be paid to the governing board of a hospital, nurses' residence, school or university by the Retail Sales Tax Branch by way of rebate. To obtain the rebate the governing board of a hospital, nurses' residence, school or university must receive a statement from the ready-mix operator or the hot or cold asphalt mixer certifying the quantities and strength of the mix supplied and submit this statement to the Retail Sales Tax Branch.

60. tangible personal property that enters directly into and becomes part of the construction of capital works that, upon completion, are owned by a municipality or by a local board thereof, if the cost of such tangible personal property is shown to have been directly and substantially borne by the municipality or local board thereof that owns the capital works into the construction of which such tangible personal property entered;

785 Sec. 1. 8. "capital works" means,

- (a) any building or other structure built on or into the land, and machinery, equipment and apparatus that are affixed to or incorporated into such building or structure for the purpose of improving the service-ability or utility of the building as a building or structure of which they become a part, and without limiting the generality of the foregoing, includes,
 - (b) parking meters, traffic signs, traffic signals, street signs, and poles or standards for any of them and lighting fixtures and poles used for street lighting;
 - (c) grounding rods, grounding plates, electrical ducts and electrical cable when buried or laid underground, and poles and towers used for the distribution of electricity; or
 - (d) manholes, manhole covers, water mains and storm and sanitary sewer pipes,
- but does not include,
- (e) machinery, equipment or apparatus of a sewage or water treatment plant or the pipes, valves and their fittings used in such plants;
 - (f) meters and metering devices for use in a system for the distribution of water;
 - (g) furnaces, machinery or equipment of a plant for the incineration, treatment

- or reclamation of garbage or similar waste materials;
- (h) machinery used in making ice or in providing refrigeration;
- (i) stage equipment and apparatus for use in any auditorium or arena or in any indoor or outdoor theatre;
- (j) cafeteria and kitchen equipment and appliances;
- (k) electrical substation equipment, including transformers, circuit breakers and switch gear to be used in such substations;
- (l) overhead wire and cable, electrical line hardware, crossarms, transformers, meters and metering devices for use in a system for the distribution of electricity; or
- (m) lockers, drapes, curtains, window air-conditioners and replacement light bulbs or fluorescent lighting tubes;

785 Sec. 1. 30. "local board" means a school board, public utility commission, transportation commission, public library board, board of park management, local board of health, board of commissioners of police, planning board, or any other board, commission, committee, body or local authority established or exercising any power or authority under any general or special Act with respect to any of the affairs or purposes, including school purposes, of a municipality or of two or more municipalities or parts thereof, and includes the Ontario Water Resources Commission and a conservation authority;

785 Sec. 1. 35. "municipality" means the Metropolitan Area within the meaning of *The Municipality of Metropolitan Toronto Act* and the corporation of a county, city, town, village, township or improvement district and includes a local board thereof and a board, commission or other local authority exercising any power with respect to municipal affairs or purposes, including school purposes in an unorganized township or unsurveyed territory;

Sec. 42. (2) *Idem.* — Without limiting the generality of subsection 1, the Lieutenant Governor in Council may make regulations,

- (e) providing for the rebate of the tax in whole or in part to,
 - (i) the governing body of any religious, charitable or benevolent organization in respect of tangible personal property entering into capital investment by such organization,
 - (ii) the governing body of any hospital, nurses' residence, school or university in respect of tangible personal property that is purchased by such governing body pursuant to a contract entered into on or before the 31st day of May, 1964, and that enters directly into and becomes part of the construc-

785 Sec. 1. 7 "capital investment" of a religious, charitable or benevolent organization means the result of any construction project that, when complete, is real property;

- 785 Sec. 20. [Construction contracts].
- (2) The Minister may rebate to the governing body of a religious, charitable or benevolent organization, in respect of tangible personal property that enters into and becomes part of the construction on land of a building or structure of such organization, an amount calculated as provided in subsection 3 or 3a.
 - (3) The amount of any rebate to be made under subsection 2 shall be determined

tion of a hospital, nurses' residence, school or university building, where the personal property in respect of which the rebate is claimed was not purchased exempt from tax under this Act,

(iii) a municipality, or local board thereof, in respect of tangible personal property that is purchased pursuant to a contract entered into on or before the 31st day of May, 1964, and that enters directly into and becomes part of the construction of capital works, where the personal property in respect of which the rebate is claimed was not purchased exempt from tax under this Act,

and prescribing the terms and conditions under which such rebates may be made;

- by the application of the following percentages to the total contract price,
- (a) contract work completed after the 31st day of March, 1966 and before the 1st day of May, 1973,
- | | |
|----------------------------|---------------|
| Roads | 1.85 per cent |
| All other structures | 2.10 per cent |
- and
- (b) contract work completed after the 30th day of April, 1973,
- | | |
|----------------------------|---------------|
| Roads | 2.60 per cent |
| All other structures | 2.95 per cent |
- and the total contract price shall include the price at which the contractor undertook to build the structure and the architect's fees, but shall exclude land or land improvement costs.
- (3a) Notwithstanding clause *b* of subsection 3.
- (a) with respect to contract work completed after the 7th day of April, 1975 and before the 1st day of January, 1976 the amount of any rebate to be made under subsection 2 shall be determined by the application of the following percentages to the total contract price,
- | | |
|----------------------------|---------------|
| Roads | 1.85 per cent |
| All other structures | 2.10 per cent |
- and
- (b) with respect to contract work completed after the 10th day of April, 1978 and before the 8th day of October, 1978, the amount of any rebate to be made under subsection 2 shall be determined by application of the following percentages to the total contract price,
- | | |
|----------------------------|---------------|
| Roads | 1.50 per cent |
| All other structures | 1.70 per cent |
- (4) Where a construction contract requires progress payments on account of the contract price to be made by a governing body, the amount to be paid under subsection 2 may be made by instalments equal to the appropriate percentages referred to in subsection 3 or 3a of the progress payments required to be made by such governing body.
- (6) The application for a rebate or payment under this section shall be made in writing setting forth such information as the Minister from time to time deems necessary.
- (7) Where tangible personal property is sold within Ontario and within thirty days of the date of such sale the tangible personal property is taken out of Ontario to be used permanently outside Ontario, the tax collected at the time of the sale may be refunded by the Minister upon receipt of satisfactory evidence.
- (8) Where a construction contractor or subcontractor has entered into a fixed price or a lump sum construction

contract that is made in writing either before the 1st day of January, 1977 or by the acceptance after that date of an irrevocable offer tendered by such construction contractor or subcontractor before that date, or where, to perform such fixed price or lump sum construction contract, a construction contractor or subcontractor enters into a further contract under which he is required to reimburse the other party or parties to such further contract for tax imposed by the Act and paid in the performance of such further contract, the Minister may rebate to such construction contractor or subcontractor the tax paid by him in the performance of such fixed price or lump sum construction contract and an amount equal to the tax for which he is required to make reimbursement as described in this subsection, but such rebate may be made only in respect of tax that was paid by him or for which he was required to make reimbursement, and that was,

- (a) paid and payable not earlier than the 1st day of January, 1977; and
 - (b) paid with respect to the consumption after the 31st day of December, 1976 of tangible personal property that, as of that date, was capital works as defined in paragraph 8 of section 1 as it existed on the 31st day of December, 1976 and that then became excluded from capital works as a result of the redefinition of capital works in the said paragraph 8 that became effective as of the 1st day of January, 1977.
- (9) Where a construction contractor or subcontractor has entered into a fixed price for lump sum construction contract that is made in writing either before the 13th day of April, 1973 or by the acceptance after that date of an irrevocable offer tendered by such construction contractor or subcontractor before that date, or where, to perform such a fixed price or lump sum construction contract, a construction contractor or subcontractor enters into a further contract under which he is required to reimburse the other party or parties to such further contract for tax imposed by the Act and paid in the performance of such further contract, the Minister may rebate to such construction contractor or subcontractor the tax paid by him in the performance of such fixed price or lump sum construction contract and an amount equal to the tax for which he is required to make reimbursement as described in this subsection, but such rebate may be made only with respect to tax paid by him, or for which he is required to make reimbursement, and that was paid and payable after the 30th day of

April, 1973, and to the extent that such tax exceeds a rate of tax of 5 per cent.

- (10) No rebate or payment shall be made under this section unless the application therefor is made within two years after the last payment has been made under the contract in respect of which the rebate is claimed, but where subsection 7 applies, the application shall be made within two years after the payment of the tax in respect of which the rebate is claimed.

6. Fund Raising Activities

The Retail Sales Tax Act (Ontario)

Sec. 2. (4) *Tax on admission to a place of amusement.* — Every purchaser of admission to a place or places of amusement shall pay to Her Majesty in right of Ontario a tax computed at the rate of 10 per cent of the price of admission where the price of admission exceeds \$3.00.

(6) *Determination of fair value.* — Where the Minister considers it necessary or advisable, he may determine the amount of any price of admission, or the fair value of any tangible personal property or taxable service, for the purposes of taxation under this Act, and thereupon the price of admission, or fair value of such tangible personal property or taxable service, for such purpose shall be as so determined by him unless, in proceedings instituted by an appeal under section 20, it is established that the determination is unreasonable.

Sec. 1. 7. “place of amusement” means an amusement park or a premises or place, whether enclosed or not, where a cinematograph or moving picture machine or similar apparatus is operated, or where a theatrical performance or entertainment, carnival, circus, side show, menagerie, concert, rodeo, exhibition, horse race, athletic contest or other performance is staged or held or where facilities for dancing are provided to the public with the service of liquor, beer or wine and to which admission is granted upon payment of a price of admission through the sale of tickets or otherwise;

Sec. 5. Exemptions. — (1) The purchaser of the following classes of tangible personal property and taxable services is exempt from the tax imposed by this Act:

20. used clothing or used footwear or a combination thereof sold by a religious, charitable, benevolent or non-profit organization in one transaction the total consideration for which does not exceed \$50;

50. works of art as defined by the Minister, purchased by a museum or art gallery more than 50 per cent of the revenue of which is provided by public donations and grants by public bodies;

Regulations

784, Sec. 1b. [Fair Value of Stage Props. Etc.]. — Pursuant to subsection 6 of section 2 of the Act, it is hereby determined that the fair value of property that is stage props, sets and costumes, manufactured by a person that is a religious, charitable, benevolent or non-profit organization for use by that person in its staging of a live theatrical or musical performance does not include the cost of labour and manufacturing overhead incurred in the manufacture of such property.

785 Sec. 1, 55. “religious”, “charitable” or “benevolent organization” means any organization that is registered under clause c of subsection 8 of section 110 of the *Income Tax Act* (Canada) and that holds a registration number issued by the Department of National Revenue;

785 Sec. 30. Where a religious, charitable, benevolent or non-profit organization holds, stages or operates in any year, events including bazaars or rummage sales, the purchaser is exempt from the payment and the organization from the collection of the tax imposed by subsections 1 and 2 of section 2 of the Act in respect of tangible personal property sold by that organization at those events if,

- (a) the total receipts in that year from the sales of taxable tangible personal property at such events do not exceed \$50,000;
- (b) the organization does not hold, stage or operate in that year more than four such events and
- (c) the organization has paid to the Treasurer of Ontario an amount equal to the amount of tax that would have been payable by the organization if the tangible personal property which the

organization purchased for sale at such events had been purchased by the organization for its own consumption and use;

Sec. 7. Special exemptions. — (1) If, owing to special circumstances, it is deemed inequitable that the whole amount of tax imposed by this Act be paid, the Minister may, with the approval of the Lieutenant Governor in Council, exempt a purchaser from payment of the whole or any part of such tax.

(2) *Idem* — Where special circumstances exist, whether of a religious, charitable or educational nature or otherwise, the Lieutenant Governor in Council may, upon application of the vendor made to the Minister at least ten days before the tax would otherwise be payable, exempt the purchaser from the payment and the vendor from collection of the tax imposed by subsection 4 of section 2. (tax on price of admission)

(3) *Idem* — Where it is shown to the satisfaction of the Minister that the tax calculated on the price of admission to a place of amusement at or in which an entertainment has been held for the purpose of raising funds for religious, charitable or educational purposes was collected and paid to Her Majesty in right of Ontario in accordance with subsection 4 of section 2, and where the vendor files with the Minister a statement, verified by his affidavit, giving in detail all receipts and expenses in connection with the entertainment and the receipt of the organization to which the proceeds were donated acknowledging receipt of the proceeds is attached thereto, and where the Minister is satisfied that the organization is one whose operations are carried on exclusively for religious, charitable or educational purposes or for any combination of such purposes, there may be paid to the organization an amount equal to that proportion of the tax so collected and paid which the proceeds acknowledged as received by the organization bear to the gross amount received by the vendor as the price of admission to such place of amusement.

(3a) *Idem*. — Where it is shown to the satisfaction of the Minister that the tax calculated on the price of admission to a place of amusement, which is a community centre as defined in and for which aid has been granted under *The Community Centres Act*, at or in which an entertainment has been held by a municipality, was collected and paid to Her Majesty in right of Ontario in accordance with subsection 4 of section 2 and where the municipality files with the Minister a statement, verified by affidavit, giving in detail all receipts and expenses in connection with the entertainment and satisfies the Minister that the net proceeds were for the benefit of the municipality, there may be paid to the municipality an amount equal to that proportion of the tax so collected

785 Sec. 27. (1) The purchaser is exempt from the payment and the vendor from the collection of tax imposed by subsection 4 of section 2 of the Act where the Minister in his absolute discretion determines that,

(a) any performance, exhibition or contest held, staged or operated by,

(i) any religious, charitable, agricultural or educational institution,

(ii) a board of trade or chamber of commerce,

(iii) a labour organization or society,

(iv) a benevolent or fraternal beneficial society or order, or

(v) a club, a society or an association organized for social welfare, civic improvement or recreation or for patriotic or other non-profitable purposes,

operated exclusively as such, no part of the revenue of which inures to the benefit or private gain of any person as proprietor or member thereof or shareholder therein, or to the person or persons organizing, promoting or managing such performance, exhibition or contest;

(b) any entertainment given, amusement provided or game played,

(i) in a church or church premises or premises affiliated with religious bodies or any university, college, collegiate or school premises, where an amount not less than 60 per cent of the net proceeds from the entertainment, amusement or game is to be devoted to religious, charitable or educational purposes, or

(ii) in a community hall or athletic field for which aid is or has been granted under *The Community Centres Act*;

(c) any entertainment given, amusement provided or game played or any exhibition or contest of skill or speed or like contest held by or under the auspices of,

(i) a society as defined in *The Agricultural Societies Act*, or

(ii) an association, society or organization named in section 2 or 19 of *The Agricultural Associations Act*;

(d) any exhibition held by the Canadian National Exhibition Association, the Central Canada Exhibition Association, the Western Fair Association,

and paid which the net proceeds from admissions received by the municipality bear to the gross amount received by the municipality as the price of admission to such place of amusement.

(4) *Canadian performances.* — Where application of the vendor is made to the Minister at least ten days before the tax imposed by subsection 4 of section 2 would otherwise be payable and the Minister is satisfied that the performers in a theatrical or musical performance in a place of amusement are residents of Canada performing under the management of a person resident in Canada and that the performance will not be presented with the showing of a motion picture or with a carnival, circus, side show, menagerie, rodeo, exhibition, horse race, athletic contest or other performance, the Minister may, in his absolute discretion, exempt the purchaser from the payment and the vendor from the collection of the tax imposed by subsection 4 of section 2.

the Royal Agricultural Winter Fair Association of Canada or the Ottawa Winter Fair;

- (e) any entertainment provided in front of the grandstand of any of the associations or fairs named in clause *d* during the exhibition period of the association or fair; or
- (f) any exhibition or contest of skill or speed or like contest where it is an amateur athletic event, is an entertainment given, amusement provided or game played for religious, charitable or educational purposes.

(2) In clause *f* of subsection 1,

- (a) "amateur", when used with respect to a natural person, means a person who has not at any time,
 - (i) entered or competed in any athletic contest or exhibition for a staked bet, private or public moneys or gate receipts, or received any consideration for his services as an athlete except reasonable travelling and living expenses actually incurred while going to, remaining at and returning from the place of contest or exhibition,
 - (ii) taught, pursued or assisted in the pursuit of any athletics as a means of livelihood,
 - (iii) sold or pledged his prizes, or
 - (iv) promoted or managed an athletic contest or exhibition for personal gain; and
- (b) "amateur athletic event" means an athletic event in which each participant is an amateur or is a member of an athletic organization recognized by the Ministry of Culture and Recreation as being comprised of amateurs.

(3) The purchaser is exempt from the payment and the vendor from the collection of the tax imposed by subsection 4 of section 2 of the Act in respect of an event held, staged or operated by a religious, charitable, benevolent or non-profit organization where,

- (a) the total receipts from the sales of admissions for the event do not exceed \$7,500; and
- (b) such organization does not hold, stage or operate more than four such events in any calendar year.