



[Canada.ca](#) > [Canada Revenue Agency \(CRA\)](#) > [Forms and publications - CRA](#) > [Canada Revenue Agency publications listed by number](#)

> [GI-198 Osteopathic Service Providers](#)

Osteopathic Service Providers

From: **Canada Revenue Agency**

GST/HST Info Sheet GI-198

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This info sheet explains the application of the GST/HST to supplies of osteopathic services supplied or rendered by osteopathic physicians and manual osteopathic service providers. This info sheet also expands upon the information in [Excise and GST/HST News – No. 108](#).

Except as otherwise noted, all statutory references in this publication are to the provisions of the Excise Tax Act (ETA). The information in this publication does not replace the law found in the ETA and its regulations.

If this information does not completely address your particular situation, you may wish to refer to the ETA or relevant regulation, or call GST/HST Rulings at 1-800-959-8287 for additional information. If you require certainty with respect to any particular GST/HST matter, you may request a ruling. [GST/HST Memorandum 1-4, Excise and GST/HST Rulings and Interpretations Service](#), explains how to obtain a ruling or an interpretation and lists the GST/HST rulings centres.

If you are located in Quebec and wish to request a ruling related to the GST/HST, please call Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec website at [revenuquebec.ca](#) to obtain general information.

For listed financial institutions that are selected listed financial institutions (SLFIs) for GST/HST or Quebec sales tax (QST) purposes or both, whether or not they are located in Quebec, the CRA administers the GST/HST and the QST. If you wish to make a technical GST/HST or QST enquiry related to SLFIs, please call 1-855-666-5166.

GST/HST rates

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario and 15% in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, refer to [GST/HST Technical Information Bulletin B-103, Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province](#).

Meaning of significant terms

For the purpose of this publication:

Manual osteopathic service provider means a provider of osteopathic services who is not an osteopathic physician.

Osteopathic physician means a licensed osteopathic physician, a doctor of osteopathic medicine, a doctor of osteopathy (D.O.) or an osteopath who is entitled under the laws of a province to practise medicine.

GST/HST exemptions for supplies of osteopathic services

Osteopathic physicians

In certain provinces (including Alberta, British Columbia, Ontario and Quebec) the practice of osteopathy by osteopathic physicians is regulated in conjunction with the practice of medicine. In these provinces, osteopathic physicians are admitted to the College of Physicians and Surgeons of the province and are entitled to practise the profession of medicine in that same province.

Supplies of osteopathic services rendered by osteopathic physicians are exempt from the GST/HST under section 5 of Part II of Schedule V. This section exempts supplies of health care services rendered to an individual by a **medical practitioner** (a person who is entitled under the laws of a province to practise the profession of medicine or dentistry) provided that the service is a qualifying health care supply and is not a cosmetic service supply.

For more information on qualifying health care supplies, refer to [GST/HST Policy Statement P-256, Qualifying Health Care Supplies and the Application of the GST/HST to Supplies of Medical Examinations, Assessments, Reports and Certificates](#).

Example 1

A family physician in British Columbia refers a patient to an osteopathic specialist who is accredited by the American Osteopathic Association and is licensed to practise medicine in British Columbia. A supply of osteopathic services made by the specialist is exempt under section 5 of Part II of Schedule V and the specialist is not required to collect or remit the GST/HST in respect of the services supplied to the patient.

Licensed practitioner

Where osteopathic services are not rendered by an osteopathic physician, the services may be exempt from the GST/HST under section 7 of Part II of Schedule V. For the exemption to apply, the following conditions must all be met:

- the service is rendered to an individual by a practitioner as defined in section 1 of Part II of Schedule V
- the service is an osteopathic service
- the service is a qualifying health care supply according to section 1.2 of Part II of Schedule V
- the service is not a cosmetic service supply or a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes according to section 1.1 of Part II of Schedule V

Practitioner

To be a **practitioner** in respect of osteopathic services, section 1 of Part II of Schedule V requires that a person must:

- practise the profession of osteopathy
- where the person is required to be licensed or otherwise certified to practise the profession of osteopathy in the province in which the service is supplied, have the licence or certification
- where the person is not required to be licensed or otherwise certified to practise the profession of osteopathy in that province, have the qualifications equivalent to those necessary to be so licensed or otherwise certified in another province

When a person is licensed or otherwise certified to practise a particular health profession in a province, they are governed by the regulatory body responsible for the regulation of the health profession in that province. The role of these regulatory bodies and the authority to monitor and regulate their respective health professions is set out in provincial legislation.

Manual osteopathic service providers

Manual osteopathic service providers who provide osteopathic services, hereafter referred to as “manual osteopathic services”, are not currently members of a regulated health profession in any province or territory in Canada. Presently there are no provincial or territorial licensing requirements for manual osteopathic service providers. Therefore, they cannot meet the requirement to be licensed or certified or have the equivalent qualifications to be licensed or certified in another province or territory. As such, they are not practitioners for GST/HST purposes.

Although supplies of qualifying health care services made by osteopathic physicians are exempt under section 5, it is important to note that manual osteopathic service providers are not osteopathic physicians.

In some provinces, manual osteopathic service providers may be members of associations that promote the practice of their members. Membership in these associations is not required in order to provide manual osteopathic services in that province. Non-members may also provide manual osteopathic services in the provinces where such associations are present. The association may set its own professional standards but this is not the same as regulating manual osteopathic service providers under provincial legislation. Therefore, membership in such an association does not meet the requirements set in the definition of practitioner.

In order for the exemption in section 7 of Part II of Schedule V to apply to a supply of a service, all four conditions for exemption listed above must be met. Since a manual osteopathic service provider is not a practitioner for GST/HST purposes, the first condition is not met. It is therefore not necessary to determine whether the remaining conditions for exemption in section 7 of Part II of Schedule V are met.

As a manual osteopathic service provider is not a practitioner for GST/HST purposes, supplies of osteopathic services rendered by a manual osteopathic service provider do not meet the conditions for exemption in section 7 of Part II of Schedule V. If the manual osteopathic service provider is a GST/HST registrant, they must collect and remit the GST/HST on their supplies of manual osteopathic services at the applicable rate depending on the province in which the service is supplied.

Example 2

An individual provides manual osteopathic services to clients for a cost of \$100 per hour with an initial assessment fee of \$60, for a total charge of \$160. This individual is a member of the provincial association of manual osteopathic practitioners. The province where the individual practises does not regulate this practice. Individuals who are not members of the association may provide the same services.

Membership in the association is not considered to be a licence or a certification to practise. Membership in such an association does not meet the conditions of the definition of practitioner and the services are not exempt from GST/HST under section 7 of Part II of Schedule V. The individual, if a registrant, is required to collect and remit the GST/HST on the \$160 charge.

Provision of a variety of services

Some health professionals may offer a variety of services, some of which might require professional licensing. For example, a manual osteopathic service provider may supply manual osteopathic services alongside other health care services, such as physiotherapy services or massage therapy services. The other health care services can be exempt where the supply meets the conditions for an exempting provision. For example, supplies of physiotherapy services are exempt where the service is rendered to an individual by a practitioner of the service within the scope of the profession of physiotherapy.

Where a person provides services that are taxable and services that are exempt, it is important that the person identifies which supplies are subject to the GST/HST and that the person collects and remits the GST/HST for those supplies if they are a registrant. For example, if a member of the regulated profession of physiotherapy renders supplies of physiotherapy services and of manual osteopathic services to their patient, only the supplies of physiotherapy services are exempt. The physiotherapist must collect and remit the GST/HST in respect of the manual osteopathic services they supply if they are a registrant.

It is necessary to determine the correct tax treatment as it can affect when a person becomes a registrant and the amount of input tax credits (ITCs) that a person can claim. These are explained in further detail below.

Requirement to register for the GST/HST

Where a manual osteopathic service provider makes taxable supplies in Canada in the course of a commercial activity in which they are engaged, they are required to be registered for the GST/HST, unless they are a small supplier, as detailed below.

Generally, suppliers who, along with any associates (if they were associated at the beginning of the particular calendar quarter), exceed \$30,000 in total revenue (before expenses) from most taxable supplies of property and services in a single calendar quarter or over the previous four consecutive calendar quarters must register for the GST/HST.

Suppliers who, along with any associates (if they were associated at the beginning of the particular calendar quarter), do not exceed \$30,000 in total revenue (before expenses) from taxable supplies of property and services in a single calendar quarter or over the previous four consecutive calendar quarters may still choose to register voluntarily for a GST/HST account.

For more information on the \$30,000 small supplier threshold, refer to [GST/HST Memorandum 2-2, Small suppliers](#), and go to [When to register for and start charging the GST/HST](#).

Example 3

A new clinic opens on February 1, 2019, and offers manual osteopathic services, massage therapy services and exempt chiropractic services. The total revenue of the clinic in respect of the taxable services (the manual osteopathic services and the massage therapy services) in its first four calendar quarters is as follows:

Revenue breakdown [Example 3]

Calendar quarter	Amount
First quarter (January 1 to March 31, 2019)	\$2,000
Second quarter (April 1 to June 30, 2019)	\$10,000
Third quarter (July 1 to September 30, 2019)	\$12,000
Fourth quarter (October 1 to December 31, 2019)	\$5,000
Total	\$29,000

The clinic is a small supplier in 2019 because it did not exceed the \$30,000 threshold over four consecutive calendar quarters. The clinic will still be a small supplier throughout the first quarter of 2020 and the following month, unless it exceeds the \$30,000 threshold in that first quarter. The clinic is not required to register for the GST/HST but may choose to register voluntarily.

Mixed supplies of health care services

It may be challenging for a manual osteopathic service provider to determine when they have passed the small supplier threshold in respect of their taxable services and are required to register for GST/HST purposes. In particular, this may be the case in circumstances where a manual osteopathic service provider is also a supplier of exempt health care services, such as chiropractic services or occupational therapy services.

Where this is the case, the supplier must calculate what revenue (before expenses) is attributable to taxable supplies and what revenue is attributable to exempt supplies in order to determine whether they are a small supplier.

Example 4

A new clinic opens on January 1, 2019, and offers manual osteopathic services, massage therapy services and exempt chiropractic services. The total revenue of the clinic is as follows:

Revenue breakdown [Example 4]

Calendar quarter	Revenue from taxable services (manual osteopathic services and massage)	Revenue from exempt services
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	therapy services)	(chiropractic services)
First quarter (January 1 to March 31, 2019)	\$2,000	\$8,000
Second quarter (April 1 to June 30, 2019)	\$10,000	\$32,000
Third quarter (July 1 to September 30, 2019)	\$38,000	\$45,000

The clinic stops being a small supplier the day it exceeds the \$30,000 threshold in respect of revenue from taxable services in one calendar quarter. The clinic's **effective date of registration** is no later than the day of the supply that made it exceed the \$30,000 threshold in the third quarter. The clinic has to start charging the GST/HST in respect of its taxable services, including on the sale that made it exceed the \$30,000 threshold for those services. The clinic will have to register for the GST/HST within **29 days** of its effective date of registration.

Educational approach

In September 2020, the Canada Revenue Agency (CRA) published in [Excise and GST/HST News – No 108](#) an article entitled “The application of GST/HST to manual osteopathic services”. This article outlines the tax status of supplies of manual osteopathic services rendered by manual osteopathic service providers who are not medical practitioners (licensed physicians or dentists) for GST/HST purposes.

The CRA understands that some in the osteopathic community may have believed that their services were exempt and had not registered for the GST/HST. To assist the community, the CRA has taken an educational approach and has encouraged manual osteopathic service providers to register if they are not a small supplier. All manual osteopathic service providers who are not a small supplier must collect, file and remit the GST/HST on their manual osteopathic services. Suppliers must register for the GST/HST in order to claim ITCs on eligible purchases. ITCs are explained in further detail below.

When a manual osteopathic service provider became aware of the requirement to register for the GST/HST, they were required to do so.

The CRA reserves the right to assess retroactively where continuous and/or severe non-compliance is observed for the period prior to the publication of the article. This could be the case where a manual osteopathic service provider was previously advised by the CRA that their supplies of services were taxable and that they were required to register, and they neglected to do so.

For more information, go to [When to register for and start charging the GST/HST](#).

Input tax credits

A GST/HST registrant is generally eligible to claim ITCs to recover the GST/HST paid or payable on taxable property and services to the extent that the property or services are acquired, imported or brought into a participating province by the registrant for consumption, use or supply in the course of its commercial activities, that is, for the purpose of making taxable supplies for consideration (and not for the purpose of making exempt supplies).

Example 5

A clinic supplies both exempt chiropractic services and taxable manual osteopathic services to its patients. The clinic purchases administrative services from a management company in respect of the operation of the clinic. The clinic's supplies consist of 60% exempt chiropractic services and 40% manual osteopathic services.

The clinic is able to claim an ITC for the GST/HST that was paid or payable on the administrative services, where all other conditions for claiming an ITC are met. As only a portion of the service was consumed or used in the clinic's commercial (taxable) activities, the clinic can only claim an ITC for that portion of the tax paid or payable that was reasonably attributable to the taxable services.

ITCs may also be available for GST/HST that became payable before the person becomes a registrant, to the extent that the tax relates to property or services consumed, used or supplied in the course of the person's commercial activities after the person becomes a registrant.

Example 6

A manual osteopathic service provider prepays three months of rent for clinic space for the period of October 1, 2020, to December 31, 2020. They are not registered for the GST/HST. They become aware of the requirement to register for the GST/HST and do so on December 1, 2020.

They can claim an ITC for the GST/HST paid on rent for the month of December 2020 where all other conditions for claiming an ITC are met. The ETA provides that generally an ITC may be claimed for the tax that became payable before the person becomes a registrant, to the extent that the tax is in respect of rent or similar payment that relates to property used in the course of the person's commercial activities after the person becomes a registrant. They cannot claim an ITC for the GST/HST paid on rent from October 1 to November 30 because that amount relates to the period before they registered for the GST/HST.

For more information on determining whether a person can claim an ITC, refer to [GST/HST Memorandum 8-1, General Eligibility Rules](#).

For more information on calculating ITCs, refer to [GST/HST Memorandum 8-3, Calculating Input Tax Credits](#), and go to [Input tax credits](#).

Further information

All **GST/HST technical publications** are available at [GST/HST technical information](#).

To make a **GST/HST enquiry by telephone**:

- for **GST/HST general enquiries**, call **Business Enquiries** at **1-800-959-5525**

- for **GST/HST technical enquiries**, call **GST/HST Rulings** at **1-800-959-8287**

If you are located in **Quebec**, call **Revenu Québec** at **1-800-567-4692** or visit their website at revenuquebec.ca.

If you are a **selected listed financial institution** (whether or not you are located in Quebec) and require information on the **GST/HST** or the **QST**, go to [GST/HST and QST - Financial institutions, including selected listed financial institutions](#) or:

- for **general GST/HST or QST enquiries**, call **Business Enquiries** at **1-800-959-5525**
- for **technical GST/HST or QST enquiries**, call **GST/HST Rulings SLFI** at **1-855-666-5166**

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