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> [P-256 Qualifying Health Care Supplies and the Application of the GST/HST to Supplies of Medical Examinations, Assessments, Reports and Certificates](#)

# Qualifying Health Care Supplies and the Application of the GST/HST to Supplies of Medical Examinations, Assessments, Reports and Certificates

From: [Canada Revenue Agency](#)

GST/HST Policy Statement P-256

May 2022

This policy statement cancels and replaces GST/HST Policy Statement P-248, The Application of the GST/HST to the Supply of an Independent Medical Examination ("IME") and to Other Independent Assessments, and GST/HST Notice 286, Draft GST/HST Policy Statement - Qualifying Health Care Supplies and the Application of Section 1.2 of Part II of Schedule V to the Excise Tax Act to the Supply of Medical Examinations, Reports and Certificates.

For supplies made after March 21, 2013, this policy statement sets out the CRA's position regarding supplies of medical examinations, assessments, reports and certificates and whether they are qualifying health care supplies for the application of section 1.2 of Part II of Schedule V and paragraph 2(q) of Part VI of Schedule V.

**Legislative references:** Excise Tax Act: subsection 123(1) – definition of **public institution**; section 1 of Part II of Schedule V – definitions of **cosmetic service supply**, **medical practitioner**, **practitioner** and **qualifying health care supply**; sections 1.1, 1.2 and 9 of Part II of Schedule V; paragraph 2(q) of Part VI of Schedule V

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Please note that the following policy statement, although correct at the time of issue, may not have been updated to reflect any subsequent legislative changes.

Except as otherwise noted, all statutory references in this publication are to the provisions of the Excise Tax Act (ETA).

## Issue

This policy statement sets out the Canada Revenue Agency's (CRA) position regarding supplies of medical examinations, assessments, reports and certificates and whether they are **qualifying health care supplies** for the application of section 1.2 of Part II of Schedule V and paragraph 2(q) of Part VI of Schedule V. To be a qualifying health care supply, these supplies must be made for the purpose of the protection, maintenance or restoration of the health of a person or for palliative care (with some noted exceptions), otherwise, the GST/HST would generally apply to these supplies.

## Qualifying health care supply

Section 1.2 of Part II of Schedule V provides that for the purposes of Part II of Schedule V, other than sections 9 and 11 to 14, a supply that is not a qualifying health care supply is deemed not to be included in that Part. Generally, supplies deemed not to be included in Part II of Schedule V are taxable at the applicable rate of the GST/HST depending on the province in which the supply is made.

In addition to section 1.2, the term **qualifying health care supply** also applies to paragraph 2(q) of Part VI of Schedule V. Section 2 of Part VI of Schedule V provides a general exemption from the GST/HST for supplies made by a public institution.<sup>1</sup> Paragraph 2(q) excludes from exemption supplies of any property or service that are not qualifying health care supplies and which would be included in sections 2 to 8 and 10 of Part II of Schedule V if that Part were read without reference to sections 1.1<sup>2</sup> and 1.2 of that Part. This means the exemption for such supplies made by public institutions (such as a registered charity that is a hospital authority) would only apply if the supply is a qualifying health care supply, and is not a cosmetic service supply or a supply in respect of a cosmetic service supply.

The term **qualifying health care supply** in section 1 of Part II of Schedule V is defined to mean "a supply of property or a service that is made for the purpose of

- a. maintaining health,
- b. preventing disease,
- c. treating, relieving or remediating an injury, illness, disorder or disability,
- d. assisting (other than financially) an individual in coping with an injury, illness, disorder or disability, or
- e. providing palliative health care."

Paragraphs (a) to (e) of the definition list the purposes for which a supply must be made for the supply to be a qualifying health care supply. The paragraphs are explained below.

Maintaining health in paragraph (a) refers to health care services that are intended to prevent illness, maintain maximum function and promote the physical and mental health of an individual.

Preventing disease in paragraph (b) refers to health care services that are intended to minimize the incidence or effects of disease and protect an individual from actual or potential health threats and their harmful consequences.

Services made for the purposes of maintaining health and preventing disease do not require the individual to have an injury, illness, disorder or disability. An example of a health care service made for the purpose of maintaining health would be an annual physical exam/check-up rendered by a physician. The administration by a nurse of a vaccine that was purchased at a pharmacy would be an example of a health care service that is made for the purpose of preventing disease.

For purposes of paragraph (c), treating, relieving or remediating an injury, illness, disorder or disability refers to health care services intended for the management and care of an individual with such a condition. Health care services made for this purpose would also include services meant to remedy or cure the individual or to mitigate or remove pain or distress. Examples of health care services made for this purpose include (but are not limited to) surgical services to repair damage from an injury, psychological counselling and physiotherapy treatments.

An example in the context of a medical report would occur where a medical practitioner consults another medical practitioner to obtain a second opinion on a diagnosis or treatment protocol for a patient. The other practitioner provides a written report to the referring medical practitioner. The purpose of the supply made by the other practitioner is to treat, relieve or remediate an injury, illness, disorder or disability and the supply is therefore a qualifying health care supply according to paragraph (c) of the definition of qualifying health care supply.<sup>3</sup>

Another example in the context of a medical report would occur where an individual attends a private clinic on the order of a medical practitioner to have a diagnostic MRI performed as a result of an athletic injury. The clinic performs the MRI and provides a written report of the results to the referring physician. The supply is not an insured service under a provincial health care plan. The supply of the diagnostic MRI and report is exempt under section 10 of Part II of Schedule V. Generally, an MRI is performed to diagnose an injury or illness. The purpose of the supply is to diagnose the injury in order for the physician to properly treat it. Therefore, the supply is a qualifying health care supply according to paragraph (c) of the definition as its purpose is to treat, relieve or remediate an injury, illness, disorder or disability.

Paragraph (d) includes supplies made for the purpose of assisting an individual (other than financially) in coping with an injury, illness, disorder or disability. This refers to health care services provided directly to the individual to assist them in coping with the limitations or effects of an injury, illness, disorder or disability. An example of a service made for this purpose would be an assessment to determine the types of educational aids that are required for a student with a learning disability. It would not include evaluations and reports supplied solely for the purpose of assisting an insurer to determine if an individual is entitled to receive benefits. It would also not include services supplied for financial purposes such as a medical evaluation or assessment performed for the purpose of determining the value of injuries for a settlement of a claim for damages.

Providing palliative care in paragraph (e) refers to health care services that are aimed at preventing and relieving suffering and improving the quality of life of persons with life-threatening illnesses. Palliative care is often provided as a patient approaches death, but it can also be provided at the early stages of an illness in addition to treatments that are aimed at controlling the illness or prolonging life.

## **Application of section 1.2 of Part II of Schedule V**

Section 1.2 of Part II of Schedule V applies to sections 2 to 8 and 10 of Part II of Schedule V. This includes, but is not limited to, supplies of ambulance services, services rendered by a medical practitioner, services rendered by other practitioners such as optometrists and chiropractors, nursing services, dietetic services, social work services, pharmacist services, dental hygienist services and laboratory services.

However, section 1.2 of Part II of Schedule V does not apply to supplies of property or services where the consideration for the supply is payable or reimbursed by a provincial health care plan. Supplies of this nature are exempt from the GST/HST under section 9 of Part II of Schedule V only if and to the extent that the consideration for the supply is payable or reimbursed by the government under a plan for health care services for all insured persons of a province. Section 1.2

of Part II of Schedule V is also not applicable to supplies of food and beverages made to the operator of a health care facility that are exempt under section 11, supplies of subsidized home care services that are exempt under section 13 and certain specially designed training services that are exempt under section 14.

When a supply first meets the conditions of one of sections 2 to 8 or 10 of Part II of Schedule V, it is necessary to determine the purpose of the supply. If the purpose of the supply is not one of the purposes found in the definition of qualifying health care supply, then section 1.2 of Part II of Schedule V would exclude the supply from the applicable exempting provision. If such a supply was made by a public institution, paragraph 2(q) of Part VI of Schedule V would also exclude the supply that is not a qualifying health care supply from the exemption for public institutions in section 2 of Part VI of Schedule V.

In summary, a supply that meets the requirements of an exemption in one of the above-noted sections (and does not meet the requirements for exemption under a section other than those sections) must also be a qualifying health care supply and not a cosmetic service supply or a supply in respect of a cosmetic service supply to be exempt from the GST/HST. Therefore, as a result of the application of section 1.2 of Part II of Schedule V, a supply of services rendered by a health care professional may be taxable or exempt from the GST/HST depending on the purpose for which the service was rendered.

## Purpose

The term **purpose** is not defined in the ETA and therefore, under the GST/HST, the common and ordinary meaning applies. In respect of the application of section 1.2 of Part II of Schedule V, it is the CRA's view that the purpose of a transaction is the ultimate aim or the reason for which the supply is made.

In addition, the use of the definitive article **the** before the word **purpose** in the definition of qualifying health care supply implies that the purpose of the supply is the dominant or main purpose for which the supply was made. It also implies that in the application of section 1.2 of Part II of Schedule V, the purpose has to be the direct purpose for which the supply was made. An overly broad interpretation of the meaning of purpose that includes indirect purposes for the supply would render section 1.2 of Part II of Schedule V meaningless, defeating the intent of its enactment. Furthermore, if indirect purposes were considered, a supplier would be faced with the burden of determining all of the possible purposes for the supply.

The supplier is responsible for the collection of the GST/HST in respect of their taxable supplies. This means that in the context of health care services, the supplier is responsible for determining if the supply is a qualifying health care supply or if section 1.2 of Part II of Schedule V or paragraph 2(q) of Part VI of Schedule V excludes the supply from exemption. Therefore, the supplier must determine the purpose for which the supply is made. Additionally, because the exempting provisions are tax relieving provisions, the supplier is required to maintain sufficient documentation that demonstrates that the conditions for exempting a supply were met.

Medical examinations, reports and certificates are provided by various health care practitioners under a variety of circumstances. A description of the service provided on an invoice may not be sufficient to determine the purpose of the supply of a medical examination, report or certificate. Other types of documentation that may demonstrate the purpose of the supply would include the contract between the practitioner and the party who requested the examination, report or certificate. These contracts often outline the scope and the purpose of the examination, report or certificate. The

written request for the examination, report or certificate, or questions that the requesting party wants answered in the report or certificate may also demonstrate the purpose by detailing why the requestor is having the examination conducted or seeking the report or certificate.

In cases where the patient is required to undergo the examination according to certain legislation, the legislation often describes the purpose for the examination. For example, legislation may allow an insurer to require that an insured person be examined for the purposes of assisting the insurer with determining if the person is or continues to be eligible for benefits. Documentation that shows that the medical examination and report were supplied according to the legislation should be retained. If the examination, report or certificate is provided under a specific program, documentation on the policy and procedures of the program can be helpful in determining the purpose of the supply. For example, a provincial workers' compensation board may have a program where an assessment is conducted when an injured worker has not recovered as expected. The policies and procedures of this program may describe if the purpose of the assessment is to determine if the worker continues to be eligible for benefits or if the assessment is for providing recommendations on appropriate treatments and a plan to have the worker return to work.

When determining the purpose of a supply, it is necessary to consider the purpose of the supply at the time the supply is made.<sup>4</sup> If an additional purpose subsequently arises, it is not relevant for determining whether the supply is a qualifying health care supply and exempt from the GST/HST. For example, consider a case where an individual submits to a medical examination at the request of their attorney to establish the value of damages for purposes of legal proceedings. In the course of the examination, the examining physician notices an unrelated medical condition that could require medical intervention. The examining physician mentions to the individual to consult with their regular physician about that concern. Even though the medical examination might result in a diagnosis of a medical condition, the purpose of the examination does not change from the purpose at the time that the supply was made. The purpose at that time was to establish the value of damages which is not a purpose included in the definition of qualifying health care supply.

When applying section 1.2 of Part II of Schedule V, it is important to distinguish the purpose or the intention of a supply from the benefits that may result from the supply. The fact that an individual may ultimately receive health care benefits as a result of the supply does not necessarily make this the purpose of the supply. A link between a supply and the receipt of health care benefits is not always indicative that the purpose of the supply was to provide health care benefits (and as a result, the purpose of the supply is not necessarily one that meets the purposes set out in the definition of the term qualifying health care supply).

For example, an insurance company requires that an individual who was injured in a motor vehicle accident undergo a medical examination for the purpose of determining if the person remains entitled to receive health care benefits. The medical examination indicates that the individual still requires physiotherapy treatments to treat the injuries from the accident. In this case, the purpose of the supply of the medical examination is to assist the insurance company in determining if the individual remains eligible to receive health care benefits. The supply is not a qualifying health care supply as it is not made for one of the purposes listed in the definition of qualifying health care supply. The health care benefits that the individual could receive as a result of the supply of the medical examination do not constitute the purpose of the supply and accordingly cannot be used to determine whether the supply is a qualifying health care supply.

## Single or multiple purposes

In cases where a supply is made for more than one purpose, the dominant or main purpose of the supply must be determined. The supply will be a qualifying health care supply where the dominant or main purpose of the supply is included in the definition. If the supply is predominantly made for more than one of the purposes included in the definition of qualifying health care supply, the CRA will consider that the purpose test is met and the supply would be a qualifying health care supply. However, it should be noted that supplies will generally have a single predominant purpose.

Where a supply is made up of multiple elements, it will first be necessary to determine if the supplier is making a single supply or multiple supplies. For example, where a health care service such as an examination or assessment is supplied together with a service of completing a form or certificate, the supplier must determine if they have made a single supply or multiple supplies.

Where it is concluded that there is a single supply and that supply has multiple purposes, the supply would be a qualifying health care supply when it is made predominantly for one or more purposes included in the definition of qualifying health care supply. For example, an individual undergoes an examination for their annual eye exam. At the time of the examination, the individual also brings in forms to be completed by the physician which are required to be submitted to the provincial driver licensing department in order for the individual to retain their driver's licence. The physician charges a single fee for the examination and completion of the forms. The completion of the forms by the physician is ancillary to the supply of the annual eye exam. The transaction constitutes a single supply of the annual eye exam which is made for the purpose of maintaining health, so the supply would be a qualifying health care supply.

Where the health care service and a service of completing a report or certificate constitute multiple supplies, the purpose of each supply would be considered separately when determining if any of the supplies are a qualifying health care supply. For example, an individual is examined by a physician as part of their regular check-up and the individual has the physician complete forms required for the individual to buy back service in a pension plan. The check-up is covered under a provincial health care plan and the physician charges a fee to the individual for the completion of the forms. The examination and completion of the forms constitute separate supplies and the tax status of each supply would be determined independently of the other. The total of the consideration for the check-up is paid by a provincial health care plan and is exempt under section 9 of Part II of Schedule V. Supplies that are exempt under section 9 are not subject to section 1.2 of Part II of Schedule V and there is no requirement to determine if the supply is a qualifying health care supply. The completion of the report (forms) by the physician is supplied for the purpose of determining if the individual is eligible to buy back service in the pension plan and would not be a qualifying health care supply. The supply of the report is taxable and, assuming that the physician is a GST/HST registrant, the consideration paid for the report would be subject to the GST/HST at the applicable rate depending on the province in which the supply is made as section 1.2 of Part II of Schedule V deems the supply to not be included in Part II of Schedule V.

If a transaction consists of multiple supplies, it is necessary to determine whether one of those supplies is incidental to another and whether it may consequently be deemed to form part of a single supply under other provisions of the ETA (such as section 138, which applies where the main and the incidental supplies are made for a single consideration). To be considered incidental, a supply generally plays only a minor or subordinate role in relation to the provision of the main supply. As such, the purpose for the single supply would be the dominant or main purpose of the main supply.

For more information on single and multiple supplies and whether one supply is incidental to another, refer to:

- [GST/HST Policy Statement P-077R2, Single and Multiple Supplies](#)

- GST/HST Policy Statement P-159R-1, Meaning of the Phrase “Reasonably Regarded as Incidental”
- GST/HST Policy Statement P-160R, Meaning of the Phrase “Where a Particular Property or Service is Supplied Together with any Other Property or Service”

## Examples

Listed below are a number of examples of supplies of medical examinations, assessments, reports and certificates outlining the application of section 1.2 of Part II of Schedule V and the definition of qualifying health care supply.

For the purpose of the discussion of the term qualifying health care supply, the transactions outlined in the examples are considered to be a single supply, unless specified otherwise, rather than multiple supplies and are assumed to meet the conditions of an exempting provision in sections 2 to 8 or 10 of Part II of Schedule V. This does not necessarily mean that the CRA considers these supplies to be single supplies or exempt supplies in all circumstances. In practice, each transaction must be examined to determine if one or more supplies are being made and to determine if any particular supply satisfies the conditions set out in an exempting provision.

### Example 1

#### Facts

An individual receives an offer of employment that is conditional on the successful completion of a medical examination (for example, the physical and mental health requirements of a commercial pilot). The individual attends an examination with a physician and the physician sends a medical report to the hiring company.

#### Decision

The supply of the medical examination and report is not a qualifying health care supply.

#### Rationale

Medical examinations for employment are conducted to ensure that job applicants and employees meet the medical requirements for their professions. The purpose of this supply is to assist an employer to make a decision on job recruitment or retention by demonstrating that an individual has the health profile required for certain professions.

An individual who is required to have these types of medical examinations may receive a medical benefit such as the diagnosis of an injury, illness, disorder or disability. However, the fact that an individual may receive a medical benefit as a result of a supply is not indicative of the purpose of the supply.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

### Example 2

#### Facts

A first responder is required to undergo a psychological assessment in order to return to work after being involved in a traumatic incident. The assessment is rendered by a psychologist who prepares a report on the first responder's fitness to return to work.

## Decision

The supply of the assessment and report is a qualifying health care supply.

## Rationale

The supply of the psychological assessment is made to determine if the first responder suffered an injury and requires treatment as a result of being exposed to the traumatic event. The purpose for this supply is to maintain the health of the individual. This supply is different from the supply described in Example 1. In the first example, the supply is to determine if an individual is medically qualified for a job and is done for the purpose of assisting an employer with job recruitment and placement. The supply in this example is made for the purpose of determining if an individual requires treatment as a result of an incident that occurred while on the job.

This supply can also be differentiated from an assessment that is done for the purposes of determining if an individual is entitled to receive health benefits. Assessments to determine if a person requires treatment are made for the purpose of maintaining health or treating an illness and assessments to determine if an individual is entitled to benefits are made for the purpose of assisting an insurance company in handling its claim.

The supply is a qualifying health care supply as the purpose of this supply is included in paragraph (a) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## Example 3

### Facts

An individual who is exposed to hazardous substances in the course of their employment is required to have periodic medical examinations. The individual meets with their physician who performs the medical examination and completes a report.

## Decision

The supply of the medical examination and report is a qualifying health care supply.

## Rationale

Workers who work with or are exposed to certain hazardous substances may be required by provincial legislation to have periodic medical examinations. These supplies provide the worker with a baseline health assessment and detect any changes in health as a result of exposure to the hazardous substances. The purpose of the supply of the medical examination and report is the detection of illnesses as a result of the exposure to the hazardous substances. Therefore, the purpose of the supply is for maintaining the health of the worker.

The supply is a qualifying health care supply as the purpose of this supply is included in paragraph (a) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## Example 4

### Facts



An employer requires a medical certificate for sick leave taken by an employee. The employee has a medical examination to diagnose the illness conducted at their physician's office and requests that the physician complete a medical certificate. There is a separate charge for the medical examination and certificate and each is a separate supply. The medical examination is paid for by the provincial health care plan and the certificate is paid for by the patient.

### Decision

The supply of the medical examination is exempt under section 9 of Part II of Schedule V.

The supply of the certificate is not a qualifying health care supply.

### Rationale

In this case, the consideration for the supply of the medical examination is paid for by the provincial health care plan and the supply is exempt under section 9 of Part II of Schedule V. Section 1.2 of Part II of Schedule V does not apply to supplies that are exempt under section 9 of Part II of Schedule V and it would not be necessary to determine if the supply is a qualifying health care supply. However, in cases where the supply of the medical examination is not paid for or reimbursed by the provincial health care plan, and where the medical examination is conducted to diagnose illness and determine the treatment that the patient requires, the supply of the medical examination would be a qualifying health care supply. The purpose of the supply is for maintaining health which is a purpose listed in paragraph (a) of the definition of qualifying health care supply.

As the supply of the medical certificate is separate from the supply of the medical examination, it is necessary to determine the purpose of this supply as well. Employees are sometimes required by an employer to obtain a medical certificate when they are absent from work due to illness. The purpose for the supply of the certificate is to provide information to the patient's employer to explain the employee's absence from work. The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

In cases where the medical examination is not paid for by the provincial health care plan and is conducted solely for the purpose of producing the certificate for the employer, the supply of the examination and certificate would constitute a single supply. The purpose of the supply is to provide information to a third party. The supply would not be a qualifying health care supply as the purpose of the supply is not a purpose listed in the definition of qualifying health care supply.

## Example 5

### Facts

An individual who has been diagnosed with an illness is required to miss several weeks of work. In order to receive employment insurance benefits, the individual is required to submit a medical certificate that has been completed by a physician. The individual brings the certificate to their physician for completion and is charged a fee for the service.

### Decision

The supply of the service of completing the medical certificate is not a qualifying health care supply.

### **Rationale**

The individual is required to obtain a medical certificate signed by a medical practitioner to support a claim for employment insurance sickness benefits. The information provided in the medical certificate is used to determine eligibility for benefits. Therefore, the purpose of the supply is to provide information to support a claim for employment insurance benefits.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 6**

### **Facts**

An employee who has suffered an injury is ready to return to work. The employer contracts with an occupational therapist to perform an assessment to determine if it is necessary to modify the employee's job tasks or workspace due to the employee's limitations resulting from the injury.

### **Decision**

The supply of the assessment is a qualifying health care supply.

### **Rationale**

The purpose of this supply is to maintain the health of the employee and help them cope with an injury, illness, disorder or disability. The assessment determines what modifications are necessary to a person's job tasks or workspace in order to alleviate the effects of an injury, illness, disorder or disability. A supply made for these purposes would be a qualifying health care supply according to paragraph (a) and/or (d) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 7**

### **Facts**

The federal department responsible for immigration requires a medical examination and report as part of the immigration process. A prospective immigrant undergoes a medical examination performed by a physician who then submits the report to the government.

### **Decision**

The supply of the medical examination and report is not a qualifying health care supply.

### **Rationale**

The purpose of the medical examination and report is to determine if an individual meets the criteria to be accepted for immigration. The fact that the medical examination may uncover health issues of the individual that may affect the health of Canadians does not change the purpose of the supply. The purpose of the supply is to help determine the suitability of an individual for immigration.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 8**

### **Facts**

At the request of a court, a psychologist conducts an assessment and prepares a report which will be used in a child custody hearing.

### **Decision**

The supply of the assessment and report is not a qualifying health care supply.

### **Rationale**

The assessment and report provide information from a trained professional such as a psychologist on the custody or parenting arrangements that are in the best interest of children subject to a custody dispute. The purpose of this supply is to assist the court in making its decision on the custody and parenting of the children.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 9**

### **Facts**

A school board contracts with an occupational therapist for an assessment regarding educational services, accommodations or physical aids required by a child with a disability or a developmental delay.

### **Decision**

The supply of the assessment is a qualifying health care supply.

### **Rationale**

These assessments determine the types of services, accommodations or physical aids required by the child to alleviate the effects of an injury, illness, disorder or disability. The purpose of this supply is to assist (other than financially) a child in coping with an injury, illness, disorder or disability.

The supply is a qualifying health care supply according to paragraph (d) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 10**

### **Facts**

A provincial transportation authority requires an individual to have a medical examination and form completed by a physician to retain or renew a driver's licence. The individual's physician performs the assessment and completes the form.

### **Decision**

The supply of the medical examination and completion of the form is not a qualifying health care supply.

### **Rationale**

Provinces have certain conditions that must be met in order for an individual to have a driver's licence. Generally, these conditions include that an individual not have any physical or mental health conditions that would interfere with their driving or visual abilities. Therefore, the purpose of this supply is to determine if an individual meets the health requirements to retain or renew a driver's licence and not for the purposes described in the definition of qualifying health care supply.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 11**

### **Facts**

An individual is required to have a medical examination and report completed as part of the application for an insurance policy. The individual attends a physician's office for the medical examination and the physician submits the report to the insurance company.

### **Decision**

The supply of the medical examination and report is not a qualifying health care supply.

### **Rationale**

The purpose of this supply is to provide information to the insurance company to assist it in determining if an individual is eligible for coverage under an insurance contract.

Although the individual may receive medical or rehabilitative benefits under an insurance policy, the purpose of this supply is not to treat or assist the individual but rather to determine eligibility to enter into or continue an insurance contract.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 12**

### **Facts**

An individual is required by their insurance company to have a medical examination and a disability certificate completed in order to receive health care benefits.

### **Decision**

The supply of the examination and completion of the certificate is not a qualifying health care supply.

### **Rationale**

The purpose of this supply is to assist an insurance company in determining if an individual is eligible to receive benefits. In insurance matters, meeting the criteria for the eligibility for benefits is a legal test which requires the application of medical information about an individual to the terms of an insurance policy. Determining if an individual is eligible for benefits is part of an insurance company's administration of an insurance policy rather than a part of the health care services an individual may receive by having the insurance policy. While the subsequent benefits rendered to the individual could themselves constitute qualifying health care supplies, the purpose for each supply is considered separately.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

### Example 13

#### Facts

A physician is contracted by an insurance company to complete a medical examination and report to determine whether an individual meets the **catastrophic impairment** criteria to be eligible for additional benefits.

#### Decision

The supply of the medical examination and report is not a qualifying health care supply.

#### Rationale

The purpose of this supply is to assist an insurer in determining eligibility for certain benefits. Although an individual who is determined to have suffered a catastrophic impairment may be entitled to receive additional medical and rehabilitation benefits, the purpose of the supply is to assist the insurance company in determining eligibility for benefits rather than the protection, maintenance or restoration of the health of the individual.

The supply is not a qualifying health care supply as the purpose of the supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

### Example 14

#### Facts

A supply of an assessment and report is rendered by a psychiatrist in respect of an individual's ability to be subject to legal proceedings.

#### Decision

The supply of the assessment and report is not a qualifying health care supply.

#### Rationale

Determining if an individual is fit to stand trial is a decision that is made by the judge presiding over the case. The assessment and report provides an expert opinion that may assist the judge in making this determination. The purpose of the supply is to provide information to be used by a person to make a decision and not for the purposes described in the definition of qualifying health care supply.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 15**

### **Facts**

A supply of an assessment and report is rendered by a psychologist in respect of an adolescent to determine if the individual is to be sentenced as an adult in a court of law.

### **Decision**

The supply of the assessment and report is not a qualifying health care supply.

### **Rationale**

The purpose of this supply is to provide information to be used by a court to make a decision regarding a court process (that is, whether an individual is to be sentenced as an adult) and not for the purposes described in the definition of qualifying health care supply.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 16**

### **Facts**

A mental health capacity assessment and report is supplied by a psychologist to determine an individual's capacity to consent to treatment or for the appointment of a power of attorney/legal guardian.

### **Decision**

The supply of the assessment and report is not a qualifying health care supply.

### **Rationale**

Where the assessment is performed in respect of an individual's capacity to consent to treatment, the supply is not a qualifying health care supply. The purpose of the supply is to provide information to be used by a court or other body to make a decision on the ability of an individual to consent to treatment or be admitted to a health care facility for treatment.

In cases where the court or other body is making a decision solely on the appointment of a power of attorney or legal guardian for the individual, the supply is not a qualifying health care supply. The purpose of this supply would be to provide information to assist the court or other body to make a decision on the ability of an individual to manage their affairs.

In cases where the court or other body is making a decision both on the ability to consent to treatment and on the appointment of a power of attorney or legal guardian, both purposes of the assessment would be considered. As noted above, neither type of assessment is a qualifying health care supply. As a result, the supply is not a qualifying health care

supply as neither of the purposes of this supply is included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 17**

### **Facts**

A health care facility is contracted by a lawyer for the completion of an assessment and report to determine the cost of future care required by an injured individual that will be used to support a claim for damages in a civil action.

### **Decision**

This supply of the assessment and report is not a qualifying health care supply.

### **Rationale**

The purpose of the assessment and report is to provide a court, tribunal or similar body with information in respect of a proceeding (for example, an assessment that quantifies injuries for a tort claim). The supply of the assessment and report is not a qualifying health care supply for purposes of the GST/HST. In such a case, the role of the medical practitioner is to provide advice and an opinion to assist an adjudicative body involved in a legal proceeding.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 18**

### **Facts**

An individual attends their physician's office for a medical evaluation and completion of a report/certificate that is required by the administrator of the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) for disability benefits or for the supplement for disabled children.

### **Decision**

The supply of the evaluation and completion of the report/certificate is not a qualifying health care supply.

### **Rationale**

The purpose of this supply is to provide information to assist the administrator of the CPP or QPP in determining if an individual is eligible to receive CPP or QPP benefits. Determining eligibility for benefits is part of the administration of the CPP or QPP.

As a result, the supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## **Example 19**

### **Facts**

A clinic makes a supply of a medical examination and report rendered by a medical practitioner to determine if an individual is entitled to income replacement and health care benefits as part of a claim for workplace insurance benefits.

**Decision**

The supply of the examination and report is not a qualifying health care supply.

**Rationale**

The purpose of this supply is to assist an adjudicator in making a decision regarding an employee's eligibility for benefits. Determining if an employee is eligible for benefits is part of the workplace insurance board's claims handling process.

As a result, the supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

**Example 20****Facts**

A lawyer contracts with a physician for a medical examination and report to quantify a client's injuries in order to negotiate a lump-sum settlement of a workplace insurance benefit claim.

**Decision**

The supply of the medical examination and report is not a qualifying health care supply.

**Rationale**

A medical examination and report supplied for the purpose of quantifying injuries to be used for determining a lump sum settlement of a claim is considered to assist an individual financially in coping with an injury, illness, disorder or disability and is not a qualifying health care supply. Paragraph (d) of the definition of qualifying health care supply excludes supplies which are made for the purpose of financially assisting an individual.

The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

**Example 21****Facts**

A supply of an assessment and report is conducted as part of an insurer's examination to determine whether proposed treatments are reasonable and consistent with injuries reported. The assessment can be conducted by examining the patient or reviewing the patient's medical records.

**Decision**

The supply of the assessment and report is not a qualifying health care supply.

**Rationale**

The purpose of this supply is to assist the insurance company in determining what benefits the individual is entitled to receive. Although the supply may involve a diagnosis of an individual and comment on treatments for their injuries, that is not the purpose of the supply. The purpose of the supply is to provide information to the insurance company to determine if the treatments are eligible benefits.



The supply is not a qualifying health care supply as the purpose of this supply is not included in paragraphs (a) to (e) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

## Example 22

### Facts

A cosmetic surgeon contracts with an anesthesiologist to provide anesthesiology services during a cosmetic procedure.

### Decision

The supply of the anesthesiology services to the cosmetic surgeon is a qualifying health care supply.

### Rationale

An anesthesiologist is a medical practitioner and anesthesiology services rendered to an individual would be exempt under section 5 of Part II of Schedule V. Applying the purpose test in section 1.2 of the same Part would find that the supply is a qualifying health care supply as the purpose of the supply of anesthesiology services is to maintain the health of the patient during the procedure.

Therefore, the supply is a qualifying health care supply according to paragraph (a) of the definition of qualifying health care supply in section 1 of Part II of Schedule V.

However, although the supply of the anesthesiology services is a qualifying health care supply, the supply may be deemed to be excluded from exemption by section 1.1 of Part II of Schedule V. Section 1.1 deems services that are, or are in respect of, a cosmetic service supply to not be included in Part II of Schedule V. Therefore, if the cosmetic procedure rendered by the cosmetic surgeon is made for cosmetic purposes and not for medical or reconstructive purposes, the procedure is a cosmetic service supply. Section 1.1 would apply to exclude this cosmetic service supply from exemption. Where the supply of anesthesiology services is a supply in respect of a cosmetic service supply, section 1.1 would also apply to exclude the supply of anesthesiology services from exemption.

- 1 **Public institution** is defined in subsection 123(1) to mean a registered charity (within the meaning assigned by subsection 248(1) of the Income Tax Act) that is a school authority, a public college, a university, a hospital authority or a local authority determined under paragraph (b) of the definition **municipality** to be a municipality. is defined in subsection 123(1) to mean a registered charity (within the meaning assigned by subsection 248(1) of the Income Tax Act) that is a school authority, a public college, a university, a hospital authority or a local authority determined under paragraph (b) of the definition **municipality** to be a municipality.
- 2 Section 1.1 of Part II of Schedule V and paragraph 2(p) of Part VI of Schedule V also specifically exclude from exemption a supply that is a cosmetic service supply or a supply in respect of a cosmetic service supply that is not made for medical or reconstructive purposes.
- 3 In addition, in cases where the supply is an insured service under a provincial health care plan, the supply would be exempt under section 9 of Part II of Schedule V. The purpose test in section 1.2 of the same Part does not impact the application of the exemption for property or services that are payable or reimbursed by a provincial health care plan.

- 4 Section 133 provides that where an agreement is entered into to provide property or a service, the entering into of the agreement is deemed to be a supply of the property or service made at the time the agreement is entered into.
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