

This publication is provided as a guide only. It is not intended as a substitute for the *Employer Health Tax Act* and Regulations.

**Administrative concession**

Each location of a religious or registered charitable organization may be treated as a separate employer for Employer Health Tax (EHT) purposes and is allowed to deduct the first \$400,000 of annual remuneration. These locations are not considered to be associated employers and will not be required to share the annual exemption amount.

**Eligibility**

**Registered charity**

The religious or charitable organization must be a registered charity which is exempt from income tax under paragraph 149(1)(f) of the *Income Tax Act* (Canada).

**Eligible employer**

In addition, the registered charity must be an eligible employer as defined by the *Employer Health Tax Act*. Generally, this would include private sector employers, and other organizations that may receive financial assistance from any level of government, but are not under the control of government.

**Tax exemption**

**Exemption amount**

Eligible employers are exempt from tax on the first \$400,000 of annual remuneration. The exemption amount will be prorated where the particular location is new or otherwise exists for less than 365 days of any given year. (Refer to Proration of Exemption heading).

**Separate location**

A registered charity that is an eligible employer can treat each of its locations as a separate employer and each location will be eligible to claim the exemption for the year. There must be formalized evidence that the location is separate from the main body of the organization. Any one of the following factors may demonstrate this:

- there is supporting evidence that a location belongs to the charity (e.g., copies of leases, deeds or purchase agreements, property tax bills, utility bills, or other third party documentation to show continued exclusive occupancy during the period), **and** the location is publicly advertised on the charity's letterhead, on business cards, in telephone directories, or through other information readily accessible by the public such as pamphlets or internet sites
- a location has its own charitable registration number
- a location files its own Registered Charity Information Returns.

An organization's website may provide some indications that the location is a separate location. However, this will not always be the case, especially where privacy and security concerns are evident in situations involving residences or shelters, etc.

Note: A shared space facility, such as a before or after school program, will not be treated as a separate location. Also, different programs operating under the same roof, or on the same property, will be treated as a single location unless each program is a separate registered charity. Two or more buildings on a single property are also counted as one location.

The ministry requires additional supporting documentation for separate location claims:

- complete listing of addresses of all locations
- time period that each location exists
- copies of by-laws or other information showing organization is not controlled by municipal or other level of government.

**Proration of exemption**

If a new location is established that is treated as a separate employer, the exemption amount will be prorated for the number of days the location is eligible in that year. In many cases, the new location's total remuneration in the first year will be below the prorated exemption amount. Similarly, the exemption must also be prorated if a location closes in the year.

**Refund**

A registered charity with more than one location may apply for a refund if it has filed as a single employer and claimed only one tax exemption for all of its locations. A request for a refund must be made in writing and submitted with supporting documentation to the Ministry of Revenue.

**Written interpretations**

To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Revenue  
Tax Advisory Services Branch  
Income Tax Related Programs Section  
Employer Health Tax  
33 King Street West, 3<sup>rd</sup> Floor  
Oshawa ON L1H 8H5

**Related publications**

Other publications which provide further details on this topic include:

Associated Employers  
Tax Exemption

**More information**

To obtain the most current version of this publication, or additional information, visit our website at [ontario.ca/revenue](http://ontario.ca/revenue) and enter 510 in the find page field at the bottom of the webpage or contact the Ministry of Revenue at:

1 866 ONT-TAXS (1 866 668-8297)  
1 800 263-7776 teletypewriter (TTY)

*Cette publication est disponible en français sous le titre « Organismes religieux ou de bienfaisance ».  
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