

39. That a tax rate of 5% be apply to all taxable supplies of real property.
40. That all supplies of real property (except supplies of land used in a farming business by an individual to a related individual, or supplies of land used in a farming business as part of the transfer of a going concern) be taxable at 5%.
41. That the taxable amount of a supply of non-commercial property (new and existing housing, new and existing personal-use properties and new and existing residential rental properties) be computed in accordance with the trade-up approach, generally meaning that a purchaser of a non-commercial real property will only be liable for tax to the extent of the difference in price between the property sold and the price of the property purchased.
42. That the trade-up approach not apply to the purchase of commercial real property, meaning real property used or sold in the course of a commercial activity.

#### **Chapter 8: Charities and Non-profit Organizations**

43. That, as proposed in the Technical Paper, charities and qualifying non-profit organizations should get special treatment under the Goods and Services Tax in recognition of their important services to the community. In the form of a 50% rebate on Goods and Services Tax paid on their purchases.
44. That, the Department of Finance review the proposed 50% rate of rebate with affected charities and non-profit organizations to ensure that it is equitable and that the overall federal sales tax burden of this sector does not increase with the introduction of the Goods and Services Tax.
45. That, in general, relief from Goods and Services Tax which is given to charities, to qualifying non-profit organizations and to public-sector organizations in Canada should be provided through a rebate system as proposed in the Technical Paper rather than through zero-rating or by providing tax-free status on purchases. The affected organizations should therefore pay the Goods and Services Tax on their purchases and get relief through rebates rather than buying goods and services free of tax.
46. That non-profit organizations should be eligible to receive a 50% rebate of the GST paid on their purchases if they are 25% or more funded by government in a given year, not 50% as proposed in the Technical Paper. For non-profit organizations falling short of the 25% test, the 50% rebate should be reduced by one-fifth for each percentage point that the organization's funding from government falls below 25% of its revenues.