

seller may not claim any input tax credits for the GST paid to provide these tax-exempt goods and services.

Included in the "tax exempt" category is a wide range of social and health services and most basic financial services, for instance, loans, deposits, mortgages, life insurance and automobile insurance and brokerage commissions.

Certain other services provided by financial institutions including debt counselling, financial planning, safety deposit boxes and sales of blank cheques are subject to GST.

Of particular interest to foreign investors is the fact that financial services provided to a Canadian branch of a foreign company are considered to be made in Canada and are tax-exempt. And financial services provided to a foreign branch of a Canadian company are zero-rated.

Salaries, Wages and Commissions

Salaries and wages of employees are not regarded as fees for services so GST is neither charged nor collected on them. Nor are commissions paid to staff employees such as department store salespeople.