

Attachment 1 – Table of HST Recoveries Earned to Date

HST Recovery Items	Recovery Amount	Recovery Basis
Commercial Real Property	\$2,297,198	The City is required to self-assess 13% HST on the acquisition of 800 Kipling Avenue from Ontario Power Generation Inc. (OPG). The City claimed Public Service Bodies' (PSB) rebate which recovers 86% of the HST based on the intent of the acquisition as a future site for a TTC garage and maintenance facility as part of the strategic acquisition plans. Deloitte instead recommended that the City should claim a full Input Tax Credit (ITC), which recovers 100% of the HST since the acquired property is still currently being used for commercial leasing activities. The incremental amount recovered by Deloitte (\$2.3M) represents the difference between the PSB rebate already claimed by the City and eligible ITC amount.
Direct Attribution	\$2,086,014	The City is entitled to use allocation methods to determine partial ITC claims on HST for operating expenditures. Deloitte developed an argument and methodology that assists the City to further recover eligible ITC because certain program expenditures are directly attributable to commercial activities. The incremental amount (\$2.1M) recovered represents the difference between PSB rebate claimed by the City and the eligible ITC supported by Deloitte's methodology.
Capital Property - General	\$1,584,923	HST related to capital property primarily for use in commercial activities is eligible for full ITC. Deloitte used a methodology to determine the total base of capital expenses for use in commercial activities to justify an incremental (\$1.6M) tax recovery through ITC for the difference between amounts already claimed by the City through PSB rebate and the eligible ITC amount.

HST Recovery Items	Recovery Amount	Recovery Basis
St. Lawrence Market North	\$ 749,255	The newly constructed St. Lawrence Market North facility is a mixed-use building with municipal court operations, retail space for rental and an underground public parking being managed by the Toronto Parking Authority. The City claimed PSB rebates on paid HST associated with the capital project, but Deloitte has taken the position that the property has an overall commercial activity ratio between 62-69% and is justification for the City to claim full ITC instead of a PSB rebate. The incremental amount recovered by Deloitte (\$0.7M) represents the difference between the PSB rebate already claimed by the City and the eligible ITC amount.
Overheads Recovery	\$ 570,536	Deloitte applied their proven allocation methodology to extend ITC eligibility to corporate expenses (also referred to as overheads), which allows the City to claim a recovery on a portion of tax embedded in taxable overhead expenditures. The overall commercial ratio was determined to be 12.21% for the 2021 and 2022 reporting period for the City. The incremental recovery (\$0.6M) represents the difference between the PSB rebate amount already claimed by the City and the eligible ITC amount.
Real Property Acquisitions	\$ 232,331	The City has acquired a number of real properties over the years on which it has self-assessed HST based on the vendor's characterization of the sale of property as a taxable sale and then claimed HST rebates to claim 86% recovery of the HST from the CRA. Deloitte went through the listing of real properties and reassessed the vendor's characterization of the sale and took the position that a number of the acquisitions are in fact tax-exempt, which entitled the City to instead recover the full HST amount (\$0.2M).
Total HST Recovery	\$7,520,257	