



**Commodity Tax  
Department**

935 de la Gauchetière W  
Montreal, Qc  
H3B 2M9

**Département  
de taxe à la consommation**

935 de la Gauchetière O  
Montréal, Qc  
H3B 2M9

**To our customers**

**Subject: Optional Services Invoicing and GST/HST and QST Application**

This letter and attached Tax overview document is intended to provide guidance on the application of GST/HST and QST on Optional Services invoices. Optional Services, also referred to as accessorial charges or ancillary charges, include charges for warehousing, storage charges, packing, refrigeration charges, transloading services, miscellaneous administration charges etc.

Optional service charges that are billed on the same invoice as the transportation charges will receive the same GST/HST/QST treatment as the transportation charge. Similarly, optional services that are invoiced separately but associated to a transportation charge move with CN are considered to be a part of a continuous move and so will also receive the same GST/HST/QST treatment as the transportation charge.

**Optional Services performed in Canada, that can not be traced or tied to a particular transportation movement will be assessed the relevant GST/QST/HST taxes based on location where the optional service occurred.**

In the past, due to system limitations, GST/QST/HST was misapplied on such services. We have recently implemented system enhancements in accordance with tax legislation and tax will automatically be applied in future for such services based on the above information.

Please note that the GST/HST/QST is fully recoverable through an input tax credit. As such, there is no financial impact for companies registered for sales tax in Canada. These rules and guidelines were established by Revenue Canada and not by CN; and it's our obligation to apply tax on these types of services.

Thank you for your cooperation in this matter.

CN Taxation Department