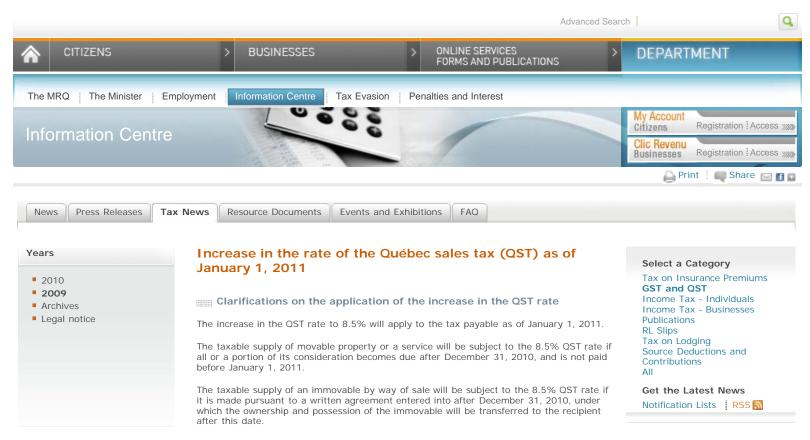


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Version visionnée sur le site Internet d'origine le 25 mars 2010.

Section du dépôt légal



The taxable supply of the construction, renovation, alteration or repair of an immovable will also be subject to the 8.5% QST rate if it is made pursuant to a written agreement entered into after December 31, 2010.

However, the rules described above regarding the taxable supply of movable property or a service will also apply to the taxable supply of an immovable other than by way of sale.

Special rules apply to the following supplies: continuous supplies, budget payment arrangements with reconciliation, exchanges of movable property, primacy rules, the bringing of movable property to Québec, etc.

For further information, see page A.55 in <u>Additional Information on the Budgetary Measures</u>, published by the Ministère des Finances.

Consequential adjustments

Rounded-off mathematical factors. The QST is calculated on a consideration that includes the goods and services tax (GST) at a rate of 5%. With the increase in the QST to 8.5%, the effective rate of the QST (currently 7.875%) and the combined effective rate of the GST and the QST (12.875%) will be raised to 8.925% and 13.925% respectively as of January 1, 2011. The mathematical factors rounded to 7.87% and 12.87% will be replaced by factors rounded to 8.92% and 13.92% respectively, as of the same date.

Taxable benefit related to the cost of operating an automobile. The amount of QST to be included in the calculation of a registrant's net tax related to the cost of operating an automobile corresponds to 4.7% of the value of the benefit. As of January 1, 2011, the rate of 4.7% will be raised to 5.4%.

Quick accounting methods. The prescribed rate for small businesses set at 2.7% for vendors of corporeal movable property and at 5.3% for other businesses will be raised to 3% and 6%, respectively. The prescribed rate for municipalities set at 4.6% and for other bodies set at 5.9% will be raised to 5.2% and 6.6%, respectively. The new prescribed rates will apply to any reporting period that starts after December 31, 2010.

Simplified method for calculating rebates regarding an expense account. The changes to be made to the mathematical factors and to the simplified method for calculating rebates regarding an expense account will be clarified by Revenu Québec at a later date.

Corresponding increase in the tobacco tax. To reflect the increase in the QST rate as of January 1, 2011, the rates of the tobacco tax will be changed as follows:

- the rate of 10.3 cents per cigarette will be raised to 10.6 cents per cigarette;
- the rate of 10.3 cents per gram of loose tobacco or leaf tobacco will be raised to 10.6 cents per gram;
- the rate of 15.85 cents per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco and cigars will be raised to 16.31 cents per gram;
- the minimum rate applicable to a tobacco stick will be raised from 10.3 to 10.6 cents per stick:
- the rate of 80% of the taxable price of cigars will remain unchanged.

Persons not under an agreement with Revenu Québec who sell tobacco products regarding which the specific tax on tobacco was collected in advance (or should have been) must take an inventory of all such products they have in stock at midnight on December 31, 2010, and remit, before January 29, 2011, an amount corresponding to the difference between the tax applicable at the new rates and that applicable at the rates in effect before midnight on December 31, 2010.

The same applies to collection officers under an agreement with Revenu Québec who sell tobacco products regarding which the specific tax on tobacco is paid in advance or has not yet been paid.

For further information, see page A.58 in <u>Additional Information on the Budgetary Measures</u>, published by the Ministère des Finances.