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## Applications pertaining to the administration of the GST and QST

Registrants may make elections or file applications to simplify the administration of the GST and QST, provided they meet certain conditions.

Applications are different from elections. Registrants that wish to file an application must complete a form or send a letter and then wait to receive a notice from Revenu Québec before beginning to use the administrative method for which they have applied. The notice attests to the fact that the application has been approved.



The list of possible applications is provided below and is organized according to the type of activity carried on by registrants.

### Note

This article is a companion article to [GST and QST elections](#), which was published in the issue of *Tax News* for the fourth quarter of 2008.

### Applications that most registrants may file

**Application to File Separate Returns - Request to File Separate Rebate Applications - Revocation of Application or Request** (form [FP-2010-V](#)). This application enables registrants to file separate returns for each of their branches or divisions. The application is usually approved if each branch or division is separately identifiable by its location or by the nature of its activities. The branches or divisions must also keep separate records, books of account and accounting systems. Public service bodies that are entitled to a GST and QST rebate and wish to file separate rebate applications for each of their branches or divisions are required to file this form. The authorization granted by Revenu Québec remains in effect until it is revoked.

**Authorization to Use an Export Distribution Centre Certificate** (form [GST528](#)). This form is used to obtain authorization to use an Export Distribution Centre Program (EDCP) certificate. It can also be used to renew or revoke an existing authorization. An EDCP certificate allows businesses that add limited value to goods in the course of their processing to acquire or import domestic inventory, added property and customers' goods without having to pay the GST. The form must be completed and sent to Revenu Québec. GST/HST Technical Information Bulletin [B-088](#), *Export Distribution Centre Program*, contains detailed information on this subject. To obtain authorization to use an Export Distribution Centre Program (EDCP) certificate under the QST system, contact Revenu Québec.

**Application to use the alternate collection method (ACM) and joint application to use the ACM.** Direct sellers who are GST and QST registrants may apply to Revenu Québec for approval to use the ACM for the first time. A joint application may also be filed by direct sellers and their distributors in order to have the ACM rules apply to the distributors. The application must be filed in writing with Revenu Québec and include the following:

- identification of the direct seller (and distributor(s) in the case of a joint application), including first name, last name, business name, address and telephone number, as well as the numbers used by Revenu Québec to identify the direct seller (and distributor(s));
- the date as of which the ACM will be used;

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- a statement that the direct seller sells exclusive products through independent sales contractors to consumers;
- a statement that
  - contractors are not agents or employees of the direct seller or distributor(s),
  - contracts for the sale of the direct seller's exclusive products to consumers are not solicited, negotiated or entered into primarily (in more than 50% of cases) at a single fixed place of business (other than a private residence), and
  - contractors have a contractual right to purchase exclusive products from the direct seller or distributor(s) for sale to other contractors or consumers;
- a statement that the direct seller is aware that the approval to use the ACM may be revoked if the distributor(s) or direct seller fails to comply with the *Excise Tax Act* or the *Act respecting the Québec sales tax*;
- a statement that certifies that the information provided in the application, and any document attached, is true, accurate and complete, to the best of the applicant's (or applicants') knowledge; and
- the signature(s) of the person(s) authorized to sign on behalf of the direct seller or distributor(s).

Revenu Québec will notify the direct seller and distributor(s) in writing to confirm the date the approval takes effect. For more information, see the article entitled [Alternate collection method for direct sellers](#), which was published in the issue of *Tax News* for the second and third quarters of 2007.

**Application for designation of a barter exchange network.** The administrator of a barter exchange network may apply to Revenu Québec to designate the network for GST and QST purposes. To apply for a designation, send a letter signed by the administrator (or an authorized individual) to Revenu Québec. The letter must contain the following information:

- the name of the barter exchange network;
- the name, address, telephone number, and business name of the administrator of the barter exchange network, as well as the numbers used by Revenu Québec to identify the administrator;
- the effective date requested;
- a copy of the membership agreement of the barter exchange network describing the responsibilities of the members and the administrator;
- a statement from the applicant to the effect that the applicant meets the definition of "administrator" of a barter exchange network found in the *Excise Tax Act* and the *Act respecting the Québec sales tax*;
- a statement from the applicant, signed by the administrator (or an individual authorized to sign on behalf of the administrator), that certifies that the information provided in the application, and any document attached, is true, accurate and complete.

The letter must be sent to Revenu Québec, at the following address: Direction des lois sur les taxes et l'administration fiscale, Revenu Québec, 3800, rue de Marly, secteur 5-2-2, Québec (Québec) G1X 4A5.

Revenu Québec will notify the administrator in writing of the designation and its effective date. For more information, see the article entitled [Designation Process for Barter Exchange Networks](#), which was published in the issue of *Tax News* for the first quarter of 2004.

**Application for designation to temporarily cease filing GST and QST returns.** If the cumulative amount of GST or QST that a registrant must remit for a given reporting period does not exceed \$1,000, the registrant may apply to have that reporting period designated so as to not have to file a return. A registrant's cumulative amount of GST for a reporting period is equal to the total GST that was (or should have been) collected and the adjustments added in the calculation of the net GST. The cumulative amount of QST is calculated in the same way. Once the application has been approved, the registrant is not required to file returns for the designated reporting periods, provided the registrant continues to meet the eligibility criteria listed below. During these reporting periods, the registrant can accumulate input tax credits and input tax refunds until such time as the registrant files (or is required to file) a GST and QST return. A registrant that wishes to apply for designated reporting periods must meet the following conditions:

- The registrant expects that the cumulative amount of GST or QST for the given reporting period will not exceed \$1,000.
- The registrant has met all its filing, payment and information obligations with Revenu Québec.
- The registrant must not have revoked a designation for reporting periods in the current fiscal period.

Registrants who are annual filers cannot apply for designated reporting periods. As a rule, the branches or divisions of a registrant cannot apply either, unless the registrant applies for designated reporting periods for the business as a whole. For more information, consult the brochure *General Information Concerning the QST and the GST/HST (IN-203-V)*.

#### Applications that only public sector bodies may file

**Application by a Public Service Body to Have Branches or Divisions Designated as**

**Small-Supplier Divisions** (form [FP-631-V](#)). A public service body may apply to have its branches or divisions designated "small supplier divisions." Each branch or division is then considered to be a small supplier. An authorized representative of the body's head office must complete the form and send it to Revenu Québec. If the application is approved, Revenu Québec will send the head office written confirmation of the designation along with its effective date.

**Application by an Unincorporated Organization to Be Considered a Branch of Another Unincorporated Organization** (form [FP-632-V](#)). Where an unincorporated organization is a member of another unincorporated organization, both organizations can file a joint application with Revenu Québec to have the member organization considered a branch of the other organization and not a separate person for GST and QST purposes. Where the application is approved in writing by Revenu Québec, GST and QST do not apply on transfers of property or services between the two organizations.

#### Applications that only corporations and financial institutions may file

**Application, Renewal or Revocation of the Authorization for a Qualifying Institution to Use Particular Methods** (form [FP-116-V](#)). This form allows a financial institution that is a qualifying institution to apply for an authorization to use particular methods to determine the operative extent and the procurative extent of each property or service for a given fiscal period beginning after March 2008. In addition, this form may also be used to renew or revoke a previously granted authorization.

A single application per legal entity is accepted. Branches and divisions must not file their own application. The completed form must be sent to Revenu Québec. For more information, refer to GST/HST Technical Information Bulletins [B-097](#), *Determining Whether a Financial Institution is a Qualifying Institution for Purposes of Section 141.02*, and [B-098](#), *Application of Section 141.02 to Financial Institutions That Are Qualifying Institutions*, as well as to GST/HST [Notice 236](#), *Draft GST/HST Technical Information Bulletin on the ITC Allocation Methods for Financial Institutions - For Discussion Purposes Only*.

#### Note

This application is based on amendments to the *Excise Tax Act* that have yet to be assented to.

**Application to Offset Tax by Refunds or Rebates** (form [FP-603.A.FP-603.B-V](#)). This application enables members of a group of closely related corporations to reduce or offset an amount of GST or QST remittable or payable by one member of the group by the amount of a GST or QST rebate to which another member is entitled. The group must designate one of its members to be the coordinator. The form has two parts: Part FP-603.A must be completed by the coordinator and Part FP-603.B must be completed by all other members of the group filing the application. The coordinator must send the form to Revenu Québec. Revenu Québec must provide its authorization before the members can file their returns for the first reporting period to which the offset applies.