

# New Residents and Income Tax



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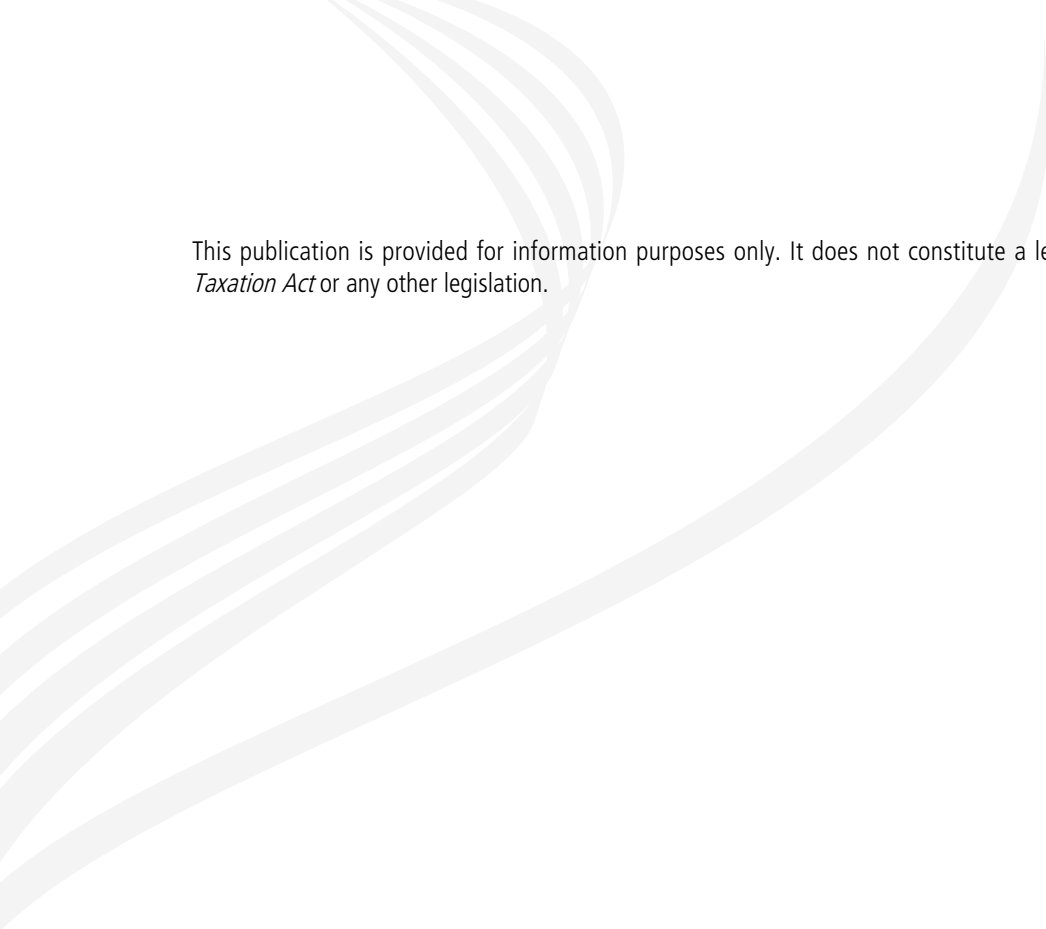
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**Revenu Québec**

Ensuring the funding of public services  
Providing for the future of our society

**Québec** 



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## Foreword

This publication is for you if you have left another country or a Canadian province or territory to settle in Québec, or if you plan on doing so. It is not for you if you are in Québec temporarily.

The publication gives an overview of the Québec taxation system and of the assistance programs available. It will also help you complete your first income tax return as a Québec resident.

To help you fully understand the information in this publication, certain words are followed by an asterisk (\*) referring you to the definitions in the glossary on page 19.

We suggest that you consult these definitions before reading the rest of the publication.





## What you should know

### Are you a new resident?

The term “new resident” means a person who has recently established residential ties in Québec, such as

- a refugee;
- a person who has applied for and obtained permanent resident status from Citizenship and Immigration Canada;
- a person who has received approval in principle to stay in Canada from Citizenship and Immigration Canada.

### Are you a Québec resident?

If you have sufficient residential ties in Québec, you are considered a Québec resident for income tax purposes, generally as of the date of your arrival in Québec.

### Do you have residential ties?

You have residential ties if, for example,

- you have a home in Québec;
- you have a spouse or **de facto spouse**\* and dependants who move to Québec to live with you (a dependant can be your or your spouse’s child, grandchild, brother, sister, nephew, niece, father, mother, grandfather, grandmother, uncle, aunt, great-uncle or great-aunt, or your brother-in-law or your sister-in-law);
- you have personal property, such as a car or furniture, and social ties in Québec.

Other ties may also be recognized, including a Québec driver’s licence, credit cards issued or bank accounts opened in Québec, and eligibility for Québec health insurance.

If you severed your residential ties with Québec and moved out of the province, you will become a Québec resident again when you return to Québec and re-establish residential ties there.



## Québec fiscal obligations

### Revenu Québec's role

To ensure that all Québec residents pay their fair share of the funding of public services, on behalf of the Québec government, we

- collect income tax and consumption taxes;
- administer a number of assistance programs and any other collection and redistribution programs entrusted to us by the government;
- collect amounts on behalf of certain Québec government bodies, such as the Régie des rentes du Québec and the Commission des normes du travail, as well as on behalf of the Canada Revenue Agency for the goods and services tax (GST) in Québec.

### Self-assessment

The Québec taxation system is based on the principle of self-assessment, which requires all **taxpayers\*** to calculate their fair share of income tax, based on information concerning their income, deductions and credits, and to pay any amounts owing. We must therefore be able to rely on the full cooperation of Québec residents in order to collect the amounts needed for the functioning of the Québec government.

In return, we recognize that taxpayers are entitled to plan their affairs so that they pay only the amounts legally due.

### Why it is important to file an income tax return

You may be eligible for credits, deductions and assistance programs. To take advantage of them, you must complete a tax return each year even if you have no income to report or no income tax payable.

All Québec residents also have fiscal obligations to the Government of Canada. To find out about them, contact the Canada Revenue Agency.



## The Québec taxation system

The Québec taxation system is similar to that of Canada and many other countries. Generally, employers withhold income tax and contributions from the salary they pay their employees, while **self-employed persons\*** and persons who earn rental income (for example, a person who owns a rental building) may have to remit their income tax and contributions in the form of **instalment payments**.\*

### What is income?

Income consists of amounts such as salaries and wages, remuneration, commissions, fees, interest, dividends and annuities. As a rule, income is derived from an office or employment, a business or property.

Note that an amount received in the form of capital does not constitute income. For example, if you make a one-year term deposit of \$1,000 (capital) at a bank, at 5% interest, the bank will remit \$1,050 (\$1,000 in capital + \$50 in interest) to you when the investment matures. Only the \$50 in interest is considered income. Consequently, you will receive an RL slip from the bank indicating \$50 in interest income.

### What is an RL slip?

RL slips are official receipts that you receive annually. They must be enclosed with your income tax return because they are used to determine the amount of your income and the deductions and tax credits you may claim for a taxation year. There are various types of RL slips, but the main ones are as follows:

#### RL-1 slip

This slip is generally issued by an employer. It indicates employment income, as well as source deductions of income tax and contributions.

#### RL-3 slip

This slip is generally issued by a financial institution. It indicates investment income.

#### RL-4 slip

This slip is issued by a landlord to a tenant. It indicates property taxes.

#### RL-8 slip

This slip is issued by an educational institution. It indicates the amount for post-secondary studies that an individual may claim for a dependent child attending the institution.

#### RL-24 slip

This slip is generally issued by a daycare service. It indicates amounts paid for child-care expenses.

## Income tax return

Each **taxation year**,\* you must determine your fiscal obligations vis-à-vis Québec by filing an income tax return on which you indicate your income, deductions and credits, and calculate your Québec income tax payable.

The income tax return enables you to determine whether you are entitled to a refund of all or part of the income tax paid in advance on your income for the year, or whether you have a balance due. It is also used to verify whether you are entitled to certain assistance programs.

## Social insurance number

You must have a social insurance number when you complete your income tax return. The social insurance number is a nine-digit personal identification number that is confidential. It is assigned by the federal government to all persons residing in Canada, whether they are newly arrived or not.

Since no two social insurance numbers are the same, we use your social insurance number to identify you, in particular with regard to income tax and benefits. For example, we use your social insurance number when we transmit the amount of your earnings as an employee or a self-employed person to the Régie des rentes du Québec.

If you do not have a social insurance number, you can apply for one at the Service Canada Centre in your area. If a number has not been assigned to you by the time you file your tax return, enclose a note with your return explaining that you have filed an application but have not yet received a social insurance number.







## Filing an income tax return

### Who is required to file an income tax return?

An **individual\*** who is resident in Québec on December 31 of a taxation year must, as a rule, file both a Québec income tax return and a federal income tax return. Even if you have no income to report or no income tax payable, you must file a tax return in order to take advantage of assistance programs to which you may be entitled.

### You worked in another province

If you worked in another Canadian province but were resident in Québec on December 31, you must file a Québec income tax return. However, if you were resident in Québec for a portion of the year but you were resident in another province on December 31, contact us.

### How to file your income tax return

You must obtain the guide to the income tax return (TP-1.G-V) and the “Forms” booklet (TPF-1.D-V), which contain most of the information you will need to complete your tax return. These documents are available, as of January, on our website at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca) or at most caisses Desjardins.

### When to file your income tax return

Your income tax return must be filed by April 30 of the following calendar year or, if you or your spouse is reporting business income, by June 15 of the following calendar year.

For example, your income tax return for 2009 must be filed on or before April 30, 2010, or, if you or your spouse is reporting business income (as a self-employed person), on or before June 15, 2010. However, if you have a balance of income tax payable for 2009, it must be paid by April 30, 2010. Otherwise, interest will be calculated on the balance as of May 1, 2010.

### Completing your income tax return

Read the guide to the income tax return (TP-1.G-V) carefully. Pay particular attention to the “Information about you” section of the guide. **Make sure you complete this section correctly on the return.**

We need this information to send you the official notice of assessment indicating how your tax return was processed. If applicable, be sure to indicate, on page 1 of the income tax return, the date of your arrival in Canada, the number corresponding to the reason for your arrival and the income you earned while you were not resident in Canada.

## The Volunteer Program

The goal of the Volunteer Program is to provide assistance to people who need help completing their income tax returns, but who cannot afford to use the services of tax professionals. The Volunteer Program is administered jointly by the Canada Revenue Agency and Revenu Québec.

## Deemed acquisition

If you decide to sell property that you owned on the day you became resident in Canada, the resulting profit or loss must be reported to us.

We will consider that you acquired the property at a cost equal to its **fair market value\*** on the date you became resident in Canada. This is known as a “deemed acquisition.”

You must therefore have your property evaluated and keep a statement of its fair market value on the date of your arrival in Québec. The fair market value will be used to calculate your gain or loss when you sell the property.

The following property, which you owned when becoming resident in Canada, is not subject to the deemed acquisition rule (as a result, you must use the actual cost at the time of acquisition to calculate your gain or loss):

- taxable Canadian property;
- property included in the inventory of a business you carried on in Canada at the time of its sale;
- **incorporeal property\*** of a business you carried on at the time of its sale;
- an excluded right, interest or share, except for shares in a testamentary trust not resident in Canada that were never acquired for a **consideration.\***

For further information, contact us.

## Deductions

### Contributions to a registered retirement savings plan (RRSP)

If you are arriving from a country other than Canada and are filing a Québec income tax return for the first time, you cannot claim a deduction for RRSP contributions made in Québec during the taxation year. Nor can you deduct such contributions made in other countries on your Québec income tax return.

### Retirement income transferred by your spouse

If your spouse received eligible retirement income during the year and you were both resident in Canada on December 31, you and your spouse may jointly decide to include up to 50% of your spouse’s eligible retirement income in the calculation of your income.

## Moving expenses

If you lived in another Canadian province or territory before moving to Québec, you may be entitled to a deduction for moving expenses. Requirements for this deduction are given in the guide to the income tax return (TP-1.G-V).

As a rule, if you lived in a country other than Canada before moving to Québec, you cannot claim a deduction for moving expenses incurred to come to Québec.

However, you may be entitled to a deduction if you moved to Québec and you received a research grant to attend an institution offering post-secondary or university education. For further information, refer to form TP-348-V, *Moving Expenses*, available on our website.

## Support payments

Certain support payments may entitle you to a deduction. For further information, consult the guide to the income tax return or the brochure *The Tax Effects of Separation and Divorce* (IN-128-V), available on our website.

## Special case

If you are a refugee who received amounts from a charity such as a church, you do not have to report the amounts on your income tax return. However, if you were hired as an employee of the charity, your employment income is taxable and must be reported.

## Where to send your income tax return

Your **first income tax return** must be **mailed** to us in the return envelope included in the “Forms” booklet. Make sure you affix sufficient postage. If you do not have the return envelope, your tax return (including a tax return printed out from our website) must be sent to one of the following addresses:

### Montréal

Revenu Québec  
C. P. 2500, succursale Place-Desjardins  
Montréal (Québec) H5B 1A3

### Québec City

Revenu Québec  
Centre de traitement  
C. P. 25000, terminus postal  
Québec (Québec) G1A 1A8

If you use a commercial software program to complete and print out your tax return, you must send it to the Québec City address given on the previous page or to the Montréal address below:

### **Montréal**

Revenu Québec  
Complexe Desjardins  
C. P. 4500, succursale Place-Desjardins  
Montréal (Québec) H5B 1A6

You can use our NetFile Québec service to file subsequent income tax returns online.

### **Online services**

We offer individuals and businesses a wide range of secure online services. These services are all free of charge, and they provide several advantages. For further information, go to [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).





## Tax credits

Tax credits are amounts granted on the basis of a taxpayer's financial and family situation in order to reduce his or her income tax payable. In Québec, there are two types of tax credits:

- refundable tax credits, and
- non-refundable tax credits.

### Refundable tax credits

In accordance with the *Taxation Act*, an amount can be refunded to a taxpayer in certain situations and under certain conditions. Such an amount is called a "refundable tax credit." To obtain this type of credit, you must meet the eligibility requirements set out in the guide to the income tax return (TP-1.G-V) and claim the credit on your return.

A brief description of the refundable tax credits to which you may be entitled is provided below.

#### The solidarity tax credit

The new solidarity tax credit will offer assistance to low- and middle-income households. It will be paid on a monthly basis, beginning in July 2011.

#### The refundable tax credit for medical expenses

If you were resident in Canada throughout the year and you earned at least \$2,700 in work income, you may be entitled to a credit for medical expenses you incurred for yourself, your spouse or a dependant. The amount to which you are entitled will be based on your family income. The medical expenses you may claim for the purpose of this credit include amounts paid for certain medication, payments made to a dentist, and the cost of glasses and contact lenses.

A dependant can be your or your spouse's child, grandchild, brother, sister, nephew, niece, father, mother, grandfather, grandmother, uncle, aunt, great-uncle or great-aunt, or your brother-in-law or your sister-in-law, who lives with you and whom you support.

#### The tax credit for caregivers

You may claim the tax credit for caregivers for each eligible relative who lived with you in Canada in a dwelling of which you or your spouse was the owner, tenant or subtenant, if you meet the following conditions:

- You were resident in Québec on December 31.
- No one, except your spouse, is claiming an amount with regard to you on line 367, 378 or 381 of his or her return.

## The tax credit for taxi drivers and taxi owners

You may claim the tax credit for taxi drivers and taxi owners if, on December 31, you were resident in Québec and one of the following situations applied to you:

- You held a taxi driver's permit during the year, and did not hold a taxi owner's permit on December 31.
- You held a taxi driver's permit during the year and held at least one taxi owner's permit on December 31. In addition, during the portion of the year in which you held the taxi owner's permit or permits, you paid less than 90% of the fuel costs for the taxi covered by each permit.
- You held at least one taxi owner's permit on December 31, and, during the portion of the year in which you held the permit, you paid 90% or more of the fuel costs for the taxi covered by the permit.

## The tax credit for the reporting of tips

You may be eligible for the tax credit for the reporting of tips if you or a **partnership\*** of which you were a member carried on a business in the hotel or restaurant sector in Québec. The credit applies to the employer contributions that you or the partnership paid to the federal and Québec governments on the tips received by employees.

## The tax credit for home-support services for seniors

If you are aged 70 years or more, you may be entitled to the tax credit for home-support services for seniors for expenses relating to home-support services, such as services related to meals, including their preparation and delivery by a non-profit community organization, and routine household tasks.

## The tax credit for child-care expenses

You may be entitled to the tax credit for child-care expenses if you paid child-care expenses for one or more dependent children.

For further information on refundable tax credits, refer to the guide to the income tax return (TP-1.G-V).

## Non-refundable tax credits

A non-refundable tax credit is an amount that reduces or nullifies your income tax payable, depending on your situation. To obtain a non-refundable tax credit, you must meet the eligibility requirements set out in the guide to the income tax return (TP-1.G-V) and claim the credit on your return.

If you are a new resident in Canada, there may be a cap on the amount of non-refundable tax credits you can claim. Information on these credits is provided below. For further information, refer to the guide to the income tax return (TP-1.G-V).

### For the portion of the taxation year you were resident in Canada

You may claim the following non-refundable tax credits provided you do so for the portion of the year that you were resident in Canada:

- union, professional or other dues;
- the interest you paid during the taxation year on loans for post-secondary studies granted to you under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act* or a similar provincial or territorial statute;
- tuition and examination fees;
- medical expenses;
- donations and gifts.

You may also claim the following non-refundable tax credits, proportionally to the number of days you were resident in Canada in the year, provided the credits apply to your situation:

- the basic personal amount;
- the amount for dependants. A dependant is a person 18 or over, other than your spouse, who is related to you by blood, marriage or adoption, who lives with you and whom you support. It can be your or your spouse's child, unless you or someone else is claiming an amount transferred by a child 18 or over enrolled in post-secondary studies in respect of that child. It can also be your or your spouse's brother, sister, nephew, niece, father, mother, grandfather, grandmother, uncle or aunt;
- the amount transferred by a child 18 or over enrolled in post-secondary studies;
- the amount for a severe and prolonged impairment in physical or mental functions.

The age amount, the amount for a person living alone and the amount for retirement income will not be reduced in proportion to the length of time you were resident in Canada during a taxation year, even if you did not live in Canada throughout the year. However, to calculate the amount of the credits to which you are entitled, you must take into account all of the income you and your spouse earned, including the income earned during any period you were not resident in Canada.

## For the portion of the taxation year you were not resident in Canada

In general, you cannot claim non-refundable tax credits for the period in which you were not resident in Canada.

However, if the income from Canadian sources you report for the portion of the year in which you were not resident in Canada represents at least 90% of your net income from all sources for that portion of the year, you can claim certain non-refundable tax credits to which you are entitled in the same proportion as that of your income earned in Québec compared to your income earned elsewhere in Canada.

Other non-refundable tax credits are not subject to the 90%-of-net-income rule but can be claimed in the same proportion as that of your income earned in Québec compared to your income earned elsewhere in Canada.

For further information, contact us.

## Other tax credits

You may be entitled to other tax credits.

For further information, refer to the guide to the income tax return (TP-1.G-V).







## Assistance programs

The Québec and federal governments make several assistance programs available to individuals and families with low incomes. If you received amounts of assistance during the year under such programs, you must report certain amounts on your income tax return.

For information purposes, some of the government assistance programs for which you may apply are described below. The government department or public body responsible for administering each program is indicated, so that you can contact it for further information.

### Assistance for individuals

#### The Social Assistance Program and the Social Solidarity Program

The Social Assistance Program and the Social Solidarity Program are intended for persons who are jobless but employable or who, because of temporary or severe constraints, are not employable.

For further information on the Social Assistance Program and the Social Solidarity Program, contact the Ministère de l'Emploi et de la Solidarité sociale, which is in charge of administering them, or go to [www.mess.gouv.qc.ca](http://www.mess.gouv.qc.ca).

#### The work premium

The work premium is a refundable tax credit. It is calculated on the basis of your income and your personal and family situation. The amount is determined when you file your income tax return.

For more information on the work premium, contact us, since we are in charge of administering it, or go to [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).

### Assistance for families

#### The refundable tax credit for child assistance

The refundable tax credit for child assistance is paid by the Québec government to assist families. It has two components:

- **the child assistance payment**, which is paid to all Québec families with one or more dependent children under the age of 18;
- **the supplement for handicapped children**, the purpose of which is to provide financial assistance to help families with the care and education of a child with a serious physical or mental handicap.

For further information on the refundable tax credit for child assistance, contact the Régie des rentes du Québec, which is in charge of administering it, or go to [www.rrq.gouv.qc.ca](http://www.rrq.gouv.qc.ca).

## The Canada Child Tax Benefit

The Canada Child Tax Benefit is a non-taxable monthly payment made to help families meet their children's needs.

## The Universal Child Care Benefit

The Universal Child Care Benefit is financial support in the form of a monthly payment made directly to families to help them meet their child-care needs for children under age six.

For further information on Canada child benefits, contact the Canada Revenue Agency, which is in charge of administering them, or go to [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

## Other assistance programs

Several other assistance programs are available, including the following:

- housing assistance;
- special pregnancy benefit;
- special benefit for nursing mothers;
- assistance for the purchase of infant formula.

For further information on these assistance programs, contact Services Québec or go to the Québec Portal at [www.gouv.qc.ca](http://www.gouv.qc.ca).

## Tax treaties

Tax treaties exist between Québec and France, as well as between Canada and several other countries. The purpose of such treaties is to ensure that people do not pay income tax on the same income in two different countries. Although Québec is not a party to the tax treaties signed by Canada, certain provisions of these treaties are taken into account in Québec's tax legislation.

If Canada or Québec has not signed a tax treaty with the country in which you earned your income, you cannot claim a deduction for non-taxable income under a tax treaty in your income tax return. However, the foreign income tax you paid may entitle you to the foreign tax credit.

## Foreign tax credit

You are entitled to the foreign tax credit if you meet the following conditions:

- You were resident in Québec on December 31;
- You paid income tax or a similar contribution to the government of a foreign country.

For further information, refer to the guide to the income tax return (TP-1.G-V).

To find out which countries have signed a tax treaty with Canada, contact the Canada Revenue Agency.



## Glossary

### **Consideration**

Cash, property or services used to pay for a property or service.

### **De facto spouse**

A person (of the opposite sex or of the same sex) who, at any time in the year, lived in a conjugal relationship with you and was the biological or adoptive parent (legally or in fact) of at least one of your children, **or** who lived in a conjugal relationship with you for at least 12 consecutive months (the 12-month period is considered to be uninterrupted if you live apart because of the breakdown of your relationship for a period of less than 90 days).

### **Fair market value**

The highest selling price, in Canadian dollars, that you would obtain for a property on the open market.

### **Incorporeal property**

Incorporeal property is immaterial movable property, such as patents, copyrights and trademarks.

### **Individual**

A natural person subject to income tax.

### **Instalment payment**

A partial payment under the *Taxation Act*, constituting an advance on the income tax and contributions you are required to pay for the year.

### **Partnership**

An entity created further to an agreement entered into by two or more persons, called partners, with a view to carrying on a business for profit. Each partner makes a financial contribution (money or property), a professional contribution (work or skills) or both.

### **Self-employed person**

An individual who carries on an unincorporated business in his or her name, with a view to making a profit.

### **Taxation year**

In the case of individuals, generally a period corresponding to the calendar year, that is, January 1 to December 31.

### **Taxpayer**

A person subject to income tax. Such a person may be a corporation or an individual, including a beneficiary of the socio-fiscal programs administered by Revenu Québec.

## To contact us



### Online

We invite you to visit our website at [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca).



### By telephone

#### Hours of availability for telephone service

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

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#### Individuals and individuals in business

Québec City

**418 659-6299**

Montréal

**514 864-6299**

Elsewhere

**1 800 267-6299** (toll-free)

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#### Businesses, employers and agents for consumption taxes

Québec City

**418 659-4692**

Montréal

**514 873-4692**

Elsewhere

**1 800 567-4692** (toll-free)

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#### Persons with a hearing impairment

Montréal

**514 873-4455**

Elsewhere

**1 800 361-3795** (toll-free)



### By mail

#### Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière  
and Montérégie

Direction principale des services à la clientèle  
des particuliers

Revenu Québec

C. P. 3000, succursale Place-Desjardins

Montréal (Québec) H5B 1A4

#### Québec and other regions

Direction principale des services à la  
clientèle des particuliers

Revenu Québec

3800, rue de Marly

Québec (Québec) G1X 4A5

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#### Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière,  
Montérégie, Estrie and Outaouais

Direction principale des services à la clientèle  
des entreprises

Revenu Québec

C. P. 3000, succursale Place-Desjardins

Montréal (Québec) H5B 1A4

#### Québec and other regions

Direction principale des services à la  
clientèle des entreprises

Revenu Québec

3800, rue de Marly

Québec (Québec) G1X 4A5

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