



Subsidy Program for Restaurateurs

MANDATORY BILLING IN THE RESTAURANT SECTOR

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1. FOREWORD

Mandatory billing is being implemented in restaurant establishments across Québec. The Québec government is enforcing new tax measures to fight tax evasion and the underground economy in the restaurant sector.

Since September 1, 2010, all restaurant establishments subject to the new measures have been required by law to remit bills¹ to their clients² and keep a copy of the bills.

Furthermore, as of November 1, 2011, all restaurant establishments subject to the measures that are QST registrants must produce all bills using a sales recording module (SRM) as determined by the Minister of Revenue of Québec (Revenu Québec). Mandatory billing will be required earlier for

- restaurant establishments using the SRM on a voluntary basis (in this case, the deadline is the date, after August 31, 2010, the SRM is activated);
- new restaurant establishments, as defined in section 3.1 (in this case, the deadline is the date on which the first meal is served in the course of the restaurant's operations); and
- restaurant establishments that have failed to fulfill their tax obligations after April 20, 2010, and have received a notice from Revenu Québec (in this case, the deadline is the date indicated by Revenu Québec on the notice).

¹ The term "bill" refers to both the note that presents all expenditures by a client in a restaurant establishment and the receipt, which is the proof of payment issued to the client.

² The term "client" refers to the person to whom the bill is issued.

2. INTRODUCTION

The Québec government mandated Revenu Québec to implement and administer a temporary subsidy program to support eligible restaurateurs (as defined in section 3.1). This program is for restaurateurs that must update their equipment or acquire and install new equipment to comply with the new obligations for producing all bills using an SRM and providing a bill to each client.

The goal of the Subsidy Program for Restaurateurs is to compensate restaurateurs for a portion the expenditures incurred between April 20, 2010, and November 1, 2011, for updating, acquiring or installing equipment necessary for implementing the new tax measures in restaurant establishments.

The subsidy amount will be higher for eligible restaurateurs that activate an SRM in a restaurant establishment before March 31, 2011.

In this document

Restaurateurs that wish to take advantage of the subsidy program will find the following useful information in this document:

- details of the terms and conditions of the program
- program eligibility requirements
- instructions on how to file an application
- an explanation of the analysis and approval process for applications
- details about maintaining SRM requirements

Changes to eligibility requirements

Revenu Québec reserves the right to change the terms and conditions of the program at any time.

3. ELIGIBILITY REQUIREMENTS

3.1 GLOSSARY

Bill

Both the note that presents all expenditures by a client in a restaurant establishment and the receipt, which is the proof of payment issued to the client.

Cash register and point-of-sale system

Computer systems used to produce bills, manage and record sales, and keep books of accounts.

Eligible restaurateur

Any person that

- operates a restaurant establishment at any point between September 1, 2010, and November 1, 2011;
- is registered for the Québec sales tax;
- must provide its clients with a bill generated by an SRM; and
- is required to file a *Sommaire périodique des ventes* (periodic sales summary) report generated by each of its SRMs.

However, this term does not include a restaurateur that

- takes advantage of the *Companies' Creditors Arrangement Act* (R.S.C. 1985, c. C-36) or the *Bankruptcy and Insolvency Act* (R.S.C. 1985, c. B-3);
- is the subject of proceedings under the previous acts;
- has proceedings initiated against it, because of its liquidation, dissolution or winding-up; or
- ceases or expects to cease carrying on activities in the year after applying for the subsidy.

New restaurant establishment

A restaurant establishment where an eligible restaurateur, as of September 1, 2010, serves the first meal in the course of the restaurant's operations.

Receipt printer

A device used to print documents (such as bills) produced by a cash register or a point-of-sale system.

Registered installer

A person registered as an installer with Revenu Québec that has access to download the activation software from Revenu Québec's online service (Clic Revenu).

Restaurant establishment³

A place

- designed to sell meals generally for consumption on the premises;
- where take-out meals are offered for sale; or
- where a caterer carries on his or her business.

However, the new measures do not extend to restaurant establishments designated as "exempt establishments" in the document *Information for Restaurateurs* (IN-575-V). This document is available on Revenu Québec's website at www.revenu.gouv.qc.ca/en/resto.

Sales

The total amount of taxable and zero-rated sales for a restaurant establishment in Québec. This amount can be determined using

- the total amount of taxable and zero-rated sales for the full 12 months before the first SRM was activated in the restaurant establishment; or
- the total amount of taxable and zero-rated sales as indicated in the last financial statement issued in the year before the first SRM was activated in the restaurant establishment.

Sales recording module (SRM)

A micro-computer that connects to a cash register or point-of-sale system.

The SRM was designed to

- receive data related to different commercial transactions;
- record commercial transaction information (such as sales and taxes) in secure data storage; and
- send to a printer the information required to print the bill.

³ This term is "establishment providing restaurant services" in the *Act respecting the Québec sales tax*.

Sommaire périodique des ventes (periodic sales summary)

A report containing summary-level information (such as the amount of sales and taxes for a given period) on the commercial activities recorded by the SRM. The acronym "SPV" may be used to designate the periodic sales summary. For more information, consult the document *Information for Restaurateurs* (IN-575-V).

3.2 REQUIREMENTS

3.2.1 SRM requirements

To be eligible for the subsidy program, an eligible restaurateur must have acquired the SRM between April 20, 2010, and November 1, 2011, from a registered installer. The registered installer must have installed and activated the SRM by November 1, 2011. Furthermore, the restaurant establishment where the SRM was installed must have served at least one meal in the course of the restaurant's operations.

An SRM that is rented, leased or acquired under similar circumstances does not meet the requirements of the program. The lessor or lessee cannot apply for a subsidy for such SRM.

An SRM that has been subsidized under this program cannot be subsidized again, regardless of the applicant.

3.2.2 Cash register, point-of-sale system and receipt printer requirements

To be eligible for the subsidy program, an eligible restaurateur must have paid the costs associated with updating, acquiring or installing a cash register, point-of-sale system or receipt printer between April 20, 2010, and November 1, 2011. Furthermore, the restaurant establishment where the cash register, point-of-sale system or receipt printer was installed must have served at least one meal in the course of the restaurant's operations.

For a receipt printer to meet the requirements of the program, it must be connected to an SRM.

A cash register, point-of-sale system or receipt printer that is rented, leased or acquired under similar circumstances meets the requirements of the program. The terms and conditions for subsidizing equipment in this situation have been defined by Revenu Québec and will be sent to restaurateurs shortly.

A cash register, point-of-sale system or receipt printer that has been subsidized under this program cannot be subsidized again, regardless of the applicant.

3.2.3 Eligible expenditures

Eligible expenditures for acquiring, updating or installing a cash register, point-of-sale system or receipt printer include the purchase, installation and connection costs as well as any other costs necessary to make these devices operational.

Ineligible expenditures

Taxes paid, costs associated with maintenance, repair, service contracts, training, extending the warranty and any other recurrent activities cannot be subsidized.

3.3 SUBSIDY PAYMENT

Under the program, a subsidy will be paid to an eligible restaurateur that applies for the subsidy in compliance with the terms and conditions presented in this document.

The restaurateur must use the *Subsidy Application for Restaurateurs* (VD-350.52.SM-V) to request the subsidy. The application is available on our website at www.revenu.gouv.qc.ca/en/resto. A restaurant owner must submit a separate application for each of its restaurant establishments. The form must contain all the information needed to calculate the subsidy amount for

- SRMs activated in the establishment; and
- cash registers, point-of-sale systems or receipt printers installed in the establishment.

The subsidy payment will be made to restaurateurs only after we have received the following:

- the original supporting documents (invoices) as proof that SRMs, cash registers, point-of-sale systems or receipt printers were acquired or installed or as proof that cash registers or point-of-sale systems were updated. These supporting documents must be included with form VD-350.52.SM-V.
- two consecutive periodic sales summary reports, each covering a full month and containing real sales data. The two reports must be produced for each SRM activated in the restaurant establishment applying for the subsidy and sent to Revenu Québec following normal procedures, rather than being included with form VD-350.52.SM-V.

3.4 SUBSIDY APPLICATION PERIOD

The subsidy application of an eligible restaurateur must be postmarked between September 1, 2010, and December 31, 2011.

3.5 COMPATIBILITY

The restaurateur is responsible for ensuring that cash registers, point-of-sale systems and receipt printers are compatible with the SRM.

3.6 MAXIMUM SUBSIDY

3.6.1 Maximum subsidy per SRM (SRM portion)

The maximum subsidy a restaurant establishment can receive for SRMs is determined by the number of SRMs in the restaurant establishment that meet the requirements. This number corresponds to the number of receipt printers that are connected to a cash register or a point-of-sale system. A restaurant establishment can receive up to \$1,053 for the first SRM and \$975 for each additional SRM.

3.6.2 Maximum subsidy for cash registers, point-of-sale systems and receipt printers (required equipment portion)

The maximum subsidy for updating, acquiring or installing cash registers, point-of-sale systems or receipt printers will be determined using the information below.

Limit on eligible expenditures based on sales

A limit on eligible expenditures for the subsidy is set for each restaurant establishment. This amount is based on sales

- for the full 12 months before the first SRM was activated in the restaurant establishment; or
- as indicated in the last financial statement issued in the year before the first SRM was activated in the restaurant establishment.

This sales figure must be reported on the *Subsidy Application for Restaurateurs* (VD-350.52.SM-V). The sales figure will then be verified by Revenu Québec, if the restaurateur consents to the verification process in Part 7 of the form.

The limit on eligible expenditures (required equipment portion) for a restaurant establishment is set at

- \$2,500 for sales under \$200,000;
- \$5,000 for sales between \$200,000 and \$1,000,000; and
- \$7,500 for sales over \$1,000,000.

For a new restaurant establishment or a restaurant establishment that does not authorize Revenu Québec to validate its sales, sales are deemed to be under \$200,000.

The table below shows the calculation of the maximum subsidy for cash registers, point-of-sale systems and receipt printers (required equipment portion).

Sales reported for the restaurant establishment	Limit on eligible expenditures (required equipment portion)	Percentage (%) applied per \$2,500	Maximum subsidy (required equipment portion) when all SRM(s) activated by March 31, 2011 (80%)	Maximum subsidy (required equipment portion) when any SRM(s) activated after March 31, 2011 (40%)
Less than \$200,000 and any new restaurant establishment	\$2,500	100% x \$2,500 = \$2,500	80% x \$2,500 = \$2,000	40% x \$2,500 = \$1,000
Between \$200,000 and \$1,000,000	\$5,000	100% x \$2,500 = \$2,500 50% x \$2,500 = \$1,250 \$2,500 + \$1,250 = \$3,750	80% x \$3,750 = \$3,000	40% x \$3,750 = \$1,500
Over \$1,000,000	\$7,500	100% x \$2,500 = \$2,500 50% x \$2,500 = \$1,250 25% x \$2,500 = \$625 \$2,500 + \$1,250 + \$625 = \$4,375	80% x \$4,375 = \$3,500	40% x 4,375 = \$1,750

3.7 MAINTAINING SRM REQUIREMENTS

One year after the date a restaurateur is required to use an SRM, Revenu Québec will verify that the SRM still meets the requirements of the subsidy program by ensuring that all the SRMs function simultaneously. To do this, Revenu Québec will use the periodic sales summary reports the restaurateur sent to Revenu Québec during the 12 months after the restaurateur was required to use the SRM. Additionally, in order to determine if a restaurateur is using the the SRMs, Revenu Québec will verify that at least two reports, using real sales data, were produced by each SRM.

By performing these verifications, Revenu Québec will determine if the SRMs continue to meet the requirements. If, during the verification, we find that an SRM no longer meets the requirements, we will require the restaurateur to reimburse the full subsidy received for each SRM that does not meet the requirements.

3.8 SPECIAL TERMS

Recovery of or disentitlement to the subsidy

Revenu Québec may, at any time, recover any overpayment of subsidy and disentitle the restaurateur to the subsidy for reasons including

- an error on the part of Revenu Québec in administering the program;
- sending incomplete or incorrect information;
- making false statements;
- not meeting eligibility requirements; or
- other reasons.

Disentitlement to the subsidy will happen "as of right" for which a formal notice is not required. A restaurateur that is disentitled must remit to Revenu Québec the entire amount received under the subsidy program.

Amounts to be collected by Revenu Québec

Under any of the laws Revenu Québec administers, Revenu Québec may deduct from the subsidy any amount it has to collect from the restaurateur. This may include support payments or tax debts.

Restrictive clause

If a restaurateur receives a subsidy under this program, it cannot take advantage of a rebate or financial assistance with respect to SRMs or

related equipment from any other program of the gouvernement du Québec, unless the government makes specific provisions to that effect.

Requesting a cheque payable jointly

If the restaurateur requests a cheque payable jointly, the cheque will be made payable to both the restaurateur and the installer (that is a QST registrant).

Supplier guarantee

Costs associated with the improper functioning of an SRM, cash register, point-of-sale system, or receipt printer are not covered by the subsidy program. These costs may be covered by the guarantee of the supplier of the device.

4. APPLICATION INSTRUCTIONS

To apply for the subsidy, you must complete the *Subsidy Application for Restaurateurs* (form VD-350.52.SM-V), which is available on our website at www.revenu.gouv.qc.ca/en/resto. The instructions for completing the form are listed below.

1. Complete and sign the form.

Parts 1, 2, 3, 4, 5 and 6 must be completed, Part 7 (Consent) must be completed and signed, and Part 8 (Certification) must be signed. Part 9 is optional.

When determining the amount of subsidy to be paid, if you do not consent to the verification process in Part 7, Revenu Québec will limit the eligible expenditures (required equipment portion) to \$2,500 for the restaurant establishment.

Any missing information may delay processing your subsidy application.

2. Include the required supporting documents with the application.

Invoices related to the SRM portion

All invoices must include the following information:

- the name and address of the restaurateur
- the name and address of the restaurant establishment
- the number of SRMs installed
- the unit price and description (serial number) of each SRM
- the price and description of cables and connectors for each SRM
- the installation cost for each SRM

Invoices related to cash registers, point-of-sale systems and receipt printers (required equipment portion)

All invoices must include the following information:

- the name and address of the restaurateur
- the name and address of the restaurant establishment

- the cost and description of all equipment in the required equipment portion of the subsidy application:
 - the name of the cash register or point-of-sale system model and the name of the manufacturer or developer
 - the make and model of the receipt printers
 - a list of components (cables, RAM, etc.)
- the installation cost

3. Produce and send two periodic sales summary reports.

You will be paid the subsidy only after you send two consecutive periodic sales summary reports to Revenu Québec, each covering a full month and containing real sales data. The reports must be sent for each SRM activated in the restaurant establishment applying for the subsidy.

4. Send your subsidy application to Revenu Québec.

You must mail your subsidy application and the supporting documents to the following address:

Revenu Québec
Service d'implantation et de suivi des modules d'enregistrement des ventes
3800, rue de Marly, secteur 1-2-9
Québec (Québec) G1X 4A5

For more information, go to www.revenu.gouv.qc.ca/en/resto, or call us at

418 659-4692 (Québec);
514 873-4692 (Montréal); or
1 800 567-4692 (toll-free).

5. Apply within the application period.

Your subsidy application must be postmarked no later than December 31, 2011.

5. ANALYSIS AND APPROVAL PROCESS AND PAYMENT TERMS

Analysis and approval process

Revenu Québec will analyze your subsidy application form and your supporting documents taking into consideration the following:

- Parts 1, 2, 3, 4, 5 and 6 must be completed, Part 7 (Consent) must be completed and signed, and Part 8 (Certification) must be signed.
- Part 9 must be signed if you and the QST-registered installer are requesting a cheque payable jointly.
- The supporting documents indicated in this document must meet the requirements and be included with the form.
- The eligibility of expenditures related to acquiring, updating or installing devices will be verified using the invoice from the installer.

In order to verify the accuracy of information reported in a subsidy application about a restaurant establishment, Revenu Québec reserves the right to enter, at any reasonable time, the establishment or any other location where the restaurateur keeps or may keep information related to that reported in the application.

Application approval will depend on whether or not the eligibility requirements of the program were met.

Any missing information will delay the processing of the application. Where applicable, Revenu Québec will request that you provide the missing information, which must be postmarked no later than March 31, 2012.

Payment terms

A subsidy will only be paid after Revenu Québec receives the required supporting documents and the periodic sales summary reports.

Once your application has been approved, you will receive a cheque from the gouvernement du Québec for the total amount of the subsidy granted.

If you requested a cheque payable jointly by completing Part 9 of the form, the cheque will be made payable to both the restaurateur and the installer.