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FOR ALL.

REVENU

QUÉBEC



**ARE YOU
SELF-EMPLOYED?
TAXATION REFERENCE TOOL**

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YOUR RELATIONS WITH US

When starting your business, you must do the following:

- Determine whether your situation corresponds to that of a self-employed person. This question is dealt with in the section “Determining your status as a self-employed person.”
- Become familiar with the registration rules for the GST, the QST, the tax on insurance premiums, the specific tax on alcoholic beverages and the tobacco tax, and register where applicable.
- Find out about your rights and obligations concerning taxes, returns, remittances and refunds (including input tax credits and input tax refunds).
- Find out about your rights and obligations as an employer and register for source deductions, if you have employees.
- Keep records and books of account (including supporting documents) for six years following the taxation or calendar year to which they pertain (supporting documents for personal expenses cannot be used to substantiate expenses incurred as a self-employed person).
- Find out about the services we provide.

If your status changes (you were an employee but are now self-employed), you may

- deduct expenses incurred as a self-employed person;
- amortize your assets and re-evaluate the purpose for which your property is used;
- subtract a business loss from your other income or carry the loss forward to be deducted in subsequent years.

To deduct an amount, you must determine if your activities constitute a source of income. For more information, see the brochure *Business and Professional Income* (IN-155-V), which you can obtain from our website at www.revenuquebec.ca.

You must also

- pay your income tax in instalments if your estimated income tax for the year exceeds your income tax deducted at source by more than \$1,800;
- pay the prescribed contributions (health services fund, the Québec Pension Plan and the Québec parental insurance plan);
- file your income tax return no later than June 15, but pay any balance due by April 30.





After starting your business, you must fulfill the following obligations:

- Keep your records and books up to date in paper or electronic form.
- File your returns by the prescribed deadlines (income tax returns, GST and QST returns, and source deductions and employer contributions returns) and make remittances, where applicable. If you fail to comply with these obligations, you may be
 - liable for penalties and interest;
 - required to reach a payment agreement with us if your payment is late or incomplete.

In certain cases (such as a fire, flood or death), you can request that we make an exception and reduce or cancel your interest or penalties.

- Comply with any requests related to our administrative procedures (review of returns, audits, etc.).
- Take into account situations that change your status, such as
 - exceeding the \$30,000 limit in taxable sales (in which case you are no longer considered a small supplier);
 - hiring employees (in which case your status becomes that of an employer).
- Evaluate the tax effect of events that may occur, such as
 - major or exceptional transactions (for example, collecting consumption taxes or withholding employer contributions in the context of business transactions in another province or country);
 - the purchase or starting up of a new business, or the cessation of the business's activities;
 - a change in the organization of the business (for example, the arrival of a new partner).

- Evaluate the effect of new tax measures that have
 - immediate effects (for example, a change in the tax rate the day after a new rate has been announced);
 - long-term effects (for example, the introduction or elimination of tax relief).

You may contact us about this subject and, if necessary, request a ruling (in certain cases, a fee may be charged for the ruling).

Our online services

Our online services are available on our website. Businesses and self-employed persons that wish to simply and efficiently fulfill their various fiscal obligations may use them. With our online services, you can:

- safely view your business's file: your consumption tax returns, your source deductions and employer contributions returns, and information about your source deductions of support payments;
- file your consumption tax returns and your source deductions and employer contributions returns, and make remittances of source deductions of support payments;
- make payments without having to leave your desk;
- select the date on which your payment is debited from your account; and
- receive your refund 10 to 14 days faster if you have direct deposit service and you file your returns online.



Determining your status as a self-employed person

As a rule, it is your relationship with the person providing you with work that determines your status. The rules for calculating income, among other rules, are different depending on whether you are an employee or self-employed. The legal definitions and the criteria generally used in order to determine the status of a worker follow.

Under the Civil Code of Québec

An **employee** is a person who undertakes for a limited time to do work for remuneration, under the direction or control of an employer.

A **self-employed** person is free to choose the means of carrying out a contract, and no relationship of subordination exists between him or her and the client.

Under fiscal law

For tax purposes, a self-employed person is a natural person (an individual) who operates a business, with or without employees, to make a profit. The tax laws allow self-employed persons to deduct business expenses, but also oblige them, for example, to make contributions to the health services fund, the Québec Pension Plan and the Québec parental insurance plan.

Criteria

Your status is determined on the basis of the following six criteria:

- subordination in the work situation;
- the financial or economic criterion;
- ownership of the tools;
- integration of the tasks carried out by the worker;
- specific result of the work;
- the attitude of the parties with respect to the business relationship.

These criteria are described in the brochure *Employee or Self-Employed Person?* (IN-301-V).

Our principal information documents

- *Business and Professional Income* (IN-155-V)
- *Employee or Self-Employed Person?* (IN-301-V)
- *General Information Concerning the QST and the GST/HST* (IN-203-V)
- *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V)
- *Guide to Filing the RL-1 Slip: Employment and Other Income* (RL-1.G-V)
- *Instalment Payments of Income Tax* (IN-105-V)
- *New Businesses and Taxation* (IN-307-V)
- *Questionnaire for Determination of Status as an Employee or a Self-Employed Person* (RR-65.A-V)
- *Recourse for Your Tax-Related Problems* (IN-106-V)
- *Should I Register with Revenu Québec?* (IN-202-V)
- *Taxable Benefits* (IN-253-V)
- Interpretation bulletins (interpretation and administrative practice concerning the laws and regulations), available for sale at Les Publications du Québec:
 - *Deduction at Source in Respect of a Remuneration Other Than a Salary, Wages or Commission* (IMP. 1015-4)
 - *Deduction at Source in Respect of a Salary, Wages or Commission* (IMP. 1015-1/R1)
 - *Retention and Destruction of Registers and Supporting Documents* (LMR. 34-1/R1)
 - *Source of Income* (IMP. 81-2/R1)
 - *Status of Workers* (RRQ. 1-1/R2)

This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Taxation Act*, the *Excise Tax Act*, the *Act respecting the Québec sales tax* or any other legislation.

TO CONTACT US

Online

www.revenuquebec.ca

By telephone

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

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

Individuals and individuals in business

Québec City	Montréal	Elsewhere
418 659-6299	514 864-6299	1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

Québec City	Montréal	Elsewhere
418 659-4692	514 873-4692	1 800 567-4692 (toll-free)

Persons with a hearing impairment

Montréal	Elsewhere
514 873-4455	1 800 361-3795 (toll-free)

By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

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Cette publication est également disponible en français et s'intitule *Vous êtes travailleur autonome? Aide-mémoire concernant la fiscalité (IN-300)*.