Consumption

TAXES

STUDENT WORKBOOK

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REVENU QUÉBEC

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REVENU QUÉBEC

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The what and why of
CONSUMPTION TAXES

LOOK AT THE RECEIPTS IN THE APPENDIX AND ANSWER THE FOLLOWING QUESTIONS:

Q What do you notice about the taxes?

Q Why do we have to pay tax on these purchases?

Q How would you define “consumption taxes”?

Q Are all merchants and suppliers required to collect the GST and QST?

NOTES

Consumption
TAXES

TABLE 1 – Main consumption taxes

Type	Tax	What is taxed
Sales taxes	**GST/HST (goods and services tax or harmonized sales tax)**	Most goods and services supplied in Canada
	QST (Québec sales tax)	Most goods and services supplied in Québec
Specific taxes	**Tobacco tax**	Tobacco products
	Fuel tax	Fuel for motor vehicles
	Specific tax on alcoholic beverages	Alcoholic beverages purchased in Québec
	Tax on lodging	Stays of fewer than 32 consecutive days at a sleeping-accommodation establishment (hotel, motel, inn, etc.) in one of Québec's tourist regions
	Tax on insurance premiums	Automobile insurance Home insurance Etc.

EXERCISE 1: CALCULATING THE GST AND QST

INSTRUCTIONS: a) Use the receipts in the appendix to answer the questions below.
b) If necessary, use the *GST/HST calculator* on the Government of Canada website. Note the tool can also be used to calculate the QST.

Q What are the rates of the GST and QST?

Q Based on the current tax rate, how much is the GST on the pack of gum listed at $0.99? How much is the QST?

Q What is the total amount that you have to pay for the pack of gum?

EXERCICE 2: WHAT'S TAXABLE?

INSTRUCTIONS: Use Table 2 to answer the questions on page 8.

TABLE 2 – Taxable versus non-taxable goods and services[1]

Expense category	Good or service	Taxable (GST and QST) or non-taxable
Food	Food purchased at a store	Non-taxables: • Basic groceries (meat, fish, fruit, vegetables, grains, bread, eggs and dairy products) • Other groceries sold in certain packages and quantities (for example, a 6-pack of muffins or a container holding 600 mL or more of a fruit beverage)
		Taxable: • Prepared food • Alcoholic beverages, coffee, tea (including herbal tea), soft drinks, candy and snacks
	Food purchased at a restaurant	Taxable
Logement	Rental housing	Non-taxable
	Heating and electricity	Taxable
	Purchase of a new home	Taxable
	Purchase of an existing home (not new and has not undergone substantial renovations)	Non-taxable
Furniture and appliances		Taxable
Clothing and accessories		Taxable
Transportation	Private transportation: motor vehicles and the products needed to run them	Taxable
	Public transportation by: • Subway and city bus	Non-taxable
	• Taxi, plane, train and inter-city bus	Taxable

1. This table is not exhaustive. It lists only the most common goods and services and whether they are taxable or non-taxable.

Expense category	Good or service	Taxable (GST and QST) or non-taxable
Healthcare	Drugs and other pharmaceuticals	
	• Prescription	Non-taxable
	• Over-the-counter	Taxable
	Healthcare services (for example, those provided by a physiotherapist, a psychologist, an optometrist or a dentist)	Non-taxable
Personal care	Soap, shampoo, hairdressing services, etc.	Taxable
Leisure	Recreation items (for example, sports equipment, games and toys) and related services	Taxable
	Home-entertainment equipment and services (for example, audiovisual equipment and repair services)	Taxable
	Entertainment (for example, movie and show tickets)	Taxable
Education	Tuition	Non-taxable
	School supplies	Taxable
	Textbooks	Non-taxable (QST) Taxable (GST)
Reading and other printed materials	Books and magazines (printed and electronic)	Taxable **Exception**: The QST does not apply to printed books.
Tobacco products		Non-taxable (QST) Taxable (GST)
Alcoholic beverages		Taxable
Goods and services sold by an individual	Goods and services sold occasionally by an individual who is not a merchant and does not intend to make a profit (for example, goods sold at a garage sale)	Non-taxable
Other expenses	Communications, expenses for pets, gardening supplies, etc.	Taxable
	Professional services (for example, those provided by a lawyer, a notary or an accountant)	Taxable
	Childcare expenses	Non-taxable

Note that non-taxable goods and services can generally be classified as either **zero-rated** (taxed at a rate of 0%) or **tax-exempt** (not taxed) depending on the intent of the law.

Q True or false: Most goods sold and services rendered in Québec are subject to the GST and QST.

Q True or false: The GST and QST do not apply to the categories of goods and services below.

- Basic groceries
- Lodging
- Healthcare
- Education

Q Why do you think that certain categories of goods and services are subject to consumption taxes while others are not?

EXERCICE 3: MY DAY OFF

INSTRUCTIONS: Read the situation below. Then, use Table 2 to determine whether consumption taxes were applied to the expenses mentioned. For each expense in Table 3, check "No tax" if taxes were not applied but "GST" and/or "QST" if they were applied. Explain your answers.

My day off

Today I didn't have school. So, I got up around ten o'clock and went for brunch with a friend at Morning Eats. To help us digest our meal, we decided to go for a walk. That's when we came across a garage sale where I bought a record player as a birthday present for my dad. Later, we took the bus to the movie theatre. While waiting for our movie to start, my friend popped into a bookstore to buy a novel that her uncle recommended.

After the movie, I went to the dentist for a check-up while my mom went next door to the hairdresser for a haircut. Finally, I tagged along with my mom to grocery store. We bought ground beef, hamburger buns and my favourite, a triple-chocolate muffin.

TABLE 3 – Expenses incurred during my day off

What?	Which taxes were applied to the goods and services?			Why?
	GST	QST	No tax	
Meal at Morning Eats				
Garage sale record player				
Bus fare for public transit				
Movie ticket				
Novel				
Dental check-up				
Haircut				
Ground beef and hamburger buns from the grocery store				
Muffin from the grocery store				

EXERCISE 4: DEBATE – SHOULD THERE BE A JUNK FOOD TAX?

INSTRUCTIONS:

a) Read the following articles to familiarize yourself with the topic:
Fat Taxes a Naïve Prescription for Canadian Health
Junk Food Tax Considered, Ruled Out Says Cathy Bennet

b) Work as a team to discuss and prepare arguments.

c) Name a speaker. This person will present your team's arguments and counterarguments during the debate.

NOTES

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APPENDIX

Receipts

Magasin YU
123, route Beauchamps
410 111-1111

Date : 2025-04-19 Heure : 16 :45 :39
Caissier : Annie

Shampoing (*shampoo*)	4,00 $	FP
Œufs Gros (*large eggs*)	3,49 $	
PEPSI Boisson (*PEPSI beverage*)	6,48 $	FP
Chandail (*sweater*)	14,99 $	FP
Tabac (*tobacco*)	9,75 $	F
Pomme (*apple*)	1,50 $	
Gomme (*gum*)	0,99 $	FP

Sous-Total (*Subtotal*)	41,20 $
TPS (*GST*) 5 %	1,81 $
TVQ (*QST*) 9,975 %	2,64 $
Total :	**45,65 $**

Interac
0000000000G000
APPROUVÉ

F : TPS (*GST*) #101010101
P : TVQ (*QST*) #2121212121

Merci et revenez nous voir!

CARBURANT EXTRA

35, rue Descars
310 222-3333
2025-05-30

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Nº Trans. : 000000
Station : XXXXXX
Nº TPS (*GST No.*) : 000000000
Nº TVQ (*QST No.*) : 1111111111

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Ordinaire (*regular*)	40,00 $
21.99L à (*at*)	1,819/L
CARBURANT INCLUS TPS (*GAS INCLUDES GST*)	1,74 $
CARBURANT INCLUS TVQ (*GAS INCLUDES QST*)	3,47 $
TOTAL	**40,00$**

Type d'achat

Carte de débit *********00
APPROUVÉ

Merci et à bientôt

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Les vins du goulot

1000, rue du Goulot
513 300-4000
Caisse 4

Succursale : 35
Date : 2025-06-04
Nº TPS (*GST No.*) : 000000000
Nº TVQ (*QST No.*) : 1111111111

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Articles (*item*)	**Montant (*amount*)**
Vin rouge (*red wine*)	17,80 $
Rosé	17,75 $
Total	35,55 $
TPS (*GST*) (incl.)	1,55 $
TVQ (*QST*) (incl.)	3,08 $
Achat comptant	35,55 $

Taxe spécifique sur les boissons alcooliques incluse
(*Specific tax on alcoholic beverages included*)

Copie du client

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