

Close collaboration between Revenu Québec and the restaurant sector

To fight tax evasion in the restaurant sector, Revenu Québec is working closely with representatives of the restaurant sector, and therefore wishes to extend its sincere gratitude to the following organizations:

- the Association des restaurateurs du Québec
- the Conseil des chaînes de restaurants du Québec
- the Association des hôteliers du Québec
- the Canadian Federation of Independent Business

Tax evasion in the restaurant sector

For several years, the Québec government has been fighting all forms of tax evasion and the underground economy. Among the different economic sectors targeted in this fight, one of the most highly affected is the restaurant sector.

Even though the majority of restaurateurs fulfill their tax obligations, the Québec government sustains tax losses of more than \$400 million per year in the restaurant sector.

The impact of tax evasion

In Québec, losses related to tax evasion reduce the government's capacity to fund public services and finance programs that meet our society's needs, whether it be in the health, education or transportation sector. Because of tax evasion, some taxpayers pay for others, some workers are without social protection and honest businesses are confronted with unfair competition.

Countering tax evasion: A question of fairness

Fighting tax evasion is a question of fairness to

- consumers;
- taxpayers;
- restaurateurs;
- workers.

What do you know about voluntary disclosure?

As a restaurateur, you have several tax obligations to fulfill. If you failed to report certain fiscal information in the past, Revenu Québec's voluntary disclosure policy could give you an opportunity to rectify your tax situation.



The goal of Revenu Québec's voluntary disclosure policy is to encourage taxpayers and agents to rectify their tax situation by making a spontaneous and complete disclosure of any omissions or false statements that may have allowed them to avoid paying taxes. The policy therefore promotes good tax behaviour on the part of individuals and businesses.

To be valid, voluntary disclosure must be spontaneous, complete and verifiable, and the tax file concerned must not be the object of a review, an audit or an investigation by Revenu Québec. Also, any fiscal debt must be paid in full by the end of the process. If all these conditions are met, Revenu Québec will not impose the penalties provided for under fiscal legislation and will waive its right to undertake penal proceedings.

If you wish to make a voluntary disclosure, contact Revenu Québec to make your intention known. For more information on the subject, consult the brochure *Voluntary Disclosure: Rectifying Your Tax Situation* (IN-309-V), available on Revenu Québec's website.



REVENU QUÉBEC

Information Bulletin

for Restaurateurs Throughout Québec

April 2010

Important Message to Restaurateurs

Mandatory billing will soon be implemented in restaurant establishments across Québec



Starting September 1, 2010, the Québec government will implement several measures to fight tax evasion in the restaurant sector.

As of that date, you will be required to provide your customers with a bill and to keep a paper or electronic copy of each bill. In addition, if the new measures apply to you as a restaurateur and you are registered for the QST, you will be required to generate bills using a sales recording module (SRM) approved by Revenu Québec.

The SRMs will be installed progressively in the restaurant establishments to which the new measures apply, starting with new establishments and establishments that have failed to fulfill their fiscal obligations. Other establishments targeted by the measures will have the period from September 2010 to November 2011 to comply with the requirement to use an SRM to generate bills.

To ensure adherence to the new measures, Revenu Québec will increase its inspection activities in the establishments concerned.

Obligation to provide customers with bills	Obligation to use an SRM	Increase of Revenu Québec's inspection activities
September 1, 2010	<p>for new establishments and establishments with a history of tax delinquency: September 1, 2010</p> <p>for all other restaurants concerned: from September 1, 2010, to November 1, 2011</p>	September 1, 2010

For more information about mandatory billing in the restaurant sector

To help you understand all the implications of the new measures applicable to the restaurant sector and fulfill the tax obligations arising from them, Revenu Québec has devoted a section of its website to mandatory billing in the restaurant sector (www.revenu.gouv.qc.ca/resto). Consult the section on a regular basis for the latest news and new developments.



To which restaurant establishments will the new measures apply?

As a rule, the measures will apply to any restaurant establishment that is

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

However, the measures do not extend to restaurant establishments to which one or more of the following statements apply:

- 90% or more of sales consist of alcoholic beverages (such as in a bar, where very few or no solid foods are for sale).
- 90% or more of meal sales are tax-exempt (such as meals in an elementary school cafeteria, meals provided to seniors by a charity, or meals provided to tenants of an apartment building under an agreement stating that 10 meals or more per week are provided for an amount the tenants paid in advance).
- 90% or more of the establishment is reserved to the staff of a business (such as the cafeteria of a business).
- The establishment is located in a mobile vehicle (such as a rolling canteen, an airplane, a ship or a train).
- 90% or more of the meals are sold for consumption in stands, bleachers, or in a space reserved for the customers of a theatre, a movie theatre, an amphitheatre, a racetrack, an arena, a stadium, a sports centre or any other similar business.
- The establishment is a butcher shop, bakery, fish market, grocery store or similar business where meals are sold for consumption elsewhere than on location.
- The establishment is located on the business premises of another business carried on by the same operator, provided it is designed so that less than 20 people can simultaneously have their meals on location (for example, a small restaurant in a hotel, store, grocery store, bakery, butcher shop or fish market).

Why will it be mandatory to provide customers with bills?

As of September 1, 2010, you will be required to provide your customers with bills. The measure first aims to ensure that a detailed bill be created for each sale. Furthermore, customers can verify the information on their bill, including the amount of tax collected. Since bills will contain all the information necessary to verify the accuracy of each transaction, mandatory billing in the restaurant sector should facilitate the fight against tax evasion. By remitting a bill to each client, you will be complying with this new fiscal obligation.

Will tips be recorded in the SRM?

The use of the SRM will respect current practices in the restaurant sector. The SRM will record only the information shown on the bills. Tips will thus not be recorded unless they are entered on the bills.

What about the pilot project for testing SRMs?

In November 2009, Revenu Québec began a pilot project in collaboration with the restaurant sector. Some fifty restaurateurs and hoteliers in Montréal, Québec, Sherbrooke and Trois-Rivières volunteered to participate in the project, which ended in April 2010. The goal of the pilot project was to verify that the SRM technology functions properly and that it can be seamlessly integrated into the operational processes and billing systems of the establishments.

Revenu Québec wishes to express its gratitude to all the restaurateurs, hoteliers, point-of-sale system developers, cash register manufacturers and installers that have agreed to participate in this pilot project.

If you own a restaurant establishment that is subject to the new measures and you are a QST registrant, read the information below concerning SRMs.

To generate bills using an SRM, you must use a point-of-sale system or cash register that is SRM-compatible.

Since your point-of-sale system or cash register must be able to communicate with the SRM, it is important that these devices or the software components meet the technological requirements for SRM-compatibility.

Please note that the bar code that will show on SRM-generated bills will require the use of a thermal printer.

How can you be sure that your point-of-sale system or cash register is SRM-compatible? How can you make an informed decision when choosing among the various possibilities?

To make sure the point-of-sale systems and cash registers used in the restaurant sector are compatible with the SRM, Revenu Québec has provided technical specifications and tools to help developers and manufacturers adapt their products.

On Revenu Québec's website, you can consult a list of products that point-of-sale system developers and cash register manufacturers intend to adapt in the coming months to make their products comply with the technical specifications.

It is **very important to note that for the time being, no business can claim to be selling an SRM-compatible product.**

Developers and manufacturers can have their products certified compliant with technical specifications by Revenu Québec once their products have gone through all the steps involved in the certification process.

Starting in the summer of 2010, Revenu Québec will make available on its website useful information to help you make an informed decision. For example, you will be able to consult the list of products that have been certified compliant with the technical specifications.



How to obtain an SRM

As soon as the SRMs are available, you can contact your usual cash register or point-of-sale system retailer to purchase one. You can also have it installed by your usual retailer. Your business relations with your retailer will therefore not be affected. However, you must consult your retailer to make sure that the SRM will be operational in your restaurant no later than November 1, 2011.

Once purchased, the SRM will be yours and will automatically become a sales record that you can use in the course of your commercial activities.

The Québec government will provide compensation for the costs associated with acquiring and installing an SRM. You will be informed of the terms and conditions of the compensation at a later date.

What is a sales recording module (SRM)?

An SRM is a micro-computer connected to a point-of-sale system or cash register. The module receives data relating to the different transactions made (bills, cash receipts, credit notes, etc.) and securely stores it. Once this is done, the SRM produces a digital signature included in a bar code and sends to a printer the information needed to print a bill.

The SRM is the technological solution that Revenu Québec has chosen to make sure that taxes collected are remitted to the government.



Point-of-sale system



Cash register



Sales recording module



Receipt printer