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**REVENU
QUÉBEC**



CONSUMPTION TAXES AND PRODUCERS OF ALCOHOLIC BEVERAGES

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Alcoholic beverages are subject to the goods and services tax (GST), the Québec sales tax (QST), and the specific tax on alcoholic beverages.

If you sell the alcoholic beverages that you produce to other persons for resale, you are a collection officer.

If you sell the alcoholic beverages that you produce directly to consumers, you are a retail vendor.

In this publication, we explain how the consumption taxes are applied in each situation.

You must inform us if you produce and sell beer, wine, cider or any other alcoholic beverage.

You are required to collect the specific tax on alcoholic beverages, the GST and the QST, and to remit the taxes to Revenu Québec. As a rule, you are required to be registered for the GST and QST.

The GST rate is 5%, and the QST rate is 9.5%.¹ The rates for the specific tax on alcoholic beverages are given below.

You are not registered for the GST and the QST

If you are not registered for the GST and the QST, you must register. If you are a small supplier, you are not required to register for or collect the GST. A small supplier is a person whose total taxable sales do not exceed \$30,000 in the current calendar quarter, nor in the period including the four calendar quarters immediately preceding it. Total taxable sales consist of the worldwide sales made by the person and any associates during that period.

Regardless of the annual amount of your taxable sales, you are required to register for QST purposes and collect and remit the QST and the specific tax on alcoholic beverages.

To register for the QST, complete form LM-1-V, *Application for Registration*, which you can obtain from our website at www.revenuquebec.ca. You may also order a copy of the form online, or by calling one of the numbers given on the back of this publication.

You are already registered for the GST and the QST

If you are already registered for the GST and the QST because of your other commercial activities, you will have to modify your registration to take into account the fact that you are now producing alcoholic beverages. To do so, complete form LM-1-V, *Application for Registration*.

Specific tax on alcoholic beverages

The rate of the specific tax on alcoholic beverages varies according to whether the alcoholic beverages are sold for consumption on the premises (in an establishment) or for home consumption. You must collect this tax and use form VDZ-498-V, *Return Respecting the Specific Tax on Alcoholic Beverages*, to remit the tax to us.

Consumption on the premises

- \$0.65 per litre for beer
- \$1.97 per litre for other alcoholic beverages

Home consumption

- \$0.40 per litre for beer
- \$0.89 per litre for other alcoholic beverages

Tax reduction

Under the conditions described below, the specific tax on alcoholic beverages is reduced for beer and other alcoholic beverages produced in Québec.

For beer sold by microbreweries, the tax reduction is 67% on the first 7.5 million litres and 33% on the next 7.5 million litres. The reduction applies to beer sold in Québec by any brewer whose total volume of beer sold worldwide in the calendar year preceding the year in question does not exceed 30 million litres.

For other alcoholic beverages sold by small-scale producers, the tax reduction is 100% on the first 150,000 litres and approximately 85% on the next 1.35 million litres. The reduction applies to alcoholic beverages sold by any producer whose total volume of alcoholic beverages sold worldwide in the calendar year preceding the year in question does not exceed 1.5 million litres.

¹ The rate was 8.5% from January 1 to December 31, 2011. Prior to that, the rate was 7.5%.



Summary

Rate of the specific tax on alcoholic beverages

Consumption on the premises			
Quantity	Reduction	Beer	Other alcoholic beverages
From 1 to 7,500,000 litres	67% reduction	\$0.214/litre	—
From 7,500,001 to 15,000,000 litres	33% reduction	\$0.435/litre	—
Over 15,000,000 litres	Regular rate	\$0.65/litre	—
From 1 to 150,000 litres	100% reduction	—	\$0.00/litre
From 150,001 litres to 1,500,000 litres	Approximately 85% reduction	—	\$0.296/litre
Over 1,500,000 litres	Regular rate	—	\$1.97/litre

Home consumption			
Quantity	Reduction	Beer	Other alcoholic beverages
From 1 to 7,500,000 litres	67% reduction	\$0.132/litre	—
From 7,500,001 to 15,000,000 litres	33% reduction	\$0.268/litre	—
Over 15,000,000 litres	Regular rate	\$0.40/litre	—
From 1 to 150,000 litres	100% reduction	—	\$0.00/litre
From 150,001 litres to 1,500,000 litres	Approximately 85% reduction	—	\$0.134/litre
Over 1,500,000 litres	Regular rate	—	\$0.89/litre



Examples

Sale of beer by the holder of an industrial brewer's permit or a small-scale producer's permit

A microbrewery that holds an industrial brewer's permit sells beer to a grocery store. The beer is therefore for home consumption.

The microbrewery is considered a collection officer because it sells the beer for the purposes of resale. It must therefore collect from the grocery store an amount equal to the specific tax, at the tax rate applicable to home consumption. The rate is \$0.40 per litre of beer, subject to any applicable reduction.

The microbrewery must file the *Return Respecting the Specific Tax on Alcoholic Beverages* (form VDZ-498-V) according to its QST reporting period and make its remittance at the same time.

A microbrewery that holds an industrial brewer's permit sells beer to a restaurant. The beer is therefore for consumption on the premises.

The microbrewery is considered a collection officer because it sells the beer for the purposes of resale. It must collect from the restaurant an amount equal to the specific tax, at the tax rate applicable to consumption on the premises. The rate is \$0.65 per litre of beer, subject to any applicable reduction.

The microbrewery must file the *Return Respecting the Specific Tax on Alcoholic Beverages* (form VDZ-498-V) according to its QST reporting period and make its remittance at the same time.

A microbrewery that holds a small-scale producer's permit sells beer for consumption on the premises where the beer is brewed.

As this is a retail sale, the microbrewery must collect from the consumer the specific tax on alcoholic beverages at the rate applicable to consumption on the premises. The rate is \$0.65 per litre of beer, subject to any applicable reduction.

The microbrewery must file the *Return Respecting the Specific Tax on Alcoholic Beverages* (form VDZ-498-V) according to its QST reporting period and make its remittance at the same time.

Sale of alcoholic beverages (other than beer) by the holder of a small-scale producer's permit

As a rule, a 100% reduction of the specific tax on alcoholic beverages applies to small-scale producers of alcoholic beverages other than beer. This is the case whether the beer is sold for consumption on the premises or for home consumption.

Consequently, such producers do not have to collect the specific tax on alcoholic beverages. However, they must file the *Return Respecting the Specific Tax on Alcoholic Beverages* (form VDZ-498-V) according to their QST reporting period, even if they have no remittance to make.

In the examples above, the producers must collect 5% GST on the products sold, unless they are non-registrant small suppliers. They must also collect 9.5% QST on the products sold. The taxes must be remitted to us using form FPZ-500-V, *GST/HST-QST Return*.



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

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Cette publication est également disponible en français et s'intitule *Les fabricants de boissons alcooliques et les taxes à la consommation* (IN-263).