

REVENU
QUÉBEC



Canada Revenue
Agency

Agence du revenu
du Canada



TAXI DRIVERS, LIMOUSINE DRIVERS AND TAXATION

www.revenuquebec.ca

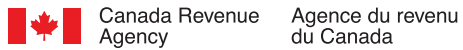
YOUR TAXI OR LIMOUSINE TRANSPORTATION SERVICE IS ESSENTIAL TO THE EVERYDAY LIVES OF INDIVIDUALS AND BUSINESSES.

We created this document especially for you. In it, you will find a wealth of useful information that will help you meet your fiscal obligations.

TABLE OF CONTENTS

Introduction	5
Definitions	6
GST/HST and QST	8
Registration	8
Taxable goods and services	9
Preparing invoices	10
ITCs and ITRs	10
Calculating net GST and QST	13
The Quick Method of Accounting for calculating GST and QST remittances	13
Filing your GST and QST returns	15
Road vehicles adapted for the transportation of persons with disabilities	16
Selling your business	16
Income tax	17
Income tax return	17
Income from a taxi or limousine business	17
Expenses qualifying for a deduction	18
Tax credit for taxi drivers	19
Tax credit for taxi owners	20
Tax credit for union, professional or other dues	20
Instalment payments	20
Source deductions and employer contributions	21
Registers, books of account and supporting documents	22
Penalties and interest	22

This document was prepared in collaboration with the Canada Revenue Agency.



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.

ISBN 978-2-550-75030-7 (Print Version)
ISBN 978-2-550-75031-4 (PDF)

Legal deposit – Bibliothèque et Archives nationales du Québec, 2016
Legal deposit – Library and Archives Canada, 2016

INTRODUCTION

This publication is intended for you if you are a taxi or limousine driver in one of the following situations:

- You hold a taxi owner's permit and you operate a taxi or limousine business.
- You lease a taxi or limousine from the holder of a taxi owner's permit.

The publication should allow you to gain a better understanding of your rights and obligations concerning the GST/HST and the QST, income tax, source deductions and employer contributions.

Note that the rules explained in this publication apply to individuals in business, self-employed persons, and owners of corporations and partnerships alike.

Abbreviations

CRA Canada Revenue Agency
GST Goods and services tax
HST Harmonized sales tax
ITC Input tax credit

ITR Input tax refund
QPIP Québec parental insurance plan
QPP Québec Pension Plan
QST Québec sales tax



DEFINITIONS

The terms used the most often in this document are defined below. The definitions are based largely on those provided in the *Excise Tax Act*, the *Act respecting the Québec sales tax* and the *Taxation Act*.

Commercial activity

Any activity carried out in the course of operating a business, pursuing a venture, or supplying real property, in order to make taxable supplies.

NOTE

The making of exempt supplies **does not** constitute a commercial activity.

Exempt sale

The sale of property or a service that is not subject to the GST or QST. A person that sells exempt property or services is not required to collect the taxes.

ITC

The amount that a GST registrant may claim in order to recover the GST paid or payable on goods and services acquired in the course of the person's commercial activities.

ITR

The amount that a QST registrant may claim in order to recover the QST paid or payable on property and services acquired in the course of the person's commercial activities.

Registrant

A person that is registered or is required to be registered for the GST and the QST.

Salary or wages

The term is used to designate gross employment income. It includes the following and any similar payment made to an employee:

- wages and salaries;
- taxable benefits (including taxable allowances);
- commissions;
- overtime pay;
- vacation pay;
- tips;
- advances.



Self-employed person

Any natural person (individual) that operates a business for profit, with or without employees.

Fiscal laws allow self-employed persons to deduct business-related expenses. However, they also impose the payment of contributions and premiums (for example, the QPIP premium, the QPP contribution and the contribution to the health services fund).

Small supplier

A person whose total taxable sales worldwide (including sales by associates) are \$30,000 or less for a given calendar quarter and for all four calendar quarters immediately preceding it. Total taxable sales do not include sales of capital property (such as immovables or automobiles).

Supply

The provision of a good or a service by way of sale, transfer, barter, exchange, lease or gift.

In this document, we generally refer to “sales” rather than “supplies” since property and services are most often supplied by way of sale.

Taxable sale

The sale of property or a service made in the course of a commercial activity.

Such sales are subject to 5% GST¹ and 9.975% QST. Registrants that sell taxable property or services (excluding zero-rated property or services) are required to collect the taxes.

Taxi or limousine business

A business carried on in Québec consisting in transporting passengers by taxi or limousine for fares that are regulated by the *Act respecting transportation services by taxi*.

Zero-rated sale

The sale of property or a service that is taxable at the rate of 0%. A person that sells zero-rated property or services is not required to collect the GST or QST.

1. In this paragraph, “GST” does not mean the HST.



GST/HST AND QST

The sale of most goods (or “property” for QST purposes) and services is subject to the GST¹ and QST. Most transactions carried out in Canada are GST-taxable at the rate of 5% of the sale price. Transactions carried out in Québec are subject not only to the GST but also to the QST, at the rate of 9.975% of the sale price. Certain goods and services are zero-rated, which means that they are subject to the GST and QST at the rate of 0%. A small number of goods and services are tax-exempt, which means that they are subject to neither the GST nor the QST.

The HST applies in the participating provinces (New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island). Businesses registered for the GST are automatically registered for the HST. They are required to collect the HST on any taxable sales (excluding zero-rated sales) that they make in the participating provinces. To learn about the place-of-supply rules, which apply for the purpose of determining whether or not a sale is made in a participating province, or to see the applicable HST rates in each province, visit our website at www.revenuquebec.ca.

Businesses in Québec that are registered for the GST/HST are required to collect the HST on sales they make in the participating provinces. However, the abbreviation “GST/HST” is not used systematically throughout this publication. Therefore, unless stated otherwise, we have used the abbreviation “GST” to refer to the GST/HST.

Registration

If you operate a taxi or limousine business in Québec, you are required to register for the GST and QST, regardless of your total annual taxable sales. You must be registered **before** supplying your first transportation service by taxi or limousine. You are required to collect the GST and QST when you make taxable sales (excluding zero-rated sales).

If you are already registered for the GST and QST for other commercial activities and you begin operating a taxi or limousine business, you must inform us. For your taxi or limousine business, you must use the same registration numbers that were assigned to you for your other commercial activities. You must collect the GST and QST as soon as you begin to make taxable sales (excluding zero-rated sales) in the course of carrying on the commercial activities of your business.

Do you already operate a business as a small supplier not registered for the GST and QST, and you are starting a taxi or limousine business? If so, you must register for both the GST and QST before you begin operating your taxi or limousine business. If the combined income from all of your commercial activities (including transportation services by taxi or limousine services) does not exceed the threshold for small suppliers, you are required to collect the GST and QST on only the sales made in the course of carrying on your taxi or limousine business.

How to register

To register for the GST and the QST, you can:

- use the **Register a New Business** online service;
- call one of the numbers given at the end of this publication; or
- complete and file an *Application for Registration* (form LM-1-V).

1. In this paragraph and the next, “GST” does not mean the HST.



Taxable goods and services

Transportation services by taxi and limousine services are taxable services subject to the GST and the QST.

Transportation services by taxi

The metered fare for transportation services by taxi includes tax. In other words, the GST and QST are already factored into the payment you receive for such services. This is true whether the payment is made in cash, by credit or debit card, or with a coupon or gift card.

To determine the amount of GST¹ and QST collected, you must perform the following calculations:

- Metered fare \times 5/114.975 = GST collected
- Metered fare \times 9.975/114.975 = QST collected

Example

You transport a passenger in your taxi for \$35. The taxes are calculated as follows:

- **GST:** $\$35 \times 5/114.975 = \1.52
- **QST:** $\$35 \times 9.975/114.975 = \3.04

Limousine services

Fees for limousine services are usually determined on the basis of an hourly rate. Therefore, you must either add the GST and QST to the amount that you bill or set a price that includes the taxes.

Example

You transport a passenger in your limousine for three hours at a rate of \$125/hour. The taxes are calculated as follows:

Fee for service (3 hours \times \$125/hour)		\$375.00
GST (\$375 \times 5%)	+	\$18.75
QST (\$375 \times 9.975%)	+	\$37.41
Total		\$431.16

Leasing a taxi or limousine

If you lease your taxi or limousine to someone, you must collect the GST and QST on the fee you charge.

Tips

As a rule, the GST and QST do not apply to tips received with payment for transportation services. However, the taxes do apply to tips entered on coupons and those that are pre-determined (for example, if payment is made with a mobile application and the tip amount is configured in the passenger's preferences and the amount cannot be changed once the trip is accepted).

1. In this paragraph and the two examples that follow, "GST" does not mean the HST.

Preparing invoices

No special invoices or rules are imposed under the GST and QST systems. However, you must inform passengers that your transportation services by taxi or limousine services are subject to the GST and the QST. You can either show this information on the invoice or receipt you give your passengers or post it inside your vehicle. Either way, you must make sure that one of the following is mentioned:

- The price of the service is indicated separately from the GST and QST.
- The GST and QST are included in the price of the service.

Moreover, under the GST and QST systems, specific information is required to justify ITC and ITR claims. See “Information required to justify ITC and ITR claims” on pages 11 and 12 for more information.

Certain passengers who are registered for the GST and QST may request that specific information show on your invoices or receipts to justify their ITC and ITR claims. You are required to provide the information they ask for.

NOTE

Since all taxi and limousine services are taxable under the GST and QST systems, taxi and limousine businesses are not required to include their GST and QST registration numbers on invoices or receipts totalling more than \$30.

ITCs and ITRs

As a rule, if you are a GST and QST registrant, you can recover the taxes paid on goods (or “property” for QST purposes) and services you acquired for use in your commercial activities, that is, to provide taxable services. This is done by claiming ITCs under the GST system and ITRs under the QST system.

The following can give entitlement to ITCs and ITRs:

- your taxi or limousine (whether you purchased it or lease it);
- cleaning, maintenance or repair services for your taxi or limousine;
- fuel;
- business cards;
- fees charged by a taxi transportation service intermediary.

You generally have four years in which to claim your ITCs and ITRs for a given reporting period. This four-year period begins on the filing deadline for the return that covers the reporting period in which the property and services were acquired.

You can claim ITCs and ITRs for property and services that you use, consume or supply, in whole or in part, in the course of your commercial activities. The amount of the ITCs and ITRs depends on the commercial use of the property and services.



The table below shows the ITCs and ITRs that you can claim for property and services acquired in the course of carrying on your commercial activities, based on their percentage of commercial use.

Expense	Percentage of use in commercial activities	Percentage of taxes paid that can be claimed as an ITC or ITR
Operating expenses: <ul style="list-style-type: none"> • Fuel • Maintenance and repairs • Accounting • Etc. 	≤ 10%	0%
	> 10% but < 90%	% of use
	≥ 90%	100%
Capital property: <ul style="list-style-type: none"> • Taxi or limousine • Equipment (for example, a GPS locator) • Taxi owner's permit issued before or after November 15, 2000 	≤ 50%	0%
	> 50%	100%

Note that, if you use the Quick Method of Accounting for calculating GST and QST remittances, you cannot claim ITCs and ITRs for most of your purchases and expenses. For more information, see “The Quick Method of Accounting for calculating GST and QST remittances” on page 13.

Taxi or limousine

The method you use to determine the percentage of commercial use of your taxi or limousine must be fair and reasonable. You could, for example, use the following ratio:

$$\frac{\text{Number of kilometres travelled for business purposes}}{\text{Total kilometres the vehicle travelled}}$$

To support your calculations, you can keep a logbook containing the particulars of all business-related travel during the year (date, destination, purpose, distance travelled).

Information required to justify ITC and ITR claims

In order to justify your ITC and ITR claims, you must keep all your invoices related to property and services you acquire. The invoices must contain certain information, which varies based on the total value of the property and services.



Justification of ITC and ITR claims			
Information required on invoices	Total amount of sale (including taxes)		
	Less than \$30	\$30 to \$149.99	\$150 or more
Supplier's name or business name, or name of an intermediary ¹	×	×	×
Date of invoice	×	×	×
Total amount of invoice	×	×	×
Amount of applicable tax ²	×	×	×
	(QST only)		
Supplier's GST and QST registration numbers		×	×
Purchaser's name or business name, or name of purchaser's agent, mandatary or authorized representative			×
Terms of payment			×
Description of property or service	×	×	×
	(QST only)	(QST only)	

1. An intermediary is a registrant that makes sales on behalf of a supplier with whom the intermediary has entered into an agreement.
2. In this note, GST does not mean HST. Where the amount of tax includes both the GST and the QST, indicate this amount for each taxable sale and specify that the GST and QST are included in the amount.

Simplified method for calculating ITCs and ITRs

The method described below is another way of calculating ITCs and ITRs. If you opt for this method, you will not have to calculate the exact amount of the GST and QST for each invoice. You will only have to keep track of the amount of your taxable purchases (GST and QST included) for which you can claim ITCs and ITRs.

You can use the simplified method only for property and services acquired to make taxable sales. If you use property to make both taxable sales and exempt sales, you will be able to claim ITCs and ITRs for only the portion used in the course of your commercial activities.

You can use the simplified method if you meet the following conditions:

- You are a GST and QST registrant.
- Your taxable purchases in Canada (excluding zero-rated purchases) for the previous fiscal year did not exceed \$4 million.
- The total of your worldwide taxable sales and those of your associates for the previous fiscal year did not exceed \$1 million and are not expected to exceed that amount for all quarters ended in the current fiscal year.

For more information on the simplified method for calculating ITCs and ITRs, refer to publication IN-203-V, *General Information Concerning the QST and the GST/HST*.



Calculating net GST and QST

You are required to calculate, for each reporting period,

- the tax you collected and the tax you were required to collect (that is, tax billed but not paid) during the reporting period; and
- the tax you paid and the tax you were required to pay during the reporting period and that entitles you to ITCs or ITRs.

As a rule, the difference between these two amounts, if positive, is the net tax you must remit; if it is negative, it constitutes your refund.

If you are a small business, you can elect to use the Quick Method of Accounting to determine the amount of your tax remittances.

The Quick Method of Accounting for calculating GST and QST remittances

To use the Quick Method, your total annual taxable sales worldwide must not exceed:

- \$400,000 (GST included), under the GST system;
- \$418,952 (QST included), under the QST system.

These totals include zero-rated sales and sales made by your associates.

When you use the Quick Method, you collect the GST and QST on your taxable sales in the usual manner. However, you use reduced rates to calculate the amount of tax you have to remit. To estimate your reduction in the amount of taxes to be remitted if you use the Quick Method, use the **Quick Method of Accounting: A Tool for Estimating the Reduction in GST/HST and QST to Be Remitted** online service, available on our website.

Applicable rates

For the commercial activities of your taxi or limousine business, you must multiply your total taxable sales made in Canada (GST¹ included) by 3.6% for GST purposes. For QST purposes, you must multiply your total taxable sales made in Québec (QST included) by 6.6%. However, you cannot claim ITCs or ITRs for most of your purchases and expenses, given that the rates used under this method already take them into account.

The Quick Method rates apply only to sales made in the normal course of your commercial activities. For other transactions, including the sale of capital property (such as your taxi or limousine), you must remit the full amount of the GST and QST you collected or were required to collect. However, you can claim ITCs and ITRs for the purchase of capital property. Accordingly, you can claim ITCs and ITRs for the taxes paid to acquire your taxi or limousine.

1% rate reduction

If you use the Quick Method as of the first day of your fiscal year or as of your registration date, you are entitled to a rate reduction. For GST purposes, a 1% reduction applies to the first \$30,000 (including GST) of your taxable sales (excluding zero-rated sales) made during each fiscal year. For QST purposes, the 1% rate reduction applies to the first \$31,421 (including QST) of your taxable sales (excluding zero-rated sales).

If you file an annual return, the 1% reduction applies, for GST purposes, to the first \$30,000 and, for QST purposes, to the first \$31,421 of your eligible sales made during the fiscal year.

1. In this paragraph, “GST” does not mean HST.



If you file monthly or quarterly returns, the 1% reduction applies to your sales made during the first reporting period and during all subsequent reporting periods in the fiscal year, until the fiscal year ends or until the amount of sales reaches \$30,000 for GST purposes and \$31,421 for QST purposes.

Note that if your sales in any fiscal year are under \$30,000 (for GST purposes) and \$31,421 (for QST purposes), the unused amount cannot be carried forward.

Exemple

Bethany owns a taxi business and has elected to use the Quick Method of Accounting, which means that her business is entitled to the 1% rate reduction. First, she calculates the amount of taxes to be remitted for the first quarter of operations by applying the rates of 3.6% for the GST and 6.6% for the QST. She then calculates the credits to which she is entitled and, lastly, the amount of taxes to remit to Revenu Quebec.

GST

Taxable sales for the first quarter (including GST)		\$21,000
Applicable rate	×	3.6%
Subtotal		\$756.00
Reduction on the first \$30,000 of taxable sales ($\$21,000 \times 1\%$)	–	\$210.00
	Total GST to be remitted	\$546.00

QST

Taxable sales for the first quarter (including QST)		\$21,995
Applicable rate	×	6.6%
Subtotal		\$1,451.67
Reduction on the first \$31,421 of taxable sales ($\$21,995 \times 1\%$)	–	\$219.95
	Total QST to be remitted	\$1,231.72

Election respecting the Quick Method of Accounting

To elect to use the Quick Method of Accounting, you must file form FP-2074-V, *Election or Revocation of Election Respecting the Quick Method of Accounting*.

If you have an annual filing frequency, you must file this form with us no later than the first day of the second quarter of the fiscal year in which you want to use the method. For example, if you wish to use the method for the fiscal year from January 1 to December 31, 2016, you must file the form no later than April 1, 2016.

If you have a monthly or quarterly filing frequency, you must file the form with us no later than the deadline for filing your return for the period in which you want to use the method. For example, if you wish to start using the method for the reporting period from January 1 to March 31, 2016, you must file the form no later than April 30, 2016.

We will confirm your election in writing. The effective date you indicate on the form is the date on which you may begin using the Quick Method; however, that date must correspond to the first day of your GST and QST reporting period.

The election ceases to be in effect as soon as you revoke it. However, once you have made the election, you must use the Quick Method for at least one year before you can revoke it. The election to use the Quick Method does not have to be made each year. It remains in effect as long as your total annual taxable sales do not exceed the maximum allowed.



Filing your GST and QST returns

You must complete GST and QST returns to report the taxes that you collect (or are required to collect) as well as the amounts you are claiming as ITCs and ITRs. You must then send us the returns along with your remittances, as applicable. You must file a return even if you have no remittance to make.

If your total annual taxable sales do not exceed \$1,500,000, you can file your returns online or by mail. If you choose to file your returns by mail, use the following form(s):

- form FPZ-500-V for both the GST and QST;
- form FPZ-34-V for the GST and form VDZ-471-V for the QST.

Filing frequency

You must file a GST return and a QST return for each reporting period at the frequency assigned to you when you registered.

The frequency is usually determined based on your total annual taxable sales made in Canada (including those of your associates, if applicable). Whether monthly, quarterly or annual, the filing frequency is the same for the GST and QST.

To change your filing frequency, you must file form FP-2620-V, *Election Respecting the GST/HST and QST Reporting Period*.

The table below shows the assigned filing frequencies and the possible elections you can make to change the assigned frequency.

Annual taxable sales	Assigned filing frequency	Possible election
\$1,500,000 or less	Annual (with or without instalments)	Monthly or quarterly
Over \$1,500,000 but not over \$6,000,000	Quarterly	Monthly
Over \$6,000,000	Monthly	None

As a rule, we must receive annual returns no later than three months following the end of the period covered by the return. We must receive monthly and quarterly returns no later than one month after the last day of the period covered by the return.

NOTE

Registrants have until June 15 of the following year to file their GST and QST returns if they meet the two following conditions:

- They have business income (other than property income) for income tax purposes.
- They have an annual filing frequency and their fiscal year ends on December 31 for GST and QST purposes.

However, any GST or QST due must be remitted by April 30 of the following year.

Instalment payments

If you file your returns annually, you are required to make your remittances in four instalments in the current year if the net GST payable for this year and for the previous one is \$3,000 or more. The same holds true for the QST. To make your instalments, you must use form FPZ-558-V, *GST/HST and QST Instalments*. Instalments are due no later than one month after the last day of each quarter of your fiscal year.



Road vehicles adapted for the transportation of persons with disabilities

If you purchased a taxi or limousine that has been adapted to transport persons with disabilities (for example, a vehicle equipped with a wheelchair lift), you may be entitled to a partial rebate of the GST and QST paid on the purchase of the vehicle. The rebate is calculated on the portion of the purchase price corresponding to the special equipment.

To claim the rebate, you must complete form FP-2518-V, *Rebate of the Tax Paid in Respect of a Vehicle Adapted for the Transportation of Persons with Disabilities*, and file it with the vendor or directly with us.

Road vehicle adapted after purchase

The sale of wheelchair lifts and ramps to adapt a road vehicle after its purchase are zero-rated. The sale of a service to adapt a vehicle for the transportation of persons in wheelchairs, including the sale of parts furnished with the service, is also zero-rated.

If you paid the GST or QST on a zero-rated sale, you can apply for a rebate by filing form FP-189-V, *General GST/HST Rebate Application*, and form VD-403-V, *General Application for a Québec Sales Tax (QST) Rebate*.

Selling your business

If you sell all or part of your taxi or limousine business, you and the purchaser may elect jointly to have the GST and QST not apply to the transaction. This election can be made only if the following conditions are met:

- As the vendor, you must be selling a business or part of a business that you established or carried on, or that you acquired after another person established it or carried it on.
- The purchaser must be a GST and QST registrant.
- The purchaser must acquire all or substantially all (90% or more) of the property that can reasonably be considered necessary to carry on the business.

To make this election, you and the purchaser must complete and file form FP-2044-V, *Election Respecting the Acquisition of a Business or Part of a Business*.

For more information concerning the application of the GST and QST, refer to publication IN-203-V, *General Information Concerning the QST and the GST/HST*.



INCOME TAX

You must report all of the income from your taxi or limousine business. However, you can deduct the eligible expenses you incurred to earn the income. If your income is greater than your expenses, you have a profit. If your expenses are greater than your income, you have a loss.

You must use the accrual method of accounting to report your business income. This method consists in:

- reporting all income in the fiscal period in which it was earned, regardless of whether you have actually received the income;
- deducting all expenses in the fiscal period during which they were incurred, regardless of whether you have actually paid the expenses.

Do not include in your gross income the GST or QST you collected. The amounts that you are entitled to as ITCs and ITRs reduce the amount of the expense or the capital cost of the property on which you paid the taxes.

NOTE

The portion of the GST and QST collected but not remitted under the Quick Method of Accounting must be included in your business income.

Income tax return

Depending on the legal form of your taxi or limousine business, you must use one of the following forms to report your business income:

Individual in business or self-employed person	Personal income tax return (TP-1-V)
Partnership	
• Member is an individual	Personal income tax return (TP-1-V)
• Member is a corporation	<i>Déclaration de revenus des sociétés</i> (CO-17)
Corporation	<i>Déclaration de revenus des sociétés</i> (CO-17)

If your taxi or limousine business is a partnership, you may have to file form TP-600-V, *Partnership Information Return*. For more information, refer to the *Guide to Filing the Partnership Information Return* (TP-600.G-V).

You must submit your business's financial statements with your income tax return. However, if you are an individual or a member of a partnership, you can file form TP-80-V, *Business or Professional Income and Expenses*, instead.

Income from a taxi or limousine business

Depending on your situation, you are required to report the following income:

- income derived from supplying transportation services by taxi or limousine services;
- income derived from leasing your taxi or limousine;
- tips received from passengers in addition to payment received for transportation services.



Expenses qualifying for a deduction

As a rule, if you carry on a business, you can deduct all reasonable expenses incurred to earn business income.

If an expense is incurred for both personal and business purposes, you must make a reasonable allocation between personal use and business use. Only the portion used for business purposes can be deducted.

The expenses you can deduct include the following:

- lease payments for the taxi or limousine;
- costs of upkeep (for example, car washes, lubrication and tune-ups);
- repair costs;
- fuel costs;
- registration fees;
- insurance premiums;
- cost of a taxi driver's permit;
- capital cost allowance for the taxi or limousine;
- business cards;
- home office expenses;
- interest on a loan contracted to purchase a taxi, limousine or taxi owner's permit;
- fees charged by a taxi transportation service intermediary.

Personal use of your taxi or limousine

If you are an individual in business or a self-employed person and you use your taxi or limousine for personal purposes, only the portion of the expenses related to the vehicle's commercial use can be deducted. The vehicle's commercial use is calculated as follows:

$$\text{Expenses} \times \frac{\text{Number of kilometres travelled for business purposes}}{\text{Total kilometres the vehicle travelled}}$$

To support your calculations, you can keep a logbook containing the particulars of all business-related travel during the year (date, destination, purpose, distance travelled).

To make it easier to compile your taxi or limousine expenses, you can keep a simplified logbook. For more information, refer to guide IN-155-V, *Business and Professional Income*.

If your taxi or limousine business is constituted as a partnership or a corporation, you must calculate a taxable benefit if you make your taxi or limousine available, for personal purposes, to a partner, employee, shareholder or person related to one of these persons.



Capital cost allowance

You cannot deduct, in the year of purchase, the cost of property that is a taxi, limousine or piece of equipment. However, as such property wears out or becomes obsolete over time, you can deduct a portion of its cost each year (generally for as long as you own the property). This deduction is called “capital cost allowance” (CCA).

Property on which you can claim CCA is called “depreciable property.” Depreciable property is normally grouped into classes, and a specific CCA rate generally applies to each class.

The table below gives the classes of depreciable property used by a taxi or limousine business.

Depreciable property	Class	CCA rate or amount
Taxi or limousine	16	40%
Piece of non-integrated equipment (for example, a GPS locator)	8	20%
Taxi owner’s permit issued after November 15, 2000	14	The lesser of the following amounts: <ul style="list-style-type: none">• the capital cost of the permit spread out over the life of the permit;• the undepreciated capital cost of the permit in the class at the end of the fiscal period.

Deduction respecting incorporeal capital property

A taxi owner’s permit issued before November 15, 2000, is incorporeal capital property. You cannot deduct the cost of such a permit in the year of purchase. The acquisition cost of incorporeal capital property is not considered a capital expenditure and does not qualify for CCA. Nor is the acquisition cost deductible, like a current expense is, in the year in which it is incurred.

However, you can include the acquisition cost in an eligible incorporeal capital amount and claim an annual deduction of up to 7% of this amount.

For more information, refer to guide IN-155-V, *Business and Professional Income*.

Tax credit for taxi drivers

You can claim the tax credit for taxi drivers if, on December 31 of the taxation year, you were resident in Québec and were in one of the following situations:

- You held a taxi driver’s permit at some point during the taxation year but did not hold a taxi owner’s permit on December 31 of the taxation year.
- You held a taxi driver’s permit at some point during the taxation year and, on December 31 of the taxation year, you:
 - held one or more taxi owner’s permits;
 - bore less than 90% of the fuel costs for any taxi or limousine covered by the permit(s) during the period of the year in which you held one or more taxi owner’s permits.

For the 2016 taxation year, the maximum amount of the tax credit is \$565.

To claim this credit, complete form TP-1029.9-V, *Tax Credit for Taxi Drivers or Taxi Owners*, and attach it to your personal income tax return or your corporation income tax return.



Tax credit for taxi owners

You can claim the tax credit for taxi owners if, on December 31 of the taxation year in question, one of the following situations applied to you:

- You held at least one taxi owner's permit.
- During the portion of the year in which you held the permit(s), you paid 90% or more of the fuel costs for the taxi or limousine covered by each permit.

For the 2016 taxation year, the maximum credit is \$565 for each taxi owner's permit covering a taxi for which you paid at least 90% of the fuel costs.

To claim this credit, complete form TP-1029.9-V, *Tax Credit for Taxi Drivers or Taxi Owners*, and submit it with your personal income tax return or your corporation income tax return.

Tax credit for union, professional or other dues

If you paid dues to the Association professionnelle des chauffeurs de taxi du Québec during the year, you can claim the tax credit for union, professional or other dues on your income tax return.

Instalment payments

Personal income tax

Individuals are required to make instalment payments if they meet the two following conditions:

- They estimate that their **net income tax payable** for the current year will be over \$1,800.
- Their net income tax payable for either of the two previous years was over \$1,800.

Net income tax payable is the amount by which your income tax payable for the year exceeds the total, for the same year, of your income tax withheld at source, if any, and your refundable tax credits.

Instalment payments are periodic remittances that an individual makes in the year to pay his or her:

- income tax;
- contributions to the QPP and the health services fund; and
- premiums payable under the Québec prescription drug insurance plan and the QPIP.

We normally notify individuals in writing of the amount of such payments by sending them form TPZ-1026.A-V, *Instalment Payments Made by an Individual*.

Instalment payments must be made four times a year by March 15, June 15, September 15 and December 15 of the year concerned.





Corporation income tax

Corporations must make instalment payments if the aggregate of their income tax and tax on capital payable for the current year and for the preceding year both exceed \$3,000. For more information, refer to the guide entitled *Guide de la déclaration de revenus des sociétés* (see English courtesy translation CO-17.G-T).

SOURCE DEDUCTIONS AND EMPLOYER CONTRIBUTIONS

If you pay or plan to pay an employee a salary or wages, you must register for source deductions and obtain an employer identification number.

You must also withhold Québec income tax and remit it to us, as well as the QPP contributions and QPIP premiums withheld from the employee's salary and wages.

Furthermore, you must calculate your employer QPP contribution, your employer QPIP premium, your employer contribution to the health services fund and your employer contribution to the Commission des normes du travail, as well as your employer contribution to the Workforce Skills and Development and Recognition Fund, if applicable.

For more information on source deductions and employer contributions, refer to the *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V).



REGISTERS, BOOKS OF ACCOUNT AND SUPPORTING DOCUMENTS

You are required to keep detailed registers and books of account, be it on paper, electronic media or microfilm, to record the amounts you collect, deduct, withhold and pay. You must keep the registers and books of account, as well as all supporting documents (trip sheets, invoices, receipts, etc.) for **six years** after the last year to which they relate. However, you must keep them for six years after the date on which you filed your income tax return if you filed your return late.

Moreover, if you file an objection to a notice of assessment or if you file an appeal before the courts to contest a decision made by Revenu Québec, you must keep the registers, books of account and supporting documents necessary for the review of the objection or appeal either until the deadline for filing an appeal has expired or until a judgment is rendered.

PENALTIES AND INTEREST

You are liable to penalties and interest if you fail to meet your obligations under fiscal laws, including the *Excise Tax Act*, the *Act respecting the Québec sales tax*, the *Taxation Act* and the *Tax Administration Act*.

Under the GST system, for example, a penalty for failure to file is imposed for returns filed late. The penalty is equal to:

- 1% of the unpaid amount; **plus**
- 0.25% of the unpaid amount multiplied by the number of full months (up to 12 months) for which the return is late.

Moreover, any amount that is not paid within the prescribed time bears interest (compounded daily) at the prescribed rate, which is revised quarterly. For example, for the quarter that ended on March 31, 2016, the rate was 5%.

Similarly, under the QST system, any person that fails to file a return by the prescribed deadline is liable to a penalty of \$25 for each day the return is late, up to \$2,500. Any person that fails to pay an amount within the prescribed time is generally liable to a penalty at a rate based on the number of days the payment is late. The rate is 7% of the outstanding amount for payments that are 1 to 7 days late, 11% for payments that are 8 to 14 days late and 15% for payments that are 15 or more days late.

In addition, any amount that is not paid within the prescribed time bears interest (compounded daily) at the prescribed rate, which is revised quarterly. For example, for the quarter that ended on March 31, 2016, the rate was 6%.

Employers that fail to pay an amount within the prescribed time are also subject to a penalty. The penalty is determined based on the number of days the payment is late. The rate is 7% of the outstanding amount for payments that are 1 to 7 days late, 11% for payments that are 8 to 14 days late and 15% for payments that are 15 or more days late.



TO CONTACT US

Online

www.revenuquebec.ca

By telephone

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

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

Businesses, employers and agents for consumption taxes

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

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

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

Complaints – Direction du traitement des plaintes

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City 418 652-6159	Elsewhere 1 800 827-6159 (toll-free)
------------------------------------	--

Individuals with a hearing impairment

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

By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Complaints – Direction du traitement des plaintes

Revenu Québec
3800, rue de Marly, secteur 3-4-5
Québec (Québec) G1X 4A5

2015-09

Cette publication est également disponible en français et s'intitule *Les chauffeurs de taxi et de limousine et la fiscalité* (IN-314).

IN-314-V (2016-03)