REVENU QUÉBEC

Canada Revenue Agency
Agence du revenu du Canada

TAXI BUSINESSES AND TAXATION

revenuquebec.ca

YOUR REMUNERATED PASSENGER TRANSPORTATION SERVICES ARE ESSENTIAL TO THE EVERYDAY LIVES OF INDIVIDUALS AND BUSINESSES.

This document has information that will help you meet your tax obligations.

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

Canada Revenue Agency Agence du revenu du Canada

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.

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INTRODUCTION

Read this guide if you operate a business in Québec that provides a passenger transportation service:

- by taxi or any other similar vehicle, at rates set by the *Act respecting remunerated passenger transportation by automobile*;
- by motor vehicle, for an agreed price, within and in the vicinity of the territory of a municipality if the transportation is organized or coordinated through a digital platform or an electronic system.

This guide should give you 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 guide apply to individuals in business, self-employed persons, and owners of corporations and partnerships alike.

Abbreviations

CCA	Capital cost allowance
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
SAAQ	Société de l’assurance automobile du Québec
SRS	Sales recording system

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*.

Certified sales recording system (SRS)

Equipment that includes:

- an authorized version of Revenu Québec-certified software to manage and record sales and produce bills;
- a device (such as a tablet or cellphone) that supports the use of the software and the digital certificate.

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 following are **not** considered commercial activities:
> - the making of exempt supplies;
> - carrying on a business without a reasonable expectation of profit by an individual, a personal trust or a partnership, all of the members of which are individuals.

Dues

An amount of $0.90 that must be collected on each trip, in addition to the fare.

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 property 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 property or a service by way of sale, transfer, barter, exchange, lease, disposition 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.

These sales are subject to 5% GST[1] and 9.975% QST. Registrants that sell taxable property or services (excluding zero-rated property or services) are required to collect the taxes.

Taxi business

A business carried on in Québec that provides a passenger transportation service:

- by taxi or any other similar vehicle, at rates set by the *Act respecting remunerated passenger transportation by automobile*;
- by motor vehicle, for an agreed price, within and in the vicinity of the territory of a municipality if the transportation is organized or coordinated through a digital platform or an electronic system.

Transportation system operator under agreement

An operator of a remunerated passenger transportation system who oversees registered drivers and vehicles and has entered into an agreement with us to meet GST/HST and QST requirements. This person dispatches trip requests, collects the GST/HST and QST on the drivers' fares and remits the taxes to us on their behalf at the rates set out in the agreement.

The term "transportation system operator under agreement" also applies to suppliers who have entered into such an agreement with us and whose services have been retained by operators.

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 property and services is subject to the GST[2] 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 property and services are zero-rated, which means that they are subject to the GST and QST at the rate of 0%. Some property 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 to determine if a sale is made in a participating province, or to see the applicable HST rates in each province, go to our website at 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. Unless stated otherwise, we have used the abbreviation "GST" to refer to the GST/HST.

Registration

If you operate a taxi 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 remunerated transportation service. 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 business, you must inform us. For your taxi 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 your business starts making taxable sales (excluding zero-rated sales).

Do you already operate a business as a small supplier not registered for the GST and QST, and you are starting a taxi business? If so, you must register for both the GST and QST before you begin operating your taxi business. If the combined income from all of your commercial activities (including remunerated passenger transportation 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 business.

How to register

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

- use the **Register a New Business** online service;
- use the service for registering for Revenu Québec files in the **Consumption Taxes** section of My Account for businesses, if you are **already registered** for one of our files; or
- complete and file an *Application for Registration* (form LM-1-V).

If you are a driver related to an operator under agreement, you can also use the **Register for the GST/HST and QST – Drivers for a Transportation System Operator Under Agreement** online service at revenuquebec.ca.

2. In this paragraph and the next, "GST" does not mean the HST.

Taxable property and services

Remunerated passenger transportation services are taxable services subject to the GST and the QST. The dues of $0.90 collected on each trip are also taxable.

Remunerated passenger transportation services by taxi

The fare for remunerated passenger transportation services by taxi that was calculated using a taximeter includes dues and taxes. 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 GST[3] and QST collected, you must perform the following calculations:

- Metered fare × 5/114.975 = GST collected
- Metered fare × 9.975/114.975 = QST collected

Example

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

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

Remunerated passenger transportation services by limousine

Fees for limousine services are usually determined on the basis of an hourly rate. Therefore, you must either add the dues and the GST and QST to the amount that you bill or set a price that includes the dues and 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 × $125/hour)		$375.00
Dues	+	$0.90
Subtotal	=	**$375.90**
GST ($375.90 × 5%)	+	$18.80
QST ($375.90 × 9.975%)	+	$37.50
Total	=	**$432.20**

Leasing a vehicle to provide remunerated passenger transportation

If you lease the vehicle you use for remunerated passenger transportation, you must collect the GST and QST on the fee you charge.

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

Tips

As a rule, the GST and QST do not apply to tips received with payment for remunerated transportation services. However, the taxes do apply to a tip that the customer voluntarily gives the driver if the tip amount cannot be distinguished from the trip amount, such as when the tip amount is included in the value of a coupon. The taxes also apply when the taxi business operator includes the tip in the amount payable for the trip (for example, if the tip is pre-determined by the driver, whether mandatory or suggested).

Sending required information and providing a bill

As the operator of a taxi business, the mandatory billing measures apply to you. You must therefore:

- send us the required information using a certified SRS;
- give customers a bill that includes the required information and was produced using an SRS;
- keep a copy of the bill.

For more information, see guide IN-575.TR-V, *Mandatory Billing Information: Remunerated Passenger Transportation*, on our website.

ITCs and ITRs

As a rule, if you are a GST and QST registrant, you can recover the taxes paid on property 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.

You can claim ITCs and ITRs for the following:

- the vehicle you use for remunerated passenger transportation (whether you purchased it or lease it);
- cleaning, maintenance or repair services for that vehicle;
- fuel;
- business cards;
- fees charged by a dispatcher.

You generally have four years 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 for your commercial activities, based on their percentage of commercial use.

Operating expenses	Percentage of use in commercial activities	Percentage of taxes paid that can be claimed as an ITC or ITR by all the registrants
• Fuel • Maintenance and repairs • Accounting • Etc.	≤ 10%	None
	> 10% but < 90%	% of use
	≥ 90%	100%

Capital property	Percentage of use in commercial activities	Percentage of taxes paid that can be claimed	
		as an ITC or ITR by all the registrants	as an ITC or ITR by individuals who are registrants[1]
Personal property • Vehicle used mainly for remunerated passenger transportation • Equipment (for example, a GPS or an SRS)	≤ 50% > 50%	None 100%	None 100%
Passenger vehicle[2] • Vehicle not used mainly for remunerated passenger transportation	≤ 10% > 10% to ≤ 50% > 50% to < 90% ≥ 90%	None None 100% 100%	None Based on CCA[3] Based on CCA[3] 100%

1. These rules also apply to the purchase of passenger vehicles by partnerships.
2. The portion of the cost of passenger vehicles giving entitlement to an ITC and an ITR is limited to the lesser of the taxes paid on the acquisition of the vehicle and the taxes calculated on the capital cost threshold under the *Income Tax Act* and the *Taxation Act*. If a passenger vehicle is considered a zero-emission vehicle under either of these laws, the taxes are calculated on the higher capital cost. For more information, go to **revenuquebec.ca**.
3. ITC = CCA × 5/105
   ITR = CCA × 9.975/109.975

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 14.

Percentage of use of a vehicle

The method you use to determine the percentage of commercial use of a vehicle 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 $100	$100 to $499.99	$500 or more
Supplier's name or business name, or name of an intermediary[1]	Yes	Yes	Yes
Date of invoice	Yes	Yes	Yes
Total amount of invoice	Yes	Yes	Yes
Amount of applicable tax[2]	Yes (QST only)	Yes	Yes
GST and QST registration numbers of supplier or supplier's intermediary	No	Yes	Yes
Purchaser's name or business name, or name of purchaser's agent, mandatary or authorized representative	No	No	Yes
Terms of payment	No	No	Yes
Description of property or service	Yes (QST only)	Yes (QST only)	Yes

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. If 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 only for 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 guide 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 driver related to an operator under agreement, the operator must collect the tax on the passenger transportation services you provided through their platform and remit the amounts on your behalf at the rates set out in the agreement. The amounts will be used to reduce the net tax you must remit to us or increase 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.

If you are a driver related to an operator under agreement and you used our **Register for the GST/HST and QST – Drivers for a Transportation System Operator Under Agreement** online service, you agreed to use the Quick Method when registering.

If 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 business, you must multiply your total taxable sales made in Canada (GST[4] 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 your current operating expenses and purchases related to your commercial activities, 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 the vehicle you use for remunerated passenger transportation), you must remit the full amount of the GST and QST you collected. 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 a vehicle used for remunerated passenger transportation (see the capital property table on page 12).

4. In this paragraph, "GST" does not mean HST.

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.

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.

Example – Taxi business operator

An operator who provides passenger transportation services by taxi and elected to use the Quick Method of Accounting is entitled to the 1% reduction. His taxable sales, including the dues on each trip, totalled $20,000 (GST and QST not included) for his first quarter in business. First, he 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. He then calculates the 1% reduction to obtain the amount of taxes to remit to us.

GST

Taxable sales for the first quarter (including GST)		$21,000.00
Applicable rate	×	3.6%
Subtotal	=	**$756.00**
Reduction on the first $30,000 of taxable sales ($21,000 × 1%)	–	$210.00
Total GST to be remitted	=	**$546.00**

QST

Taxable sales for the first quarter (including QST)		$21,995.00
Applicable rate	×	6.6%
Subtotal	=	**$1,451.67**
Reduction on the first $31,421 of taxable sales ($21,995 × 1%)	–	$219.95
Total QST to be remitted	=	**$1,231.72**

If you operate a taxi business and you are a driver related to an operator under agreement, the operator collects the taxes on the services you provide through its platform and remits the amounts to us on your behalf at the rates set out in the agreement.

Example 1 – Driver related to an operator under agreement

A driver who carries on only commercial activities with an operator, has elected to use the Quick Method of Accounting and files an annual return is entitled to the 1% reduction. His taxable sales, including the dues on each trip, were $45,000 (GST and QST not included) for the year. First, he calculates the amount of taxes to be remitted by applying the rates of 3.6% for the GST and 6.6% for the QST. He then calculates the 1% reduction. Last, he subtracts the GST and QST amounts that the operator remitted to us on his behalf from the total GST and QST to be remitted. This is the balance of GST or QST he must remit.

GST

Taxable sales for the year (including GST)		$47,250.00
Applicable rate	×	3.6%
Subtotal	=	**$1,701.00**
Reduction on the first $30,000 of taxable sales ($30,000 × 1%)	–	$300.00
Total GST to be remitted	=	**$1,401.00**
GST remitted by the operator ($45,000 × 2.73%)	–	$1,228.50
Balance of GST to remit	=	**$172.50**

QST

Taxable sales for the year (including QST)		$49,488.75
Applicable rate	×	6.6%
Subtotal	=	**$3,266.26**
Reduction on the first $31,421 of taxable sales ($31,421 × 1%)	–	$314.21
Total QST to be remitted	=	**$2,952.05**
QST remitted by the operator ($45,000 × 6.16%)	–	$2,772.00
Balance of QST to remit	=	**$180.05**

Example 2 – Driver related to an operator under agreement

A driver who carries on commercial activities with an operator as well as other commercial activities (delivery services), who has elected to use the Quick Method of Accounting and who files an annual return is entitled to the 1% reduction. His taxable sales for the year, including the dues on each trip, were $18,000 (GST and QST not included) for his commercial activities with the operator and $22,000 (GST and QST not included) for his delivery services. First, he calculates the amount of taxes to be remitted on all his taxable sales by applying the rates of 3.6% for the GST and 6.6% for the QST. He then calculates the 1% reduction. Last, he subtracts the GST and QST amounts that the operator remitted to us on his behalf from the total GST and QST to be remitted. This is the balance of GST or QST he must remit.

GST

Taxable sales for the year (including GST) ($23,100 + $18,900)		$42,000.00
Applicable rate	×	3.6%
Subtotal	=	**$1,512.00**
Reduction on the first $30,000 of taxable sales ($30,000 × 1%)	–	$300.00
Total GST to be remitted	=	**$1,212.00**
GST remitted by the operator ($18,000 × 2.73%)	–	$491.40
Balance of GST to remit	=	**$720.60**

QST

Taxable sales for the year (including QST) ($24,194.50 + $19,795.50)		$43,990.00
Applicable rate	×	6.6%
Subtotal	=	**$2,903.34**
Reduction on the first $31,421 of taxable sales ($31,421 × 1%)	–	$314.21
Total QST to be remitted	=	**$2,589.13**
QST remitted by the operator ($18,000 × 6.16%)	–	$1,108.80
Balance of QST to remit	=	**$1,480.33**

Election respecting the Quick Method of Accounting

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*.

However, if you used our **Register for the GST/HST and QST – Drivers for a Transportation System Operator Under Agreement** online service, you had to agree to use the Quick Method as a condition for use and therefore do not have to complete the form.

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 want to use the method for the fiscal year from January 1 to December 31, 2020, you must file the form no later than April 1, 2020.

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 want to start using the method for the reporting period from January 1 to March 31, 2020, you must file the form no later than April 30, 2020.

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

You do not have to make the election yearly. It remains in effect if your business continues to meet the criteria.

You must use the Quick Method for at least one year and can revoke it at any time after that.

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 or an operator remitted an amount on your behalf.

If your total annual taxable sales do not exceed $1,500,000, you can file your returns online or by mail.

To file your returns **online**, use one of the following:

- the service for filing a GST/HST and QST return in My Account for businesses, My Account for individuals and My Account for professional representatives;
- the express service for filing a GST/HST and QST return (a clicSÉQUR access code is required) on the Entreprises Québec website at info.clicsequr.gouv.qc.ca/entreprises;
- a financial institution's online payment service that lets you file your return and pay your balance in a single transaction.

To file your returns by **mail**, use the following form(s):

- form FPZ-500-V, *GST/HST – QST Return*;
- form FPZ-34-V, *GST/HST Return*, and form VDZ-471-V, *QST Return*.

If you are a driver related to an operator under agreement and you used our **Register for the GST/HST and QST – Drivers for a Transportation System Operator Under Agreement** online service, you had to agree to file your returns online as a condition for use.

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 any associates). 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

If you are a driver related to an operator under agreement and you used our **Register for the GST/HST and QST – Drivers for a Transportation System Operator Under Agreement** online service, you were assigned an annual filing frequency.

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

Individuals who are registrants have until June 15 of the following year to file their GST and QST returns if they meet these two 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.

NOTE

Since the QST rate (9.975%) is greater than the GST rate (5%), you may need to make QST instalments but not GST instalments. If so, call us to get form VDZ-458.0.1-V, *QST Instalments*.

Reporting and remitting dues

You must file a *Dues Return* (form TRZ-287.R-V) to report the $0.90 dues that you collected or should have collected on each trip subject to the measure. Include your payment with the return. You must still file a return even if you have no amount to remit.

You must file a dues return using the same reporting period and filing frequency as your QST return.

The GST and QST collected on dues amounts must be included in your GST and QST return, not in your dues return.

If you are a **driver related to an operator under agreement** and you operate a taxi business, you do not have to file a dues return or remit the dues on trips provided through the operator's platform since the operator must file the return and remit the dues that were collected or should have been collected on the trips.

Road vehicles adapted for the transportation of persons with disabilities

If you purchased a vehicle 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, 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-2189-V, *General GST/HST and QST Rebate Application*, available on our website.

Selling your business

If you sell all or part of your taxi 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 guide IN-203-V, *General Information Concerning the QST and the GST/HST*.

INCOME TAX

You must report all of the income from your taxi 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 or the $0.90 dues per trip 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 business, you must use one of the following forms to report your business income:

Legal form	Form
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)
Partnership: member is a corporation	*Déclaration de revenus des sociétés* (CO-17)
Corporation	*Déclaration de revenus des sociétés* (CO-17)

If your taxi 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 business

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

- income from remunerated passenger transportation services;
- income from leasing the vehicle you use for remunerated passenger transportation;
- tips received from passengers in addition to payment received for transportation services.

Expenses qualifying for a deduction

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

Personal use of a vehicle used for remunerated passenger transportation

If you are an individual in business or a self-employed person and you use a vehicle used for remunerated passenger transportation 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 vehicle expenses, you can keep a simplified logbook. For more information, refer to guide IN-155-V, *Business and Professional Income*.

If your taxi business is constituted as a partnership or a corporation, you must calculate a taxable benefit if you make a vehicle used for remunerated passenger transportation available for personal purposes to a partner, employee, shareholder or person related to one of these persons. In this case, you must produce an RL-1 slip giving the value of the taxable benefit.

Capital cost allowance

You cannot deduct, in the year of purchase, the cost of property that is a vehicle used for remunerated passenger transportation or a piece of equipment. However, as the 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 business.

Depreciable property	Class	CCA rate or amount
Vehicle used for remunerated passenger transportation	16	40%
Zero-emission vehicle used for remunerated passenger transportation	55	40%
SRS	8	20%
Non-integrated equipment (such as a GPS locator)	8	20%

Accelerated investment incentive property

The accelerated investment incentive increases the capital cost allowance that can be deducted for the year in which the depreciable property is acquired and is available for use. Therefore, the half-year rule for such property is suspended until December 31, 2027.

The accelerated investment incentive applies to property that was acquired after November 20, 2018, and that is available for use before 2028, **or** to property included in classes 54 to 56 of Schedule B.

Note that a used zero-emission vehicle acquired after March 1, 2020, may be considered eligible class 55 property. However, such used property acquired before March 2, 2020, must be included in class 16.

In all cases, the property must meet these conditions:
- The property has not been transferred to a taxpayer on a rollover basis.
- The property was not previously owned by a person with whom the taxpayer was not dealing at arm's length.

Tax credit for taxi drivers

You can claim the tax credit for taxi drivers if you were resident in Québec on December 31 of a taxation year and meet the conditions below.
- For **2020**:
  - You held a taxi driver's permit at some point in the year.
  - You did not hold any taxi owner's permits on October 9, 2020, or, if you did, you assumed less than 90% of the cost of fuel consumed by any vehicle covered by the permit(s).
- For **2021**:
  - You held a taxi driver's permit on October 9, 2020.
  - You have been a driver authorized by the Société de l'assurance automobile du Québec (SAAQ) to provide remunerated passenger transportation since October 10, 2020.
  - You are a driver authorized to provide remunerated passenger transportation at some point in 2021.

The tax credit was reduced by 50% for 2021 and was **eliminated** for **2022**. 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. Corporations must complete the French version of the form.

Note that you cannot claim the tax credit for taxi drivers if you are not entitled to the tax credit for taxi owners.

Tax credit for taxi owners

You can claim the tax credit for taxi owners if you meet the conditions below.

- You held at least one taxi owner's permit on:
  – December 31 of a calendar year included in a taxation year, for a taxation year that began before January 1, 2020; or
  – October 9, 2020, for the taxation year that began after December 31, 2019, and includes October 9, 2020.
- You assumed at least 90% of the cost of fuel consumed by any vehicle covered by the permit during the year.

The tax credit is **eliminated** for any taxation year beginning after October 9, **2020**. 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. Corporations must complete the French version of the form.

Instalment payments

Personal income tax

Individuals are required to make instalment payments if they meet these two 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 their income tax and, if applicable:

- make contributions to the QPP;
- make contributions to the health services fund;
- pay premiums under the Québec prescription drug insurance plan; and
- pay QPIP premiums.

We normally notify individuals in writing of the amount of the 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. Individuals who do not receive form TPZ-1026.A-V are responsible for determining whether they need to make instalment payments. They can do the calculation using form TP-1026-V, *Calculation of Instalment Payments to Be Made by Individuals*.

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, the contribution related to labour standards, the occupational health and safety insurance premium 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).

RECORDS AND SUPPORTING DOCUMENTS

You must keep records and related supporting documents for the amounts you collect, deduct, withhold and pay. The records and documents have to be kept for **six years** after the year they cover. If they are kept in electronic or digital format, they must remain intelligible for the same length of time. In addition, you must take the necessary steps to ensure and maintain their integrity throughout their lifecycle.

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 may be imposed for returns filed late. The penalty is equal to:

- 1% of the unpaid amount on the date the return should have been filed; **plus**
- 0.25% of the amount calculated above multiplied by the number of full months (up to 12) for which the return is late (from the date the return should have been filed to the date it was filed).

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 December 31, 2022, the rate was 7%.

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 unpaid 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 December 31, 2022, the rate was 7%.

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 unpaid 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

revenuquebec.ca

BY TELEPHONE

Individuals and individuals in business

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

Québec City	**Montréal**	**Elsewhere**
418 659-6299	514 864-6299	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	**Montréal**	**Elsewhere**
418 659-4692	514 873-4692	1 800 567-4692 (toll-free)

Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

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

Individuals 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

Direction principale des relations
avec la clientèle des particuliers

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C. P. 3000, succursale Place-Desjardins
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Québec City and other regions

Direction principale des relations
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Direction principale des relations
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Cette publication est également disponible en français et s'intitule *Les entreprises de taxi et la fiscalité* (IN-314).

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