

# Consumption **TAXES**

TEACHER'S GUIDE

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# CONTENTS

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<b>LEARNING AND EVALUATION SITUATION</b> . . . . .	<b>2</b>
General information . . . . .	<b>2</b>
Overview . . . . .	<b>2</b>
Education program components . . . . .	<b>3</b>
Cross-curricular competencies . . . . .	<b>3</b>
Subject-specific competency . . . . .	<b>3</b>
<b>LEARNING MATERIALS</b> . . . . .	<b>4</b>
<b>PEDAGOGICAL METHOD</b> . . . . .	<b>5</b>
Preparation . . . . .	<b>5</b>
Performance . . . . .	<b>6</b>
Integration . . . . .	<b>14</b>
Reinvestment . . . . .	<b>15</b>
<b>BIBLIOGRAPHY AND OTHER REFERENCES</b> . . . . .	<b>16</b>
<b>EVALUATION OF TEACHING AND LEARNING</b> . . . . .	<b>17</b>
<b>APPENDIX - RECEIPTS</b> . . . . .	<b>18</b>

# Learning and evaluation **SITUATION**

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## GENERAL INFORMATION

**Title:** Consumption Taxes

**Author:** Revenu Québec

**Year:** Secondary cycle two

**Subject area:** Social sciences

**Length:** 2 hours and 30 minutes

**Program:** Financial education

## OVERVIEW

While young people tend to consume more goods and services (and a wider variety of them) as they get older, the fact is that they are already consumers. This means that they already help fund the public services and social programs that contribute to our quality of life.

In this learning and evaluation situation (LES), students will be encouraged to reflect on consumption taxes and the reasons why governments impose them. They will also learn to calculate consumption taxes and identify which goods and services are taxable and which ones are not.

At the end of the LES, students will reinvest their understanding of consumption taxes by debating the following question: Should there be a junk food tax?

## EDUCATION PROGRAM COMPONENTS

### Broad areas of learning

- Health and well-being
- Career planning and entrepreneurship
- Environmental awareness and consumer rights and responsibilities
- Media literacy
- Citizenship and community life

### Focuses of development

- Promotion of the rules of social conduct and democratic institutions
- Participation, cooperation and solidarity
- Adoption of a culture of peace

## CROSS-CURRICULAR COMPETENCIES

### Intellectual

- Uses information
- Solves problems
- Exercises critical judgment
- Uses creativity

### Personal and social

- Achieves his/her potential
- Cooperates with others

### Methodological

- Adopts effective work methods
- Uses information and communications technologies

### Communication-related

- Communicates appropriately

## SUBJECT-SPECIFIC COMPETENCY

### Subject-specific competency

- Takes a position on a financial issue

### Components

- Assesses the situation
- Examines different options
- Considers the legal aspects of each option
- Puts his/her position in perspective

### Learning outcomes

- Gives reasons why the government imposes taxes
- Names consumption taxes
- Names goods and services not subject the GST and QST

# Learning MATERIALS

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## BASIC MATERIALS

- Computers or tablets
- Internet
- Student workbook
- Readings:
  - > [\*Fat Taxes a Naïve Prescription for Canadian Health\*](#)
  - > [\*Junk Food Tax Considered, Ruled Out Says Cathy Bennett\*](#)

# Pedagogical METHOD

## Preparation

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**Length:** 10 minutes

### 1. USE THE SAMPLE RECEIPTS IN THE APPENDIX TO START A CLASS DISCUSSION.

#### Ask questions, such as:



What do you notice about the taxes?



Two taxes are added to the price of certain items: the goods and services tax (GST) and the Québec sales tax (QST).

Some items are taxed while others are not.

The taxes increase the total you have to pay.

Specific taxes are already included in the price of certain products (e.g., alcoholic beverages).



Why do we have to pay tax on these purchases?



Like income tax, consumption taxes are paid to help fund public goods and services.



How would you define "consumption taxes"?



Consumption taxes are mandatory payments on goods purchased (e.g., clothing, gas and certain foods) and services received (e.g., a haircut). In Québec, merchants and suppliers remit these payments to the governments of Québec and Canada.



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



No. In general, natural persons (individuals) and legal persons (businesses, etc.) that carry on a commercial activity in Québec must collect the GST and QST. However, there are exceptions depending on the nature of the goods sold and services rendered. Likewise, merchants and suppliers may be exempt if their sales figures are less than \$30,000 per year.



#### Note

Students should not be expected to provide all the right answers. The objective of this discussion is to activate prior knowledge. Consumption taxes will be presented more in-depth in the performance phase of the LES.

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## Performance



**Length:** 1 hour and 25 minutes

### 1. ASK THE QUESTION BELOW.



Do you think that there are consumption taxes besides the GST and QST?



Answers will vary.

### 2. TELL STUDENTS THAT THERE ARE SEVERAL TYPES OF CONSUMPTION TAXES AND REFER THEM TO TABLE 1. EMPHASIZE THAT SPECIFIC TAXES APPLY TO GOODS AND SERVICES SUCH AS TOBACCO PRODUCTS, FUEL, ALCOHOLIC BEVERAGES, OVERNIGHT STAYS AT SLEEPING-ACCOMMODATION ESTABLISHMENTS (HOTELS, ETC.) AND INSURANCE, BUT THAT THESE TAXES ARE NOT NECESSARILY SHOWN ON RECEIPTS.

*TABLE 1 – Main consumption taxes*

	Tax	What is taxed
Sales taxes	<b>GST/HST (goods and services tax or harmonized sales tax)<sup>1</sup></b>	Most goods and services supplied in Canada
	<b>QST (Québec sales tax)</b>	Most goods and services supplied in Québec
Specific taxes	<b>Tobacco tax</b>	Tobacco products
	<b>Fuel tax</b>	Fuel for motor vehicles
	<b>Specific tax on alcoholic beverages</b>	Alcoholic beverages purchased in Québec
	<b>Tax on lodging</b>	Stays of fewer than 32 consecutive days at a sleeping-accommodation establishment (hotel, motel, inn, etc.) in one of Québec's tourist regions
	<b>Tax on insurance premiums</b>	Automobile insurance Home insurance Etc.

1. One of the parts of the *Excise Tax Act* covers the GST/HST. The HST applies in certain provinces in Canada.

### 3. HAVE STUDENTS COMPLETE EXERCISE 1.



#### **Exercise 1**

Calculating the GST and QST (p. 5 of the student workbook)

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INSTRUCTIONS: a) Use the receipts in the appendix to answer the questions below.

b) If necessary, use the [GST/HST calculator](#) on the Government of Canada website. Note the tool can also be used to calculate the QST.



#### **Note**

The rates for the GST/HST and QST are available on the [Revenu Québec website](#).

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What are the rates of the GST and QST?



GST: 5%  
QST: 9.975%



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



GST:  $\$0.99 \times 5\% = \$0.05$   
QST:  $\$0.99 \times 9.975\% = \$0.10$



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



Total payable:  $\$0.99 + \$0.05 + \$0.10 = \$1.14$



#### **Note**

- Point out that the taxes payable on an item can be quickly estimated by multiplying the price by a combined rate of 14.975% (5% + 9.975%).  
Example:  $\$0.99 \times 1.14975 = \$1.14$
  - Remind students that, unless clearly stated otherwise, taxes are not usually included in the prices they see in stores.
-

#### 4. ASK THE QUESTIONS BELOW.



**Note**

Students should answer these questions using their prior knowledge of consumption taxes. The questions are intended to prepare them from the next exercise, which will take a closer look at taxable and non-taxable goods and services.



Name goods and services that are subject to the GST and QST.



Answers will vary.



Name goods and services on which consumers do not have to pay one or both taxes.



Answers will vary.

#### 5. TELL STUDENTS THAT—WITH A FEW EXCEPTIONS—ALL GOODS SOLD AND SERVICES RENDERED ARE TAXABLE. THEN, HAVE THEM DO EXERCISE 2.



**Exercise 2**

What's taxable? (p. 6 of the student workbook)

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

**TABLE 2 – Taxable versus non-taxable goods and services<sup>2</sup>**

Expense category	Good or service	Taxable (GST and QST) or non-taxable
Food	Food purchased at a store	Non-taxable: <ul style="list-style-type: none"> <li>• Basic groceries (meat, fish, fruit, vegetables, grains, bread, eggs and dairy products)</li> <li>• Other groceries sold in certain packages and quantities (for example, a 6-pack of muffins or a container holding 600 mL or more of a fruit beverage)</li> </ul> <hr/> Taxable: <ul style="list-style-type: none"> <li>• Prepared food</li> <li>• Alcoholic beverages, coffee, tea (including herbal tea), soft drinks, candy and snacks</li> </ul>
	Food purchased at a restaurant	Taxable

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

Expense category	Good or service	Taxable (GST and QST) or non-taxable
<b>Lodging</b>	Rental housing	Non-taxable
	Heating and electricity	Taxable
	Purchase of a new home	Taxable
	Purchase of an existing home (not new and has not undergone substantial renovations)	Non-taxable
<b>Furniture and appliances</b>		Taxable
<b>Clothing and accessories</b>		Taxable
<b>Transportation</b>	Private transportation: motor vehicles and the products needed to run them	Taxable
	Public transportation by: <ul style="list-style-type: none"> <li>Subway and city bus</li> </ul>	Non-taxable
	<ul style="list-style-type: none"> <li>Taxi, plane, train and inter-city bus</li> </ul>	Taxable
<b>Healthcare</b>	Drugs and other pharmaceuticals <ul style="list-style-type: none"> <li>Prescription</li> </ul>	Non-taxable
	<ul style="list-style-type: none"> <li>Over-the-counter</li> </ul>	Taxable
	Healthcare services (for example, those provided by a physiotherapist, a psychologist, an optometrist or a dentist)	Non-taxable
<b>Personal care</b>	Soap, shampoo, hairdressing services, etc.	Taxable
<b>Leisure</b>	Recreation items (for example, sports equipment, games and toys) and related services	Taxable
	Home-entertainment equipment and services (for example, audiovisual equipment and repair services)	Taxable
	Entertainment (for example, movie and show tickets)	Taxable
<b>Education</b>	Tuition	Non-taxable
	School supplies	Taxable
	Textbooks	Non-taxable (QST) Taxable (GST)
<b>Reading and other printed materials</b>	Books and magazines (printed and electronic)	Taxable <b>Exception:</b> The QST does not apply to printed books.

Expense category	Good or service	Taxable (GST and QST) or non-taxable
<b>Tobacco products</b>		Non-taxable (QST) Taxable (GST)
<b>Alcoholic beverages</b>		Taxable
<b>Goods and services sold by an individual</b>	Goods and services sold occasionally by an individual who is not a merchant and does not intend to make a profit (for example, goods sold at a garage sale)	Non-taxable
<b>Other expenses</b>	Communications, expenses for pets, gardening supplies, etc.	Taxable
	Professional services (for example, those provided by a lawyer, a notary or an accountant)	Taxable
	Childcare expenses	Non-taxable

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

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

**A** True

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

- Basic groceries
- Lodging
- Healthcare
- Education

**A** True

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

**A** The government decides which goods and services are taxable based on the policies it wants to implement. For example, to help consumers, the government decided not to tax certain basic necessities, such as basic groceries and prescription drugs. Conversely, to discourage the consumption of certain products, such as alcoholic beverages, it chose to subject them to specific taxes in addition to the GST and QST.



### **Note**

Point out that consumption taxes are the same for everyone, regardless of income. However, government assistance, such as the solidarity tax credit (granted by the Québec government) and the GST/HST tax credit (granted by the federal government), is available to help offset the taxes for individuals with low incomes.

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## 6. HAVE STUDENTS COMPLETE EXERCISE 3.



### Exercise 3

My day off (p. 9 of the student workbook)

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

#### My day off

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

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

TABLE 3 – Expenses incurred during my day off

What?	Which taxes were applied to the goods and services?			Why?
	GST	QST	No tax	
Meal at Morning Eats	✓	✓		Food purchased in a restaurant is taxable.
Garage sale record player			✓	Goods and services sold occasionally by an individual who is not a merchant and does not intend to make a profit are not taxable.
Bus fare for public transit			✓	Public transit (city bus service) is not taxable.
Movie ticket	✓	✓		Leisure activities, including going to the movies, are taxable.
Novel	✓			Printed reading materials are taxable. However, only the GST applies.
Dental check-up			✓	Healthcare services are not taxable.
Haircut	✓	✓		Fees for this kind of service are taxable.
Ground beef and hamburger buns from the grocery store			✓	Basic groceries (unprepared and without additives) are not taxable.
Muffin from the grocery store	✓	✓		When sold individually, muffins are taxable. However, packages of 6 or more muffins are not taxable.

## 7. GO OVER THE ANSWERS AND WRAP UP THE ACTIVITY BY ASKING THE QUESTION BELOW.

**Q** Now that you've completed the activity, what can you tell me about consumption taxes?

**A** Answers will vary.

Most goods and services sold in Canada are subject to consumption taxes. However, basic necessities, such as basic groceries and lodging, are not taxed. In Québec, tax rates for the GST and QST are 5% and 9.975%, respectively.

## Integration

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**Length:** 45 minutes

### 1. HAVE STUDENTS COMPLETE EXERCISE 4.



#### **Exercise 4**

Debate – Should there be a junk food tax? (p. 10 of the student workbook)

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INSTRUCTIONS: a) Read the following articles to familiarize yourself with the topic:

*Fat Taxes a Naïve Prescription for Canadian Health*

*Junk Food Tax Considered, Ruled Out Says Cathy Bennet*

- b) Work as a team to discuss and prepare arguments.
- c) Name a speaker. This person will present your team's arguments and counterarguments during the debate.



#### **Note**

Split the class into two teams: the AFFIRMATIVE (for a junk food tax) and the NEGATIVE (against a junk food tax).

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### 2. LEAD THE DEBATE.



#### **Note**

Ask each speaker to set out their team's position.

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### 3. WRAP UP THE ACTIVITY BY ASKING THE QUESTION BELOW.



Does the fact that taxes are added to the price of some goods and services influence the decisions you make as a consumer? (Keep in mind that some goods and services, such as movie tickets and prepared meals, are taxed while others, such as public transit, are not.)



Answers will vary.

## Reinvestment

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**Length:** 10 minutes

### 1. ASK STUDENTS THE QUESTIONS BELOW.

**Q** Governments decide what goods and services are taxable according to the policies they want to implement. What do you think about how they do this?

**A** Answers will vary.

**Q** If you could implement a new tax, on what goods or services would it apply? At what rate and why?

**A** Answers will vary depending on achievement of learning outcomes.

# BIBLIOGRAPHY

## *and other references*

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### ARTICLES

BATEMAN, Jordan. "Fat Taxes a Naïve Prescription for Canadian Health," [online], *TheHuffingtonPost.com*, October 4, 2015 (viewed May 27, 2025).

BARRY, Garrett. "Junk Food Tax Considered, Ruled Out Says Cathy Bennett," [online], CBC News, May 3, 2016 (viewed May 27, 2025).

### KEY WEBSITES

Section of the Revenu Québec website that explains consumption taxes:

<https://revenuquebec.ca/en/citizens/consumption-taxes/>

Section of the Government of Canada website that explains consumption taxes:

<https://canada.ca/en/revenue-agency/services/tax/individuals/topics/gst-hst-individuals.html>

## *Evaluation of* **TEACHING AND LEARNING**

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1. Identify and analyze positive elements, difficulties encountered, unexpected reactions to the content, etc.
2. Determine areas for improvement and corrections to be made.
3. Analyze what the students have learned (knowledge and skills acquired, yet to be acquired, being acquired or to be perfected; difficulties encountered; etc.).
4. Establish connections with the next LES in order to consolidate the teachings from this one and address any difficulties encountered.

# APPENDIX

## Receipts

**Magasin YU**  
**123, route Beauchamps**  
**410 111-1111**

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

=====

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

=====

Sous-Total ( <i>Subtotal</i> )	41,20 \$	
TPS ( <i>GST</i> ) 5 %	1,81 \$	
TVQ ( <i>QST</i> ) 9,975 %	2,64 \$	
<b>Total :</b>	<b>45,65 \$</b>	

**Interac**  
 0000000000G000  
 APPROUVÉ

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

Merci et revenez nous voir!

**CARBURANT EXTRA**

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

=====  
N° Trans. : 000000  
Station : XXXXXX  
N° TPS (GST No.) : 000000000  
N° TVQ (QST No.) : 1111111111  
=====

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

Type d'achat  
Carte de débit \*\*\*\*\*00  
APPROUVÉ

Merci et à bientôt

=====

**Les vins du goulot**

**1000, rue du Goulot  
513 300-4000  
Caisse 4**

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

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

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

**Copie du client**

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