

# Should I Register with the Ministère du Revenu?



The information contained in this brochure does not constitute a legal interpretation of the provisions of the *Excise Tax Act*, the *Act respecting the Québec sales tax*, or any other federal or Québec statute.

If you need more information, or copies of any of the forms referred to in this brochure, contact the office of the Ministère in your area.

ISBN 2-550-40233-2

Legal deposit - Bibliothèque nationale du Québec, 2003

Legal deposit - National Library of Canada, 2003



# Contents

<b>Goods and services tax (GST) and Québec sales tax (QST) .....</b>	<b>5</b>
General rules (GST/QST).....	5
Special rules (GST/QST).....	7
Special rules respecting QST registration .....	7
When to register for the GST.....	8
When to register for the QST .....	8
<b>Source deductions.....</b>	<b>9</b>
<b>Other consumption taxes.....</b>	<b>10</b>
Tax on insurance premiums.....	10
Specific tax or specific duty on alcoholic beverages.....	10
Tobacco tax.....	10
Fuel tax.....	11
International Fuel Tax Agreement.....	11
Specific tax on lodging.....	11
Specific duty on perchloroethylene.....	12
Specific duty on new tires.....	12
<b>Logging operations.....</b>	<b>13</b>
<b>Municipal taxation.....</b>	<b>13</b>
<b>The garment industry .....</b>	<b>13</b>



## Should I register with the Ministère du Revenu?

The Ministère du Revenu du Québec is responsible for collecting income tax and consumption taxes on behalf of the Québec government. Employers and businesses, who act as **agents** of the Ministère du Revenu, are required to register for the purposes of collecting various taxes and contributions payable under different laws.

This brochure contains information that will help you determine whether you must act as an agent of the Ministère and whether you are required to register.



## Goods and services tax (GST) and Quebec sales tax (QST)

### General rules (GST/QST)

Persons who engage in commercial activities in Canada must register for the GST. Persons who engage in commercial activities in Québec must register not only for the GST but also for the QST, and must collect GST and QST when these taxes apply to property and services supplied to customers. If you carry on commercial activities in Québec, you cannot register for the GST without registering for the QST.

Under an agreement between the federal and Québec governments, the Ministère du Revenu du Québec administers the GST in Québec. The Ministère therefore receives and processes applications for GST registration made by persons carrying on commercial activities in Québec.

Where a business is carried on (by an individual, a personal trust or a partnership made up solely of individuals) without a reasonable expectation of profit, the operation of the business does not constitute a commercial activity and the persons concerned cannot register for the GST or the QST. Nor can a business that supplies tax-exempt property or services register for the GST or the QST.

**Small suppliers may register for the GST and the QST if they so choose, but are not required to do so.** You are considered a small supplier if the total of your and your associates' taxable sales (including zero-rated sales) made worldwide during the four preceding calendar quarters does not exceed \$50,000. (This amount is \$50,000 for public service bodies, that is, non-profit organizations, charities, municipalities, school authorities, hospital authorities, public colleges and universities.) A special rule applies to charities and public institutions. For further information, contact the Ministère du Revenu.

Property and services may be taxable, zero-rated (that is, taxable at 0%) or tax-exempt. **In this brochure, the term “taxable” is used to refer to both taxable and zero-rated property or services.**

Please note that the following property and services are tax-exempt under both the GST and QST systems:

- rents paid under residential leases, where the lease is for at least one month;
- houses and other dwellings that are not new at the time of sale;
- most child-care services;
- legal-aid services;
- dental-care services and certain health-care services;
- certain educational services;
- certain services supplied by public sector bodies (that is, governments, municipalities, school authorities, hospital authorities, public colleges, universities, non-profit organizations, and registered charities).

Persons registered for the GST are also registered for the harmonized tax, or HST, which applies in New Brunswick, Nova Scotia and Newfoundland and Labrador. The HST must be collected by businesses that make taxable sales in any of these three provinces.

## Special rules (GST/QST)

- Regardless of the annual total of your taxable sales, you are required to register for the GST and the QST if you are in either of the following situations:
  - You are the operator of a taxi or limousine business.
  - You are not resident in Québec (or are not resident in Canada, in the case of the GST) and charge admission to the public for activities or events that take place in Québec (Canada, in the case of the GST).
- You are required to register for the GST and the QST if you solicit orders in Québec (Canada, in the case of the GST) for newspapers, books, periodicals, magazines, or sound recordings accompanying and related to these publications, where the property is to be shipped by mail or courier to addresses in Québec (Canada, in the case of the GST). However, this requirement does not apply if you are a small supplier.

## Special rules respecting QST registration

- If you are already registered for the GST, or are applying to register for the GST, you must also register for the QST.
- Regardless of the annual total of your taxable sales, and regardless of whether or not you are registered for the GST, you are required to register for the QST if you engage in
  - the retail sale of tobacco products,
  - the retail sale of fuel,
  - the sale of alcoholic beverages, other than as a small supplier with a reunion permit under the *Act respecting liquor permits*,
  - the retail sale or lease of new tires,
  - the sale, or lease for a period of at least 12 months, of new or used road vehicles.

- You are required to register for the QST if you make sales of financial services. However, this requirement does not apply if you are considered a small supplier. (Note: Certain listed financial institutions may register for the GST. Contact the Ministère du Revenu for further information.)
- If you carry on commercial activities in Québec, but are not resident in Québec, contact the Ministère du Revenu.

## When to register for the GST

You must apply for registration under the GST system before the 30th day following the day on which you make your first taxable sale in Canada, otherwise than as a small supplier. You must collect the GST as of the time you are required to be registered.

Persons who are not resident in Canada and who charge admission to the public must apply for registration before making their first taxable sale in Canada.

Taxi firms must apply for registration before the 30th day following the day on which they make their first taxable sale in Canada in the course of carrying on their business.

• Form LM-1-V, *Application for Registration*

## When to register for the QST

You must apply for registration under the QST system before the day on which you make your first taxable sale in Québec, otherwise than as a small supplier. You must collect the QST as of the time you are required to be registered.

Persons engaged in the retail sale of tobacco products, fuel, new tires or road vehicles, or in the sale of alcoholic beverages, must apply for registration before the day on which they make their first taxable sale in Québec. The same requirement applies to persons who are not resident in Québec and who charge admission to the public.

Taxi firms must apply for registration before the day on which they make their first taxable sale in Québec in the course of carrying on their business.

• Form LM-1-V, *Application for Registration*



## Source deductions

If you pay (or expect to pay) salaries or wages or another form of remuneration to one or more employees, you must withhold certain amounts from your employees' pay. You must also make certain employer contributions. You are therefore required to register with the Ministère du Revenu for source deductions purposes.

As an employer, you are responsible for

- making source deductions of Québec income tax and employee contributions to the Québec Pension Plan;
- remitting to the Ministère the amounts deducted at source;
- remitting to the Ministère your employer contributions to the Québec Pension Plan, the health services fund, the Fonds national de formation de la main-d'oeuvre, and the Commission des normes du travail;
- remitting the compensation tax to the Ministère, if you are a specified financial institution other than a corporation.

• Form LM-1-V, *Application for Registration*



## Other consumption taxes

### Tax on insurance premiums

If, in the course of your commercial activities, you collect insurance premiums that are subject to the tax on insurance premiums (this includes premiums sold by a travel agency), you are required to collect the tax and hold a registration certificate for this purpose. You must register with respect to the tax on insurance premiums before collecting the tax for the first time.

- Form LM-1-V, *Application for Registration*

### Specific tax or specific duty on alcoholic beverages

If you produce and sell wine, beer, cider or any other alcoholic beverage, you must notify the Ministère du Revenu, since you are considered an agent of the Ministère with respect to the specific tax or the specific duty on alcoholic beverages. If you sell alcoholic beverages for consumption in your establishment, you must obtain a retailer's licence (which is valid for all of your branches or divisions). The licence fee (\$30) must be enclosed with your *Application for Registration*. If you hold a reunion permit issued under the Act respecting liquor permits, you do not need a retailer's licence.

- Form LM-1-V, *Application for Registration*

### Tobacco tax

If you are a collection officer, an importer, a manufacturer, a storer of non-identified tobacco or a carrier of non-identified tobacco, you must notify the Ministère du Revenu and obtain a permit for each activity carried on in Québec.

For further information on the application of the *Tobacco Tax Act*, refer to the brochure *An Overview of the Tobacco Tax Act* (IN-219-V).

- Form LM-1.CT-V, *Permit Application*

## Fuel tax

If you are a collection officer, an importer, a refiner, a storer of bulk fuel (where the fuel is stored in an establishment other than a service station) or a carrier of bulk fuel, you must notify the Ministère du Revenu and obtain a permit for each activity carried on in Québec. You must also hold a permit if your commercial activity consists in colouring fuel oil, or in blending, for the purposes of resale, fuel that is subject to the tax with another petroleum product that is not subject to the tax. However, a permit is not necessary for commercial activities related exclusively to propane or natural gas.

For further information on the application of the *Fuel Tax Act*, refer to the brochure *An Overview of the Fuel Tax Act* (IN-222-V).

- Form LM-1.CT-V, *Permit Application*

## International Fuel Tax Agreement

If you are an interprovincial or international carrier and own a qualified motor vehicle, you must apply to the Ministère du Revenu for the licence and stickers that are required under the International Fuel Tax Agreement (IFTA).

- Form CA-500-V, *Application for a Licence and Stickers*

## Specific tax on lodging

You are required to collect the specific tax on lodging if you operate a sleeping-accommodation establishment (such as a hotel or a bed and breakfast) located in a tourism region in which this tax applies. You must apply for registration with respect to the specific tax on lodging before the day on which you are first required to collect the tax. In your application, you must identify each establishment that you own in a region in which the tax applies.

- Form LM-1-V, *Application for Registration*

## Specify duty on perchloroethylene

If you sell perchloroethylene for consumption or use in the operation of a dry-cleaning business in Québec, you are required to collect the specific duty applicable to this product. You must register in respect of the specific duty before the day on which you are first required to collect the duty.

- Form LM-1-V, *Application for Registration*

## Specific duty on new tires

You are required to collect the specific duty on new tires if you make retail sales of new tires<sup>1</sup> or of road vehicles equipped with new tires, or if you lease, on a long-term basis, road vehicles equipped with new tires. You must apply for registration before collecting the specific duty for the first time.

- Form LM-1-V, *Application for Registration*

---

1. The duty also applies to tires that are leased. The tires must have a rim diameter not exceeding 62.23 centimetres (24.5 inches) and an overall diameter not exceeding 123.19 centimetres (48.5 inches).



## Logging operations

If you sell processed or unprocessed forest products, you must register with the Ministère, unless your only activity is cutting timber or transporting forest products.

- Form LM-1-V, *Application for Registration*



## Municipal taxation

You are subject to the provisions of the *Act respecting municipal taxation* if you

- operate a system of gas distribution to Québec consumers;
- operate a system of production, transmission or distribution of electric power, or produce electric power; or
- operate a telecommunications system.

When registering with respect to any of the taxes and contributions administered by the Ministère, you must indicate that your business is engaged in one of the above-mentioned activities.



## The garment industry

If you carry out commercial activities in garment industry, you are required to indicate this when you register with the Ministère.