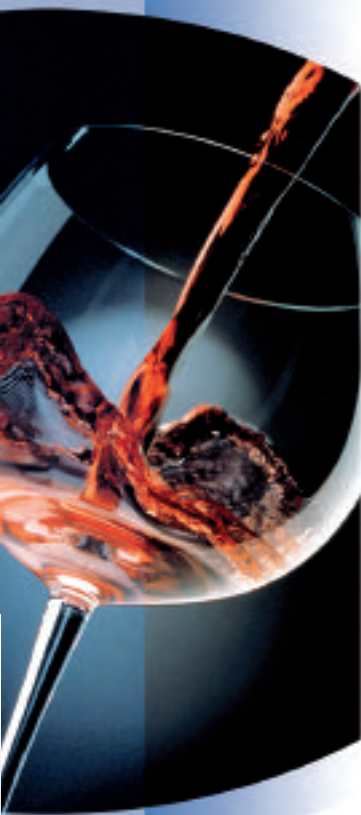



Collection of Consumption Taxes by Producers of Alcoholic Beverages





Alcoholic beverages are subject to the goods and services tax (GST) and the Québec sales tax (QST), as well as to a specific tax on alcoholic beverages. For the purposes of these consumption taxes, you are a collection officer if you produce alcoholic beverages in order to sell the beverages to other persons for resale. You are a retail vendor if you produce alcoholic beverages in order to sell them directly to consumers. This folder briefly describes how the consumption taxes apply to you.



If you produce and sell beer, wine, cider or any other alcoholic beverage, you must inform Revenu Québec of this. You are required to collect the specific tax on alcoholic beverages, the GST and the QST, and to remit the taxes to Revenu Québec. As a rule, you are required to be registered for the GST and QST. The GST rate is 5%, and the QST rate is 7.5%. The rates for the specific tax on alcoholic beverages are given below.

If you are not already registered for the GST and the QST, you must register. You are not required to register for GST purposes or collect the GST if you are a small supplier. However, you are required to register for QST purposes and must collect and remit the QST and the specific tax on alcoholic beverages.

You are a small supplier for a given calendar quarter and the month following the quarter if the worldwide taxable and zero-rated sales made by you and your associates total \$30,000 or less for the four previous calendar quarters.

Regardless of the amount of your annual taxable and zero-rated sales and whether you are registered for the GST, you must register for the QST. Simply complete an application for registration (form LM-1), which you can print out from the Revenu Québec website at www.revenu.gouv.qc.ca. You may also order a copy of the form online, or by calling one of the numbers given on the back of this folder.

If you are already registered for the GST and the QST because of your other commercial activities, you will have to modify your registration to take into account the fact that you are now producing alcoholic beverages. To do so, complete Part C2 of form LM-1.

Specific tax on alcoholic beverages

The rate of the specific tax on alcoholic beverages varies according to whether the alcoholic beverages are sold for consumption on the premises (in an establishment) or for home consumption. You must collect this tax and remit it to Revenu Québec with the return respecting the specific tax on alcoholic beverages (form VDZ-498).

Consumption on the premises

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

Home consumption

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



Tax reduction

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

For beer sold by microbreweries, the tax reduction is 67% on the first 75,000 hectolitres¹ and 33% on the next 75,000 hectolitres. The reduction applies if the beer is brewed in Québec and the total volume of beer sold worldwide by the brewer in the calendar year preceding the year in question does not exceed 30 million litres.

For other alcoholic beverages sold by small-scale producers, the tax reduction is 100% on the first 1,500 hectolitres and approximately 50% on the next 1,500 hectolitres. The reduction applies if the total volume of alcoholic beverages produced and sold worldwide by the producer in the calendar year preceding the year in question does not exceed 500,000 litres.

Summary

Consumption on the premises

Rate of the specific tax

Quantity	Reduction	Beer	Other alcoholic beverages
From 1 to 75,000 hectolitres	67% reduction	\$0.214/litre	—
From 75,001 to 150,000 hectolitres	33% reduction	\$0.435/litre	—
Over 150,000 hectolitres	Regular rate	\$0.65/litre	—
From 1 to 1,500 hectolitres	100% reduction	—	\$0.00/litre
From 1,501 hectolitres to 3,000 hectolitres	Approximately 50% reduction	—	\$0.99/litre
Over 3,000 hectolitres	Regular rate	—	\$1.97/litre

Home consumption

Rate of the specific tax

Quantity	Reduction	Beer	Other alcoholic beverages
From 1 to 75,000 hectolitres	67% reduction	\$0.132/litre	—
From 75,001 to 150,000 hectolitres	33% reduction	\$0.268/litre	—
Over 150,000 hectolitres	Regular rate	\$0.40/litre	—
From 1 to 1,500 hectolitres	100% reduction	—	\$0.00/litre
From 1,501 hectolitres to 3,000 hectolitres	Approximately 50% reduction	—	\$0.45/litre
Over 3,000 hectolitres	Regular rate	—	\$0.89/litre

1. 1 hectolitre = 100 litres.

Examples

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

- A microbrewery that holds an industrial brewer's permit sells beer to a grocery store. The beer is therefore for home consumption. The microbrewery is considered a collection officer because it sells the beer for the purposes of resale. It must therefore collect from the grocery store an amount equal to the specific tax, at the tax rate applicable to home consumption. The rate is \$0.40 per litre of beer, subject to any applicable reduction. The microbrewery must submit the return respecting the specific tax on alcoholic beverages (form VDZ-498) according to its QST reporting period and make its remittance at the same time.



- A microbrewery that holds an industrial brewer's permit sells beer to a restaurant. The beer is therefore for consumption on the premises. The microbrewery is considered a collection officer because it sells the beer for the purposes of resale. It must collect from the restaurant an amount equal to the specific tax, at the tax rate applicable to consumption on the premises. The rate is \$0.65 per litre of beer, subject to any applicable reduction. The microbrewery must submit the return respecting the specific tax on alcoholic beverages (form VDZ-498) according to its QST reporting period and make its remittance at the same time.
- A microbrewery that holds a permit for the small-scale production of beer sells beer for consumption on the premises where the beer is brewed. As this is a retail sale, the microbrewery must collect the specific tax on alcoholic beverages at the rate applicable to consumption on the premises. The rate is \$0.65 per litre of beer, subject to any applicable reduction. The microbrewery must file the return respecting the specific tax on alcoholic beverages (form VDZ-498) according to its QST reporting period and make its remittance at the same time.

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

- As a rule, a 100% reduction of the specific tax on alcoholic beverages applies to small-scale producers of alcoholic beverages other than beer. This is the case whether the beer is sold for consumption on the premises or for home consumption. Consequently, such producers do not in most cases have to collect the specific tax on alcoholic beverages. However, they must file a return (form VDZ-498) according to their QST reporting period, even if they have no remittance to make.

In the examples above, the producers must collect 5% GST on the products sold, unless they are non-registrant small suppliers. They must also collect 7.5% QST on the products sold. The taxes must be remitted to Revenu Québec using form FPZ-500.

To contact us



By Internet

We invite you to visit our Web site at www.revenu.gouv.qc.ca.



By telephone

Hours of availability for telephone service

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

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

Information concerning individuals and individuals in business

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

Information concerning businesses, employers and consumption taxes

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

Information service for persons with a hearing impairment

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



By mail

Individuals and individuals in business

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

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Québec



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