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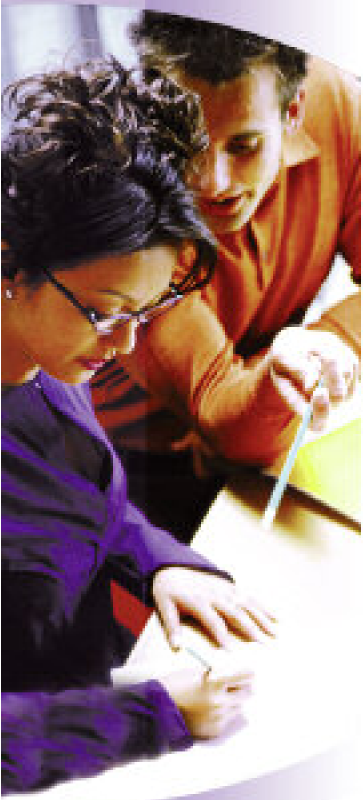
Collection of Tax Debts and Support Debts



Québec

Revenu Québec ensures, among other things, the collection of income tax and consumption taxes. The tax-collection activities of Revenu Québec are key as they generate approximately 85% of the annual revenue of the Gouvernement du Québec. Considering Revenu Québec's mission and the government's budget situation, the collection of these amounts constitutes a major policy issue for Revenu Québec.

For its part, the Direction générale du centre de perception fiscale et des biens non-réclamés (referred to in this document as the collecting authority) has several mandates. One of these mandates is to recover amounts such as income tax, consumption taxes, duties and contributions to social programs, owed to Revenu Québec under Québec tax laws, the *Act to facilitate the payment of support* and the *Excise Tax Act* (the latter is for the collection of the goods and services tax (GST) in Québec).

To accomplish this mandate, the collecting authority has adopted certain values that guide its everyday actions: respect for others, fairness in processing files and professionalism on the part of its staff.

This folder explains the collecting authority's collection process.

Your obligations

As a taxpayer or agent, you are required to file various documents with Revenu Québec, such as an income tax return and returns respecting consumption taxes and source deductions. You must also pay any amounts owed. If the documents are not filed, or if the payments are not made within the prescribed time limit, your file is forwarded to the collecting authority for recovery of the amounts owed. In this case, a processing fee will be applied when a staff member takes charge of your file.

As a rule, support-payment files are sent to the collecting authority in cases where a person has not responded to a demand for payment sent by Revenu Québec. For more information on this subject, you may obtain the folder *Support Payments: Demand for Payment* (IN-908-V) at any Revenu Québec office or from Revenu Québec's website at **www.revenu.gouv.qc.ca**.

Recovery process

The collecting authority has developed a progressive recovery process, the main steps of which are described below.

Voluntary payment

The collecting authority encourages voluntary payment by attempting to reach you by telephone or by sending you a notice of collection or a final notice.

Payment agreement

If you are unable to pay the debt in one payment because of your financial situation, the collecting authority may enter into a payment agreement with you based on your ability to pay.

Before entering into such a payment agreement, the collecting authority may ask you to provide documents or information pertaining to your financial situation. In addition, you may be asked to provide security, such as a letter of guarantee or a hypothec, to guarantee payment of your debt. Under certain circumstances, you may be asked to contact your financial institution to obtain financing.

A payment agreement also may be reached for support arrears (support payments owed). However, the collecting authority must take into account the judgment rendered by the court and obtain the consent of the creditor of support before entering into an agreement. Whether the debt to be collected is a tax debt or a support debt, the cooperation of the debtor[1] is indispensable if administrative and legal remedies are to be avoided.

Administrative and legal remedies

Where no agreement is possible, or compliance with an agreement is lacking, the collecting authority must pursue administrative and legal remedies. For some remedies, recovery charges are added to the unpaid balance of the tax debt. However, an agreement may be reached at any time during the collection process, provided there is no risk of the debt becoming uncollectible. Note that the collecting authority exercises care and discretion in pursuing the remedies available. These remedies include the seizure of the debtor's accounts receivable, bank accounts and movable property.

Offset

The collecting authority may collect tax debts and support debts through offset, whereby the collecting authority withholds a refund to which the debtor is entitled under a tax law or an amount payable by a government department or organization to the debtor as a supplier, employee or payee of the government. The amount withheld is then applied to the payment of a tax debt or support debt.

1. The person required to pay an amount owed.

Legal Hypothec

To protect its interests regarding the amount owing, the collecting authority may register a legal hypothec against your movable or immovable property. Fees are charged upon both registering and cancelling the legal hypothec.

Suspension of recovery measures

Under the *Act respecting the Ministère du Revenu*, an income tax debt may not be recovered from an individual or a corporation[2] before the expiry of the time limit for filing an objection or appeal. Also, no recovery measures may be taken in respect of a tax debt for which an objection or appeal has been filed, unless collection of the debt is compromised.

Recovery measures are not automatically suspended for agents regarding source deductions or consumption taxes. However, the collecting authority's administrative practice allows for the suspension of recovery measures in such circumstances. The collecting authority may suspend the recovery measures taken for an amount disputed by an agent who has filed an objection or appeal, when a request has in fact been made, and it is plausible that after being reviewed the assessment will be changed.

2. For a large corporation, namely, one whose paid-up capital is $10 million or more for the year in question, recovery measures are suspended only with respect to half the amount in dispute.

Recourse for your tax-related problems

Most problems that arise can be resolved by calling the collection officer in charge of your file or that person's manager. However, several options are available to you if you are dissatisfied with how your file is processed or disappointed by the service you receive.

For more information, you may refer to the folder *Recourse for Your Tax-Related Problems* (IN-106-V), available at any Revenu Québec office and online at **www.revenu.gouv.qc.ca**.

Confidentiality and safeguarding of information

Revenu Québec is very concerned with safeguarding the personal information it receives and ensuring confidentiality.

For more information, you may refer to the folder *La protection des renseignements confidentiels à Revenu Québec* (ADM-513), available at any Revenu Québec office and online at **www.revenu.gouv.qc.ca**. This document is available in French only.

Access to information

For more information related to your collection file, contact the person in charge of your file or send a request in writing to Revenu Québec.

Fairness measures

The collecting authority may cancel all or a portion of the interest, penalties and charges if you are unable to pay your total tax debt because of these amounts. Before cancelling them, however, the collecting authority must do a complete financial analysis. The inability to pay has to be a permanent situation; a temporary lack of liquidity does not constitute a valid reason to cancel interest, penalties and charges.

Various special circumstances, such as a serious illness or death, may also support a request for cancellation of interest, penalties and charges. The circumstance must prevent you from meeting your tax obligations.

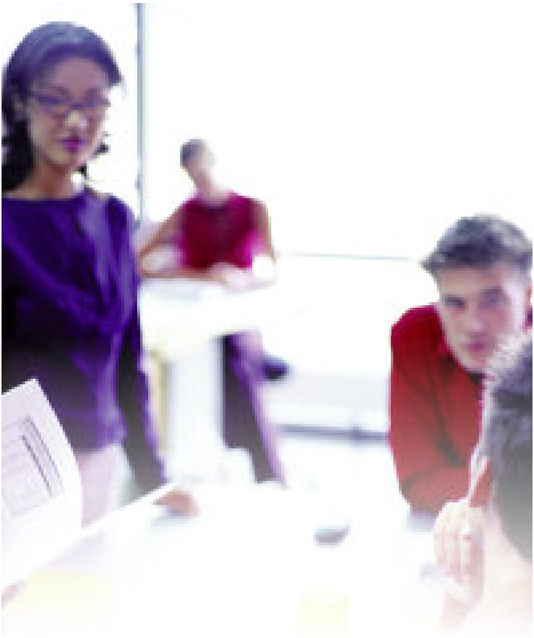
In all circumstances, notify the Direction générale du centre de perception fiscale et des biens non réclamés in writing by sending a letter in which you explain your situation or by filing one or both of the following forms:

- form MR-94.1-V, *Application for the Cancellation of Interest, Penalties or Charges*
- form FP-4288-V, *Application for the Cancellation of Interest, Penalties or Charges Related to the GST or the QST*

These forms are available at any Revenu Québec office and online at **www.revenu.gouv.qc.ca**.

If you are dissatisfied with the decision rendered following your cancellation request, you may request a review of the decision by sending the collecting authority a letter or by filing one or both of the forms mentioned above. You must set forth in your application the reasons why you believe this decision is unfair or unfounded. The request for review must be sent to the address indicated on the letter you received informing you that your request was denied.

You may not file an objection or appeal in respect of the decision rendered by the Minister following a request for review, as it is final.



This folder is provided for information purposes only. The information it contains does not constitute a legal interpretation of the *Act respecting the Ministère du Revenu* or any other legislation.

To contact us

By Internet

We invite you to visit our website 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

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des services
à la clientèle des particuliers
Revenu Québec
Complexe Desjardins
C. P. 3000, succursale Desjardins
Montréal (Québec) H5B 1A4

Québec City and other areas

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Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and consumption taxes

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

Direction principale des services
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Vous pouvez vous procurer la version française de cette publication en demandant le document *Le recouvrement des créances fiscales et alimentaires* (IN-200).

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