

# Public Utilities Tax Return

## 1 Information about the operator

Québec enterprise number (NEQ) Identification number File Social insurance number

01a: \_\_\_\_\_ 01b: \_\_\_\_\_ **PU0001** 01c: \_\_\_\_\_

Name of operator

02: \_\_\_\_\_

Address Postal code

03: \_\_\_\_\_ 04: \_\_\_\_\_

Calendar year concerned End date of the fiscal period that ended in the calendar year preceding the calendar year concerned Start date of activities End date of activities, where applicable

05: \_\_\_\_\_ 08: \_\_\_\_\_ 09: \_\_\_\_\_ 10: \_\_\_\_\_

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Status:  11 Corporation  11a Individual  11b Partnership  11c Trust

Type of return:  12 Original  12a Amended

If the operator is a trust, enter the account number from federal *Trust Income Tax and Information Return* (form T3RET).

Trust account number

05a: T: \_\_\_\_\_

### Operator

This form is to be completed by any operator (a person, partnership or trust) of an electric power system, a gas distribution system or a telecommunications system in Québec that is required to pay the public utilities tax. The following operators do not have to pay the public utilities tax:

- municipalities;
- corporations or partnerships held directly or indirectly by a municipality;<sup>1</sup>
- operators of electric power systems established before 1979 that consume **all** the electric power they produce (self-supplied consumers).<sup>2</sup>

The public utilities tax that an operator must pay for a calendar year is calculated on the net value of the system's assets. The net value of the assets is determined on the basis of all the **immovables<sup>3</sup> that are not entered on the property assessment roll** and that are shown in the financial statements prepared for the operator's last fiscal period<sup>4</sup> ended in the calendar year preceding the calendar year for which the public utilities tax is payable.

The public utilities tax must be calculated separately for each type of system. If there are several systems of the same type, a single calculation must be done.

If the operator is a member of a group of associated operators,<sup>5</sup> the operators must agree on how the \$750 million ceiling on assets is to be allocated. All associated operators must complete form CO-1175.29.E-V, *Agreement Respecting the Public Utilities Tax*.

If the operator is not associated with any other operator, it must apportion the \$750 million among its various types of systems.

### Important information

- You must complete a single copy of this form for all of the systems operated by the operator, regardless of whether they are of the same type or of different types.
- You must file this form together with the operator's financial statements<sup>6</sup> and a list of the immovables subject to the public utilities tax<sup>7</sup> as follows:
  - If the operator is a corporation or a partnership, the return must be filed within six months after the end of the fiscal period entered on line 08.
  - If the operator is an individual, the return must be filed by June 15 of the calendar year following the one in which the fiscal period entered on line 08 ended (that is, the calendar year for which the tax is payable).
  - If the operator is a trust, the return must be filed within 90 days after the end of the fiscal period entered on line 08.

Send everything to:

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

- If the operator is a partnership, the terms of the public utilities tax apply to the partnership, but not its members, as if it were a corporation.
- An operator that files this return late is liable to a penalty equal to 5% of the balance unpaid after the payment deadline and an additional 1% penalty for each full month the return is late, up to a maximum of 12 months.
- We may compare the information we receive with information obtained from other sources and forward it to other government departments and bodies.
- For more information, consult sections 1175.29 to 1175.42 of the *Taxation Act*.



## 2 Net value of assets

Is the operator associated with one or more other operators?.....  13  Yes  13a  No

If you answered **Yes**, complete form CO-1175.29.E-V.

	A <input type="checkbox"/> Electric power system <sup>8</sup>	B <input type="checkbox"/> Gas distribution system <sup>9</sup>	C <input type="checkbox"/> Telecommunications system <sup>10</sup>
Type of system (check the appropriate box(es))	14		
Net value of the assets for each system. <sup>11</sup> If the operator has more than one system of the same type, enter the net value of the assets for all of the systems of the same type.	15		
Portion of the amount from line 15 that corresponds to the net value of the operator's eligible assets <sup>12</sup>	16	N/A	N/A
Subtract line 16 from line 15.	17		
	18		

If you checked box 13a and only one box on line 14, enter \$750,000,000 in the corresponding column on **line 18**.

If you checked box 13a and more than one box on line 14, enter the portion of the \$750 million ceiling allocated to each system in the corresponding column on **line 18**.

If you checked box 13 and only one box on line 14, enter the portion of the \$750 million ceiling allocated to the operator in Part 2 of form CO-1175.29.E-V in the corresponding column on **line 18**.

If you checked box 13 and more than one box on line 14, enter the portion of the \$750 million ceiling allocated to the operator in Part 2 of form CO-1175.29.E-V in the corresponding columns on **line 18**.

## 3 Public utilities tax payable on the operation of an electric power system

Enter the amount from line 17 or 18 in column A, whichever is **less**.

Applicable rate	19		
Multiply line 19 by 0.2%.	20	0.2%	
Amount from line 17 in column A	22		
Amount from line 19	23		
Subtract line 23 from line 22.	24		
Applicable rate	25	0.55%	
Multiply line 24 by 0.55%.	26		
Add lines 21 and 26.	27		
Tax paid by a self-supplied consumer <sup>13</sup>	28		
Subtract line 28 from line 27.	29		
Carry the result to line 65.	30	<b>D</b>	

## 4 Public utilities tax payable on the operation of a gas distribution system

Enter the amount from line 17 or 18 in column B, whichever is **less**.

Applicable rate	38		
Multiply line 38 by 0.75%.	39	0.75%	
Amount from line 17 in column B	41		
Amount from line 38	42		
Subtract line 42 from line 41.	43		
Applicable rate	44	1.5%	
Multiply line 43 by 1.5%.	45		
Add lines 40 and 45.	46	<b>E</b>	



### 5 Public utilities tax payable on the operation of a telecommunications system

Enter the amount from line 17 or 18 in column C, whichever is **less**.

Amount from line 16 in column C				53		
Add lines 53 and 54.				54		
Applicable rate				55		
Multiply line 55 by 0.7%.				56	0.7 %	
Amount from line 17 in column C		58		57		
Amount from line 53	-	59				
Subtract line 59 from line 58.	=	60				
Applicable rate	×	61	10.5 %			
Multiply line 60 by 10.5%.	=			62		
Add lines 57 and 62.						
Carry the result to line 69.				63	<b>F</b>	
<b>Public utilities tax payable on the operation of a telecommunications system</b>						

### 6 Refund or balance owing

Public utilities tax payable on the operation of an electric power system (amount D)				65		
Public utilities tax payable on the operation of a gas distribution system (amount E)				67		
Public utilities tax payable on the operation of a telecommunications system (amount F)				69		
Add lines 65 to 69.				70		
Amount of payments already made <sup>14</sup>	-	72				
Subtract line 72 from line 70.				75	<b>G</b>	
<b>Refund or balance owing<sup>15</sup></b>						

### 7 Certification

I certify that this return and the enclosed financial statements and list of immovables subject to the tax are accurate and complete, and that the information they contain corresponds to that entered in the operator's books and records. I also certify that the financial statements enclosed with this return were prepared according to generally accepted accounting principles.

\_\_\_\_\_  
 Name of authorized representative (please print)      Signature of authorized representative      Date      Area code      Telephone



10TZ ZZ 49488490

## Notes

1. A corporation is directly or indirectly held by a municipality if all the corporation's shares of the capital stock are held by one or more of the following entities throughout its fiscal period that ended in the calendar year preceding the calendar year concerned:

- a municipality;
- a corporation whose shares of capital are all held, directly or indirectly through one or more corporations or partnerships, by a municipality;
- a partnership whose interests are all held, directly or indirectly through one or more corporations or partnerships, by a municipality.

Likewise, a partnership is directly or indirectly held by a municipality if all the partnership's interests are held by one or more of the entities listed above throughout the partnership's last fiscal period that ended in the calendar year preceding the calendar year concerned.

In the case of a corporation or partnership described above, you cannot use this form. You must complete form CO-1175.29.EX-V, *Information Return for the Public Utilities Tax Exemption*, for a calendar year for which the public utilities tax would otherwise be payable. Send us form CO-1175.29.EX-V within six months of the end of the last fiscal period that ended in the calendar year preceding the year in which the public utilities tax would otherwise be payable. For more information, contact us.

2. An operator that consumes part of the power it produces and sells the rest must pay the public utilities tax if it exceeds the tax payable as property tax.
3. "Immovables" refers to an operator's immovables subject to tax that are part of the operator's system, are located in Québec, and are not entered on the property assessment roll under one of sections 66 to 68 of the *Act respecting municipal taxation* (c. F-2.1). Land that is the site of such an immovable and that is described in paragraph 7 of section 204 of the Act is also considered an immovable subject to tax.

The following operators are considered to own an immovable subject to tax:

- an operator that is the owner, possessor, institute of a substitution, emphyteutic lessee or usufructuary of an immovable subject to tax;
- an operator that uses an immovable subject to tax (otherwise than as an owner), if the immovable is an asset shown in the operator's financial statements (for example, a capital lease);
- in the case of land that forms part of the domain of the State, an operator that occupies the land under a promise of sale, occupation licence or location ticket.

An operator is considered to be the lessee of an immovable subject to tax if the operator pays remuneration to a person, partnership or trust, in relation to the immovable, in connection with the use of a system that includes the immovable.

4. If an operator has a fiscal period of more than 365 days and therefore does not have a fiscal period that begins and ends in a particular calendar year, the first fiscal period ending in the calendar year following the particular calendar year is deemed to end on the last day of the particular calendar year.
5. The following rules are used in determining whether system operators are associated with each other at any time during a fiscal period:
  - Operators that are associated corporations at that time for purposes of the *Taxation Act* are considered to be associated at that time for purposes of the public utilities tax.
  - An operator that is a partnership is considered to be a corporation all of whose voting shares belong to the members of the partnership, in proportion to their share of the partnership's income or losses.
  - An operator that is a trust is considered to be a corporation all of whose voting shares belong to the beneficiaries, under certain rules that differ according to the type of trust. If you are in this situation, contact us.
  - An operator that is an individual (other than a trust) is considered to be a corporation all of whose voting shares belong to the individual.

6. The financial statements must be drawn up according to generally accepted accounting principles (GAAP). If financial statements have not been drawn up, or are not drawn up according to GAAP, the financial statements to be taken into account are ones that would be based on GAAP. In addition, if the operator is a corporation or a partnership, the financial statements to be taken into account are those submitted to the shareholders or members (as applicable).
7. Operators must enclose a list of the immovables subject to tax (including the cost, rental costs and accumulated depreciation of the immovables, if applicable) that they own at the end of the fiscal period or that they rent at any time during the fiscal period.
8. "Electric power system" refers to a system of production, transmission or distribution of electric power. Any structure that is used to produce electric power supplied to a person that operates an electric power system is deemed to be part of an electric power system and the person operating such a structure is deemed to be the operator of such a system.

Structures that are part of electric power systems and works accessory to electric power systems or a component of such a system are subject to the public utilities tax. These structures and works include:

- dams and power plants;
- thoroughfares, fences or landscape development works, if they are accessory to a structure that is part of the system;
- structures used for wireless telecommunications, if they belong to the operator of the system and are used exclusively for the operation of the system, including the surveillance or protection of the system; and
- access shafts, underground galleries, reservoirs and any accessory works, if they are part of the system.

The following rules apply:

- Works are considered accessory to an electric power system or a component of such a system if they were built because of the existence of the system or component, regardless of whether or not they are attached to the system or component or whether or not they are used for the production, transmission or distribution of electric energy or for the operation of the system or component.
- Any public or private roadway, no matter its surface area, constitutes a thoroughfare that is accessory to a structure that is part of an electric power system or a component of such a system, even if it is not used exclusively for the needs of the system or component.

The following are not part of an electric power system and are therefore not subject to the public utilities tax:

- structures that are part of a transformer or distributing station, consisting of foundations, exterior walls and a roof, as well as the land adjacent to the structures;
- thermal power plants where electric power is produced as part of the operation of a private-sector business.

9. "Gas distribution system" refers to a system of gas distribution to Québec consumers.

The following are subject to the public utilities tax:

- structures forming part of a gas distribution system, unless the link between the structures forming part of the system and consumers' immovables is effected essentially by means of vehicle transport;
- conduits and their accessories (except conduits designed for pressures of 7,000 kilopascals or more);
- underground galleries;
- access shafts;
- gas storage installations.

However, any structure that is part of a gas distribution system and is used or intended to be used to lodge people, shelter animals or store things is not subject to the public utilities tax.



10. A “telecommunications system” includes cable distribution systems, but not television, radio or wireless telecommunications systems.

Wireless telecommunications means cellular telephony, paging, wireless data transmission, air-ground communications, mobile radio communications, personal digital communications services, or wireless services by satellite.

The following components of telecommunications systems are subject to the public utilities tax:

- structures;
- conduits;
- underground galleries;
- access shafts;
- structures that exclusively house apparatus or installations, together with their accessories, used in the operation of the system (except for switching stations).

However, any structure that is part of a telecommunications system and is used or intended to be used to lodge people, shelter animals or store things is not subject to the public utilities tax.

11. The net value of the assets of a system is the total of all of the following amounts:

- if the operator is the owner of an immovable subject to tax, the amount, shown in the financial statements, by which the cost of the immovable subject to tax exceeds the accumulated depreciation;
- if the operator is the lessee of an immovable subject to tax:
  - if the operator and the lessor were not dealing with each other at arm’s length at the time the operator became the lessee, the amount by which the cost of the immovable subject to tax exceeds the accumulated depreciation, shown in the financial statements of the lessor for the lessor’s last fiscal period that ends in the calendar year preceding the calendar year for which the public utilities tax is payable (This rule also applies where the owner of an immovable subject to tax is not the operator’s lessor because there have been a number of successive lessors and lessees and each of these lessors and lessees had a non-arm’s-length relationship with each of the others.);
  - if the operator and the lessor were dealing with each other at arm’s length, the amount determined using the following formula:  $(A \times 10) \times 365 / B$ , where
    - A** is the portion of the rental cost of the immovable incurred by the operator in the fiscal period, and
    - B** is the number of days in the fiscal period.

The lessor of an immovable subject to tax is a person, partnership or trust that receives remuneration in relation to such an immovable, in connection with the use, by the lessee, of a system that includes the immovable.

The cost of a lot must be included in the calculation of the net value of the assets of a system. If the operator is not the owner of the lot, the operator is not subject to the public utilities tax, but is subject to property tax. If a public body is the owner of the lot, the public body may be exempted from property tax, but the operator is subject to the public utilities tax for the lot.

An **operator that sold an immovable subject to tax that was part of the operator’s system** may have to include the net value of the system’s assets for the calculation of the public utilities tax payable for a given calendar year, even if the operator no longer owned this immovable at the end of the operator’s last fiscal period that ended in the previous calendar year.

Therefore:

- If the **purchaser** of the immovable subject to tax **is an operator** and the net value of the immovable is not to be included in the net value of the purchasing operator’s system’s assets for the last fiscal period ended in the preceding calendar year, the net value of the immovable is to be included in the net value of the selling operator’s system’s assets for the last fiscal period ended in the preceding calendar year.
- If the **purchaser** of the immovable subject to tax **is not an operator**, the net value of the immovable is to be included in the net value of the selling operator’s system’s assets for the last fiscal period ended in the preceding calendar year. The calculation of the net value of the immovable is based on the ratio of the number of days the selling operator owned the immovable during that fiscal period to the number of days in that fiscal period.

In the above cases, the net value of an immovable subject to tax sold by an operator during a fiscal period is calculated as it would have been at the end of the fiscal period if the immovable had not been sold. More specifically, the value is equal to the amount by which the cost of the immovable subject to tax exceeds the accumulated depreciation at the end of the previous fiscal period. To avoid a situation where, following the sale of an immovable subject to tax, the public utilities tax is payable by two operators in the same calendar year for the same immovable, the net value of the **purchasing operator’s** system’s assets must exclude the net value of the immovable subject to tax shown in the **selling operator’s** financial statements for the last fiscal period that ended in the preceding calendar year.

12. “Eligible assets” refers to immovables subject to tax that are part of a telecommunications system and that meet the following conditions:

- The immovable subject to tax was acquired or leased after December 31, 2005, but was not acquired or leased in accordance with a written obligation contracted before January 1, 2006, or its construction was begun before January 1, 2006.
- The immovable subject to tax is used within a reasonable length of time following the acquisition or lease.
- The immovable subject to tax is used mainly in the course of carrying on a business.
- Before the acquisition or lease, the immovable subject to tax was not used or leased for any purpose whatever other than the purpose for which it was leased or acquired by the operator.

If an operator acquires or leases an immovable subject to tax that was an eligible asset for the seller or lessor, this immovable can, in certain cases, remain an eligible asset for the purchasing operator. For more information, contact us.

13. If the operator has been a producer of electric power since 1979 and consumes all or a portion of the electric energy it produces, enter the amount of tax paid by the operator, under the special rules provided for in section 222 of the *Act respecting municipal taxation*, to the municipality in which the operator’s system is located.
14. Enter on this line the total amount of the public utilities tax remitted before March 1 of the calendar year entered in Part 1 (this year is the reference year for the payment of the public utilities tax). Operators are not required to make such remittances.
15. The balance of the public utilities tax owing for a calendar year must be remitted, using remittance slip COZ-1175.31-V, no later than March 1 of that calendar year. For more information, contact us.

The public utilities tax that has not been paid by the due date is a debt to the government and bears interest at the rate determined according to the rules provided in section 28R2 of the *Regulation respecting fiscal administration* (CQLR, c. A-6.002, r. 1) made under the *Tax Administration Act*.

