

Detailed GST/HST and QST Calculations and Return Respecting Taxable Real Property (Immovables), Taxable Carbon Emission Allowances and Imported Taxable Supplies

General information

Complete form FPZ-2034.CD-V, *Detailed GST/HST and QST Calculations and Return Respecting Taxable Real Property (Immovables), Taxable Carbon Emission Allowances and Imported Taxable Supplies*, if you are registered for the GST/HST and QST and required to file a *GST/HST - QST Return* (form FPZ-500.AR-V). Use it to calculate the goods and services tax (GST) or the harmonized sales tax (HST), the Québec sales tax (QST), input tax credits (ITCs) and input tax refunds (ITRs), and to report any tax adjustments for a reporting period and the instalments you paid. Complete Part 2 to report tax on the acquisition of taxable real property (immovables), taxable carbon emission allowances or imported taxable supplies.

The information in this document does not constitute a legal interpretation of the federal *Excise Tax Act*, the *Act respecting the Québec sales tax* or their regulations. When in doubt, refer to the laws themselves.

For more information on the GST/HST and QST and the Quick Method of Accounting, see guide IN-203-V, *General Information Concerning the GST/HST and QST*, which is available at revenuquebec.ca. Or, you can call Revenu Québec at 418 659-4692 (Québec City area), 514 873-4692 (Montréal area) or, toll-free, 1 800 567-4692.

If you collected or adjusted HST, you must add the amount you collected or the amount of the adjustment to the corresponding GST and enter the GST/HST in the appropriate box. You can generally claim ITCs in respect of GST or HST paid or payable on your eligible purchases and expenses and ITRs in respect of QST paid or payable on your purchases and eligible expenses.

Penalties and interest

Under the *Tax Administration Act*, anyone who neglects to file a return as and when prescribed by a fiscal law is liable to a penalty of \$25 for each day during which the failure continues, to a maximum of \$2,500. In addition, anyone who neglects to collect an amount is liable to a penalty equal to 15% of the amount in question, and anyone who neglects to pay or remit an amount within the prescribed time period is liable to a penalty equal to 7% of the amount (for the first seven days the payment is late), 11% of the amount (for the 8th to 14th day the payment is late) and 15% of the amount (as of the 15th day the payment is late).

Similarly, under the *Excise Tax Act*, anyone who is late in filing a return for a reporting period is liable to a penalty equal to 1% of the total of all amounts owed for the period, plus an additional penalty of 0.25% of the unpaid amount for each month the return is late (up to 12 months). Furthermore, interest is charged at the rate set by regulation on all outstanding amounts.

Note that filing a falsified return is a serious offence rendering the offender liable to legal action.

Recordkeeping

Anyone who carries on a business or is required to withhold or collect an amount under a fiscal law is required to keep registers and books of account and take an annual inventory. The registers and books of account, along with any supporting documents, must be kept for six years after the last year they cover. In addition, all digital or electronic registers must remain readable for the retention period. You must also take the necessary steps to ensure and maintain their integrity throughout their lifecycle. Failure to meet these obligations is an offence rendering the offender liable to legal action.

Signature

All returns must be signed by the registrant or the registrant's authorized representative.

Confidentiality

Any personal information you provide in form FPZ-2034.CD-V is protected under the *Tax Administration Act* and the federal *Privacy Act* and is maintained in Personal Information Bank CRA PPU 241.

GST/HST – QST offset

GST/HST – QST offset only applies if you have an amount of one tax payable and are claiming a refund of the other. Revenu Québec may refuse to grant you GST/HST – QST offset if you have another debt to the federal or Québec government (even if you have reached an agreement to pay the debt) or if you have not filed a return for a previous reporting period.

Part 1 – Detailed GST/HST and QST calculations for the reporting period

Complete Part 1 of form FPZ-2034.CD-V to calculate GST/HST, QST, ITCs and ITRs and to report any tax adjustments for a reporting period and the instalments you paid.

Instructions

Line 101 – Enter the total value (GST/HST and QST excluded) of the goods and services you supplied. This amount must generally correspond to the sales figure entered in your books of account.

If you use the Quick Method of Accounting, this amount must include GST or HST.

GST/HST

Line 103 – Enter the total GST/HST that you collected, that is payable to you or that you are considered to have collected for the reporting period. Include the GST/HST calculated on the self-supply of a residential complex. Do not include the GST/HST payable respecting your acquisitions of taxable real property, taxable carbon emission allowances or imported taxable supplies, which you are required to report in Part 2 (on lines 114 and 115 respectively).

Line 104 – Enter the total of the amounts that must be added to the GST/HST collectible for the purposes of calculating your net tax for the reporting period. Examples include GST/HST derived from the recovery of a bad debt that had been written off or the difference between a full ITC claimed with respect to meals and entertainment expenses and the 50% allowed.

Line 106 – Enter the total ITCs claimed for the reporting period and the total ITCs not claimed during a previous reporting period in respect of your eligible purchases and expenses to make taxable and zero-rated supplies. You can include the GST/HST giving entitlement to an ITC respecting the acquisition of taxable real property or taxable carbon emission allowances (amount on line 114). Do not include notional ITCs respecting used goods (**except** in the case of used returnable containers).

You generally have four years to claim an ITC.

Line 107 – Enter the total of the amounts that may be added to the ITCs claimed on line 106. Examples include GST/HST included in a bad debt that has been written off or, if you are a builder, GST you credited as a GST rebate to an individual who purchased new housing. In the latter case, you must enclose the purchaser's rebate application (form FP-2190.C-V, *GST-QST New Housing Rebate Application: Rebate Granted by a Builder*) with your return. You can also include GST/HST credited to a non-resident respecting the supply of installation services in Canada. In this case, you must enclose the non-resident's rebate application with your return.

If you completed form FP-2074-V, *Election or Revocation of Election Respecting the Quick Method of Accounting*, and have received written confirmation of your election, you can claim the 1% credit applied to the first \$30,000 (including GST/HST) of your eligible taxable supplies for each period. However, you cannot claim ITCs in respect of your operating expenses.

If a pension entity and the qualifying employers of a pension plan jointly elect to transfer all or part of a pension rebate to one or more of the qualifying employers, each qualifying employer can claim an adjustment in respect of its shared portion in its tax return. To calculate the amount of the adjustment, each qualifying employer must complete Part 5 or Part 6 of form FP-4607-V, *GST/HST and QST Pension Entity Rebate Application and Election*.

Line 110 – If you file annually and you paid GST/HST in instalments, enter your instalments on this line.

Line 111 – You can enter the rebate you claimed on one of the following forms to reduce an amount payable:

- *GST/HST and QST Public Service Bodies' Rebate Application* (FP-2066-V)
- *General GST/HST Rebate Application* (FP-189-V)
- *New Residential Rental Property GST Rebate Application* (FP-524-V)
- *GST/HST and QST Pension Entity Rebate Application and Election* (FP-4607-V)

If you enter an amount on line 111, you must enclose the completed rebate application with your return. If you are required to file online, you must mail us the rebate application. You can file some of the above forms using the online service for filing a tax rebate application that is available on Revenu Québec's website.

Note that you can enter an amount on line 111 only to reduce a positive amount entered on line 109.

Line 113 – Carry the amount from line 113 to the corresponding box of the detachable part of form FPZ-500.AR-V and add it to line 213, taking into account the plus (+) and minus (–) signs. If the result is positive, enter it in the "Amount payable" box. If it is negative, enter it in the "Refund claimed" box.

QST

Line 203 – Enter the QST that you collected, that is payable to you or that you are considered to have collected for the reporting period. Include the total QST payable on any taxable property and services brought into Québec on which QST must be paid, amounts of QST collected in error and the QST calculated on the self-supply of a residential complex.

Do not include the QST applicable to the acquisition of a taxable immovable or taxable carbon emission allowances, which you are required to report separately (on line 214).

Line 204 – Enter the total of the amounts that may be added to the QST collectible for the purposes of calculating your net tax for the reporting period. Examples include QST derived from the recovery of a bad debt that had been written off or a QST refund claimed previously with respect to property returned to the supplier.

Line 206 – Enter the total ITRs claimed for the reporting period and the total ITRs not claimed during a previous reporting period in respect of your eligible purchases and expenses to make taxable or zero-rated supplies. You can include the QST giving entitlement to an ITR respecting acquisitions of taxable immovables or taxable carbon emission allowances (amount on line 214). Do not include the tax paid on your purchases and eligible expenses used to make exempt supplies or on motor vehicles purchased for resale.

Effective January 1, 2018, large businesses¹ can claim ITRs in respect of property and services that are subject to the ITR restrictions for large businesses as follows:

- 25% for 2018;
- 50% for 2019;
- 75% for 2020;
- 100% for 2021 onward.

You generally have four years to claim an ITR.

Line 207 – Enter the total of the amounts that may be added to the ITRs claimed on line 206. Examples include QST included in a bad debt that has been written off, QST collected (and remitted to Revenu Québec) on items that a customer eventually returned, and QST credited by a builder as a QST rebate to an individual who purchased new housing. In the latter case, you must enclose the purchaser's rebate application (form FP-2190.C-V, *GST-QST New Housing Rebate Application: Rebate Granted by a Builder*) with your return. You have two years to make an adjustment. Do not include QST paid on motor vehicles purchased for resale (this tax must be recovered from the supplier).

You cannot make another claim respecting the amounts entered on this line, and you must keep all related information.

If you completed form FP-2074-V, *Election or Revocation of Election Respecting the Quick Method of Accounting*, and have received written confirmation of your election, you can claim the 1% credit applied to the first \$31,421 (including QST) of your eligible taxable supplies for each period. However, you cannot claim ITRs in respect of your operating expenses.

1. A registrant is generally considered a **large business** for a given fiscal year if the total of its taxable sales and those of its associates for the previous year is greater than \$10 million.

If a pension entity and the qualifying employers of a pension plan jointly elect to transfer all or part of a pension rebate to one or more of the qualifying employers, each qualifying employer can claim an adjustment in respect of its shared portion in its tax return. To calculate the amount of the adjustment, each qualifying employer must complete Part 5 or Part 6 of form FP-4607-V, *GST/HST and QST Pension Entity Rebate Application and Election*.

Line 210 – If you file annually and you paid QST in instalments, enter your instalments on this line.

Line 211 – You can enter the rebate you claimed on one of the following forms to reduce an amount payable:

- *GST/HST and QST Public Service Bodies' Rebate Application* (FP-2066-V)
- *General Application for a Québec Sales Tax (QST) Rebate* (VD-403-V)
- *New Residential Rental Property QST Rebate* (VD-370.67-V or VD-370.89-V)
- *Application for a Rebate in Respect of New Motor Vehicles Shipped Outside Québec* (VD-403.E-V)
- *GST/HST and QST Pension Entity Rebate Application and Election* (FP-4607-V)

If you enter an amount on line 211, you must enclose the completed rebate application with your return. If you are required to file online, you must mail us the rebate application. You can file some of the above forms using the online service for filing a tax rebate application that is available on Revenu Québec's website.

Note that you can enter an amount on line 211 only to reduce a positive amount entered on line 209.

Line 213 – Carry the amount from line 213 to the corresponding box of the detachable part of form FPZ-500.AR-V and add it to line 113, taking into account the plus (+) and minus (–) signs. If the result is positive, enter it in the "Amount payable" box. If it is negative, enter it in the "Refund claimed" box.

Part 2 – Return respecting taxable real property (immovables), taxable carbon emission allowances and imported taxable supplies

Complete Part 2 to report the tax on the acquisition of taxable real property (immovables) or taxable carbon emission allowances that you acquired for use or supply **primarily** (more than 50%) in the course of your commercial activities, or to report imported taxable supplies.

Carbon emission allowance

A "carbon emission allowance" is an allowance, credit or similar instrument that:

- is issued or created by, or on behalf of:
 - a government, a government of a foreign country, a government of a political subdivision of a country, a supranational organization or an international organization (hereafter a "regulator"),
 - a board, commission or other body established by a regulator, or
 - an agency of a regulator;
- can be used to satisfy a requirement under a scheme or arrangement implemented by, or on behalf of, a regulator to regulate greenhouse gas emissions, or a prescribed scheme or arrangement; and
- represents a **specific** quantity of greenhouse gas emissions expressed as carbon dioxide equivalent (for example, a metric ton of carbon dioxide equivalent).

An allowance, credit or similar instrument that does not represent a specific quantity of greenhouse gas emissions does not satisfy the third criterion above even if it otherwise meets the requirements of a scheme that seeks to regulate greenhouse gas emissions. For example, an instrument that is required to undertake certain manufacturing activities that generate greenhouse gas emissions but that does not represent a specific quantity of emissions does not meet this third criterion. Note that a carbon emission allowance can also be a prescribed property. However, no property is currently prescribed by regulation.

Filing deadline

You must file the return (parts 2 and 3 of form FPZ-2034.CD-V) with Revenu Québec no later than one month after the last day of the reporting period or, if you file annually, no later than three months after the end of the business's fiscal year.

If you are an individual in business, you file annually and your reporting period ends on December 31, the filing deadline is June 15 of the following year. However, if you have to pay GST/HST or QST, the payment deadline is April 30.

If the filing deadline for the return falls on a Saturday, Sunday or statutory holiday and Revenu Québec receives it and your payment the following business day, Revenu Québec will consider them to have been filed on time.

Date a return is received

Your return is considered to be received on:

- the date of the Revenu Québec stamp if you deliver the return in person; or
- the date of the postmark if you mail the return.

Date a payment is received

Your payment is considered to be received on the date it was made at a financial institution using a teller, the institution's online payment service or an automated teller machine (ATM).

If the return was mailed with a cheque or money order, your payment is considered to be received on the date of the Revenu Québec stamp. If you make your payment with a postdated cheque, your payment is considered to be received on the date the cheque can be cashed.

If you did not enclose a cheque or money order with the return, your payment is considered to be received on the date on which Revenu Québec stamps the cheque or money order.

Instructions

GST/HST

Line 113 – Enter the amount from line 113 of Part 1, if applicable.

Line 114 – Determine the value of the taxable real property or taxable carbon emission allowances you acquired for use or supply **primarily** in the course of your commercial activities. Calculate the GST or HST you are required to report and pay by multiplying the value of the real property or carbon emission allowances by the GST or HST rate in effect at the time of acquisition. Enter the result.

Line 115 – Determine the value of the consideration for imported taxable supplies of services or intangible personal property you imported or of certain goods subject to the drop-shipment rules. Calculate the GST or HST you are required to report and pay by multiplying the value of the supplies by the GST or HST rate. If you are a financial institution, you may have to self-assess GST/HST under special import rules.

Line 116 – Add lines 113 to 115 and enter the result, taking into account the plus (+) and minus (–) signs. Carry the amount from line 116 to box 113 of the detachable part of form FPZ-500.AR-V and add it to line 213, taking into account the plus (+) and minus (–) signs. If the result is positive, enter it in the “Amount payable” box. If it is negative, enter it in the “Refund claimed” box.

QST

Line 213 – Enter the amount from line 213 of Part 1, if applicable.

Line 214 – Determine the value of the taxable immovable or taxable carbon emission allowances you acquired for use or supply **primarily** in the course of your commercial activities. Calculate the QST you are required to report and pay by multiplying the value of the immovable or carbon emission allowances by the QST rate in effect at the time of acquisition. Enter the result.

Line 216 – Add lines 213 and 214 and enter the result, taking into account the plus (+) and minus (–) signs. Carry the amount from line 216 to box 213 of the detachable part of form FPZ-500.AR-V and add it to line 113, taking into account the plus (+) and minus (–) signs. If the result is positive, enter it in the “Amount payable” box. If it is negative, enter it in the “Refund claimed” box.