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GUIDE FOR EMPLOYERS

**SOURCE
DEDUCTIONS AND
CONTRIBUTIONS**

2019

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Important

The information contained in this guide does not constitute a legal interpretation of the laws or regulations of Québec or Canada. This guide must be used for 2019. It does not contain any tax changes for 2019 that were announced after October 31, 2018. You should therefore verify that the texts of the guide reflect current fiscal legislation.

Go to our website to:

- get information about the changes that have been made to source deductions and contributions (including those announced after the publication of this document);
- find other documents for employers;
- use our online services.

If you need other information, contact us at one of the numbers or addresses given at the end of this guide.



1 INTRODUCTION

1.1 Is this guide for you?

Use this guide if you pay remuneration as an employer or a payer.

Employer

You pay remuneration as an employer if, for example, you pay:

- a salary or wages (see section 1.4 for information on the term “salary or wages”) to an employee or a former employee;
- a retiring allowance; or
- a death benefit to the heirs of a deceased employee.

Payer

You pay remuneration as a payer if, for example, you pay a beneficiary:

- a retirement benefit (for example, from an RPP);
- an annuity (for example, from an RRSP, a RRIF or a DPSP);
- an amount under a profit-sharing plan, an employee benefit plan or an employee trust;
- an amount under a retirement compensation arrangement;
- a single payment from an RRSP or an RPP;
- wage loss replacement benefits paid under a wage loss replacement plan to which an employer contributed.

You may be in a situation where you pay remuneration to a beneficiary who is also your employee. In that case, you are considered to have acted as a payer because the individual received the remuneration as a beneficiary, not as an employee.

1.2 Purpose of the guide

This guide contains information about:

- your obligations as an employer or as a payer;
- the Québec income tax that you are required to withhold from remuneration you pay as an employer or a payer;
- the employee QPP contributions and QPIP premiums that you are required to withhold from remuneration you pay as an employer;
- the QPP contribution, the QPIP premium, the contributions to the health services fund and the WSDRF (where applicable) and the contribution related to labour standards that you are required to pay as an employer;
- your obligation to make periodic CNESST payments to Revenu Québec; and
- your obligations regarding certain types of remuneration (listed in the table in Appendix 1; contact us if the amount you pay is not listed).



1.3 Abbreviations

BDC	Biotechnology development centre
CCPC	Canadian-controlled private corporation
CIP	Cooperative investment plan
CNESST	Commission des normes, de l'équité, de la santé et de la sécurité du travail
CPP	Canada Pension Plan
DPSP	Deferred profit-sharing plan
FTQ	Fédération des travailleurs et travailleuses du Québec
GST	Goods and services tax
HBP	Home Buyers' Plan
IFC	International financial centre
LLP	Lifelong Learning Plan
NEQ	Numéro d'entreprise du Québec (Québec enterprise number)
PRPP	Pooled registered pension plan
QPIP	Québec parental insurance plan
QPP	Québec Pension Plan
QST	Québec sales tax
R&D	Scientific research and experimental development
RDSP	Registered disability savings plan
RESP	Registered education savings plan
RPP	Registered pension plan
RRIF	Registered retirement income fund
RRSP	Registered retirement savings plan
SIN	Social insurance number
SODEC	Société de développement des entreprises culturelles
VRSP	Voluntary retirement savings plan
WSDRF	Workforce Skills Development and Recognition Fund



1.4 Glossary

The terms below are defined in the context of this guide.

Employee

An individual who holds employment or an office.

Employment

Work carried out by an individual under a written or verbal contract of employment (includes an office).

Employment income

Income from employment or from an office.

Individual

A natural person. For the purposes of this guide, the term “individual” refers both to an employee and to a beneficiary of an amount you pay as a payer.

Office

A position for which an individual is entitled to be remunerated.

For example, a member of the board of directors of a corporation holds an office, even if he or she performs no administrative duties. An individual who is an elected or appointed representative also holds an office.

Person

A natural person or a legal person.

Place of residence

A person’s place of residence within the meaning of the *Taxation Act*.

To determine the place of residence of an individual who leaves Québec or Canada, refer to the current version of interpretation bulletin IMP. 22-3 on the Publications du Québec website.

Remuneration

Salary or wages and any other amount that you paid as an employer (for example, a retiring allowance) or as a payer (for example, pension benefits).

Remuneration paid and salary or wages paid

Remuneration and salary or wages that are **paid, allocated, granted or awarded**.

For example, in a given week, you paid a salary of \$400 and granted a taxable benefit other than in cash valued at \$200 to an employee. You actually paid the employee a salary of \$600 since the benefit is considered to be salary paid.

A tip allocated to an employee also constitutes salary or wages paid to the employee.

NOTE

Under the QPIP, only remuneration actually paid to an employee is considered to be salary or wages paid. A benefit in kind generally does not constitute eligible salary or wages under the QPIP.



Salary or wages

Gross employment income, including the following amounts and any similar payment made to an employee or a former employee:

- taxable benefits (including taxable allowances);
- commissions;
- overtime pay;
- vacation pay;
- retroactive pay, including payments resulting from a collective agreement signed before the death of an employee;
- tips (including allocated tips);
- advances;
- gratuities (including bonuses and incentives);
- certain amounts paid further to an industrial accident – CNESST (section 11.6);
- indemnities paid further to a precautionary cessation of work (that is, the amount paid to an employee under the *Act respecting occupational health and safety* for the first five days following the date on which the employee ceased to work);
- the portion of the salary or wages (earned during the year) that is to be paid in another year, under a salary deferral arrangement;
- amounts paid to an employee during a self-funded leave of absence;
- out-of-Canada living allowances;
- location incentives paid to a physician;
- directors' fees;
- amounts paid after an employee's death (other than a death benefit), provided the payments were foreseeable at the time of death;
- fees paid in connection with employment (for example, fees paid to council or committee members);
- earnings loss benefits, supplementary retirement benefits and career impact allowances (formerly "permanent impairment allowances") paid under the *Veterans Well-being Act* (federal statute);
- an amount paid to an employee by a person with whom the employer is not dealing at arm's length, if the amount would have been included in the employee's salary or wages had the salary or wages been paid by the employer.

In this guide, contrary to the definition provided in tax legislation, the term "salary or wages" does not include the following:

- wage loss replacement benefits paid under a wage loss replacement plan to which the employer contributed;
- amounts paid by a trustee of an employee trust or a profit-sharing plan;
- amounts paid by a custodian of an employee benefit plan.



2 PRINCIPAL CHANGES

2.1 Indexation

Every year, the personal income tax system is automatically indexed. For 2019, the indexation rate is 1.71%.

Amounts indexed at that rate include:

- income thresholds;
- personal tax credit amounts;
- deduction code amounts;
- the threshold for determining the method to be used to calculate the source deduction of income tax on a gratuity or retroactive pay;
- the maximum deduction for employment income;
- the maximum exemption that can be granted to an emergency services volunteer; and
- the maximum tax-exempt amount of a disability assistance payment from an RDSP.

2.2 Income tax rates and income thresholds

The taxable income thresholds have been indexed for 2019. The income tax rates have not changed.

Income tax rates and income thresholds for 2019

Taxable income		Tax rate	Constant
more than	not more than		
\$0	\$43,790	15%	\$0
\$43,790	\$87,575	20%	\$2,189
\$87,575	\$106,555	24%	\$5,692
\$106,555	–	25.75%	\$7,557

2.3 Personal tax credit amounts

The personal tax credit amounts on the *Source Deductions Return* (TP-1015.3-V) and the deduction code amounts given in the *Source Deduction Table for Québec Income Tax* (TP-1015.T1-V) are indexed for 2019.

Individuals do not need to complete the 2019 version of form TP-1015.3-V because the indexation does not affect the deduction codes.



The personal tax credit amounts and the deduction code amounts for 2019 are shown in the tables below. The amounts for 2018 are provided for information purposes.

Personal tax credit amounts	2019	2018
Basic personal amount	\$15,269	\$15,012
Amount transferred from one spouse to the other	\$15,269	\$15,012
Amount for other dependants	\$4,274	\$4,202
Amount for a child under 18 enrolled in post-secondary studies (per term)	\$2,933	\$2,884
Additional amount for a person living alone (single-parent family)	\$2,160	\$2,124
Amount for a severe and prolonged impairment in mental or physical functions	\$3,391	\$3,334
Amount for a person living alone	\$1,750	\$1,721
Age amount	\$3,212	\$3,158
Amount for retirement income	\$2,853	\$2,805
Reduction threshold of the age amount, the amount for a person living alone, the amount for retirement income and the amount for experienced workers	\$34,610	\$34,030

Deduction codes for 2019

Amount (\$)	Code
None	O
1 – 15,269	A
15,270 – 18,000	B
18,001 – 20,000	C
20,001 – 24,000	D
24,001 – 25,500	E
25,501 – 27,000	F
27,001 – 29,000	G
29,001 – 31,500	H
31,501 – 34,500	I
34,501 – 38,000	J
38,001 – 40,000	K
40,001 – 42,500	L
42,501 – 44,000	M
44,001 – 46,500	N



2.4 Gratuities and retroactive pay

For 2019, the threshold for determining the method to be used to calculate the source deduction of income tax on gratuities and retroactive pay has been increased from \$15,012 to \$15,269.

2.5 Deduction for employment income

For 2019, the maximum deduction for employment income has been increased from \$1,150 to \$1,170. The *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V) takes the amount into account.

2.6 Emergency services volunteer

For 2019, the maximum exemption that can be granted to an emergency services volunteer has been increased from \$1,150 to \$1,170.

2.7 Tax credit rate for the acquisition of Fondaction shares

On June 1, 2015, the rate of the tax credit for the acquisition of shares issued by Fondaction was set at 20%.

In the Budget Speech delivered on March 27, 2018, the Minister of Finance of Québec announced that the rate of the tax credit would be **maintained at 20%** for all eligible shares acquired after May 31, 2018, but before June 1, 2021. Therefore, if an employee has authorized you to withhold an amount from his or her pay for the purchase of class A or class B Fondaction shares, you must use the 20% rate to calculate the source deduction of income tax for any pay period during which an amount was withheld for the purchase of such shares.

If you use the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V) to determine the source deduction of income tax, you must subtract from the remuneration paid to the employee the amount withheld for the purchase of class A or class B Fondaction shares.

However, if you use the formulas in the guide *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V), you must subtract from the income tax payable for the year 20% of the amount withheld for the purchase of class A or class B Fondaction shares.

2.8 Disability assistance payments from an RDSP

For 2019, you must withhold income tax at a rate of 15% from the portion of a disability assistance payment from an RDSP that exceeds \$18,660 (previously \$18,346) for the year.



2.9 QPP contributions

Enhancement of the QPP

Further to the assent of Bill 149 on February 22, 2018, an enhancement to the QPP will be implemented as of January 2019. The enhancement, similar to that made to the CPP, consists of the introduction of an additional plan in two stages. The first stage will be implemented in 2019, and the second in 2024. With this enhancement, the QPP will consist of the current base plan and an additional plan.

Starting in 2019, you will be required to withhold the base contribution and a first additional contribution on an employee's pensionable salary or wages that do not exceed the employee's maximum pensionable earnings under the QPP for the year. From 2019 to 2023, the rate of the first additional contribution will progressively increase until it reaches 2% (shared equally by the employee and the employer).

As of 2024, you will be required to withhold the base contribution, the first additional contribution and a second additional contribution on an employee's pensionable salary or wages exceeding the employee's maximum pensionable earnings under the QPP, up to the additional maximum pensionable earnings for the year. The second additional contribution will be withheld at a rate of 8% (shared equally by the employee and the employer). The amount of the additional maximum pensionable earnings will be equal to 107% of the maximum pensionable earnings for 2024 and 114% of the maximum pensionable earnings for 2025 and subsequent years.

QPP contributions for 2019

For 2019, the maximum pensionable earnings are \$57,400. The QPP contribution rate has been increased.

The contribution rate is now comprised of the base rate (5.40%) and the first additional rate (0.15%) so you do not have to do separate calculations and the employee's QPP contribution includes the base contribution and the first additional contribution. You must continue to withhold the employee contribution and to remit it with your employer contribution. You must also continue to report the total QPP contributions withheld in the year in box B of the employee's RL-1 slip.

The table below provides the QPP data for 2019. The 2018 data are provided for information purposes.

	2019	2018
Maximum pensionable earnings (pensionable salaries and wages)	\$57,400	\$55,900
Basic exemption	\$3,500	\$3,500
Maximum contributory earnings	\$53,900	\$52,400
Contribution rate (5.40% for the base contribution and 0.15% for the first additional contribution)	5.55%	5.40%
Employee's maximum contribution	\$2,991.45	\$2,829.60
Employer's maximum contribution (per employee)	\$2,991.45	\$2,829.60



2.10 QPIP premiums

For 2019, the maximum insurable earnings are \$76,500. The employee and employer premium rates have been reduced. The table below provides the QPIP data for 2019. The 2018 data are provided for information purposes.

	2019	2018
Maximum insurable earnings	\$76,500	\$74,000
Employee's premium rate	0.526%	0.548%
Employee's maximum premium ($\$76,500 \times 0.00526$)	\$402.39	\$405.52
Employer's premium rate	0.736%	0.767%
Employer's maximum premium (per employee) ($\$76,500 \times 0.00736$)	\$563.04	\$567.58

2.11 Contribution to the health services fund

Change in the calculation of the contribution to the health services fund for small and medium-sized businesses

On August 15, 2018, the Minister of Finance of Québec announced a new plan to gradually reduce the health services fund contribution rate between 2018 and 2022. Moreover, the total payroll threshold for the reduced contribution rate will be increased between 2018 and 2022 and then indexed annually as of 2023.

If you are an employer other than a public-sector employer and your total payroll for 2019 is less than \$6,000,000, you can use the reduced contribution rate for your sector of activity to calculate your contribution for the year.

NOTE

The contribution rate for public-sector employers is 4.26%, regardless of their total payroll for the year.

The table below shows the health services fund contribution rates for 2019 for small and medium-sized businesses by sector of activity.

Total payroll (TP)	Health services fund contribution rates for 2019	
	Primary and manufacturing sectors	Service and construction sectors
\$1,000,000 or less	1.25%	1.70%
\$1,000,001 to \$5,999,999	$0.648\% + (0.602\% \times TP/1,000,000)^1$	$1.1880\% + (0.5120\% \times TP/1,000,000)^1$
\$6,000,000 or more	4.26%	4.26%

1. The contribution rate must be rounded off to two decimal places. If the number in the third decimal place is 5 or more, round up the number in the second decimal place.



Exemption from the contribution to the health services fund

Investment projects for the development of an eligible digital platform may, under certain conditions, be recognized for purposes of the tax holiday for large investment projects.

As a result, the salaries and wages a corporation or partnership pays employees may qualify for the exemption from the employer contribution to the health services fund if they are paid for:

- activities relating to the maintenance or upgrade of the components of an eligible digital platform;
- support service;
- customer service relating to the use of the platform; and
- other similar activities.

The salaries and wages the corporation or partnership pays employees for the portion of the employees' time devoted to eligible activities relating to the large investment project and other activities of the corporation or partnership do not qualify for the exemption from the employer contribution to the health services fund.

Salaries and wages the corporation or partnership pays its employees whose tasks consist in developing the eligible digital platform do not qualify for the exemption from the employer contribution to the health services fund.

2.12 Contribution related to labour standards

For 2019, the portion of the remuneration in excess of \$76,500 (previously \$74,000) is not subject to the contribution related to labour standards.

2.13 Restructured guide

We have restructured the guide to make it easier to consult (for example, certain tables and examples have been placed in appendices).



3 YOUR RESPONSIBILITIES AS AN EMPLOYER OR A PAYER

3.1 Your responsibilities toward Revenu Québec

As an employer or payer, you are responsible for:

- withholding Québec income tax from the remuneration that you pay to an employee or, where applicable, to a beneficiary (see section 5.1);
- withholding QPP contributions from the salary or wages that you pay to an employee (see section 1.4 for information on the term “salary or wages”);
- withholding QPIP premiums from the remuneration that you pay to an employee (see section 7.2);
- remitting the amounts withheld and your employer QPP contribution, QPIP premium and contribution to the health services fund by the due dates that apply to your remittance frequency;
- remitting your contribution related to labour standards and, where applicable, your contribution to the WSDRF no later than the deadline for filing the RL-1 summary.

You are also responsible for filing the following RL slips and summaries with us no later than the last day of February of the year following the year in which you paid an amount:

- the RL-1 slip if you paid a salary or wages or any other remuneration for which you are required to file an RL-1 slip;
- the RL-2 slip if you paid a retirement pension or retirement income;
- the RL-25 slip if you made a payment under a profit-sharing plan;
- the RL-1 summary (form RLZ-1.S-V, *Summary of Source Deductions and Employer Contributions*) if you:
 - filed the RL-1 slip,
 - filed the RL-2 slip or RL-25 slip to report amounts from which you withheld source deductions of Québec income tax,
 - withheld Québec income tax, QPP contributions or QPIP premiums,
 - paid the employer QPP contribution, the employer QPIP premium or the employer contribution to the health services fund,
 - paid the contribution related to labour standards,
 - participated in workforce skills development and, consequently, have to inform us of your total payroll and the total amount of your eligible training expenditures,
 - paid the employer contribution to the WSDRF.

You must also give a copy of the RL slips to the employees or beneficiaries by the last day of February of the following year.

Online filing

If you are filing more than 50 RL slips of the same type, you must file them online. For information about the electronic filing methods available, see our website.



Using a payroll service provider

You are responsible for ensuring that all RL-1, RL-2 and RL-25 slips and the RL-1 summary are properly filed. If you have mandated a payroll service provider to prepare and file these documents for you, and the provider does not file them, you will have to. Remember that copy 1 of any paper slips must be enclosed with the RL-1 summary unless either the slips or the summary was filed online. See the *Guide to Filing the RL-1 Slip* (RL-1.G-V), the *Guide to Filing the RL-2 Slip* (RL-2.G-V) and the *Guide to Filing the RL-25 Slip* (RL-25.G-V) for more information.

IMPORTANT

Every amount you deduct, withhold or collect as an employer or a payer under a fiscal law is deemed to be held in trust for the government until you remit the amount to the government in the prescribed manner and within the prescribed time period. Such amounts constitute a separate fund that is not part of your property.

3.2 Solidary liability

Certain persons may be held solidarily liable with an employer for the payment of the employer's source deductions and employer contributions. Such persons include:

- directors of a corporation;
- members of a partnership;
- businesses that offer payroll management and processing services.

Below you will find information concerning these persons' solidary liability.

3.2.1 Directors of a corporation

Source deductions

If a corporation **fails to make** source deductions of income tax, the corporation and its directors are not liable for the amounts, unless the source deductions that should have been made relate to remuneration paid to a person not resident in Canada. However, the corporation and its directors in office at the time of the omission are solidarily liable for the payment of any penalties and interest related to the source deductions that the corporation should have made and remitted.

If a corporation **fails to remit** any source deductions of income tax that it made, the corporation and its directors in office at the time of the omission are solidarily liable for the payment of the amounts, including any related penalties and interest.

QPP contributions and QPIP premiums

If a corporation **fails to withhold or remit** QPP contributions or QPIP premiums, the corporation and its directors in office at the time of the omission are solidarily liable for the payment of the amounts not withheld or not remitted, including any related penalties and interest.

Other employer contributions

If a corporation **fails to remit** its employer contributions, the corporation and its directors in office at the time of the omission are solidarily liable for the payment of the amounts not remitted, including any related penalties and interest.



Exceptions

The solidary liability of directors does not apply where:

- a director acted with reasonable care, diligence and skill under the circumstances;
- a director could not, under the same circumstances, have been aware of the omission; or
- at least two years have elapsed since a director ceased to be the director of the corporation.

3.2.2 Members of a partnership

If a partnership fails to meet its obligations as an employer or a payer, the members of the partnership may be held liable for the payment of the amounts not withheld or not remitted, including any related penalties and interest.

3.2.3 Businesses that offer payroll management and processing services

Any person who authorizes the payment of amounts subject to source deductions or causes such payments to be made is solidarily liable for the payment of the source deductions. If, for example, you deal with a business that offers payroll management and processing services, the business is liable, along with you, for the payment of the source deductions of income tax, employee QPP contributions and QPIP premiums.

3.3 Registering for our files and obtaining an identification number

If you are a new employer, you have to register with Revenu Québec to get an identification number. To register, you can:

- use the online services available on our website;
- call us at 1 800 567-4692; or
- complete form LM-1-V, *Application for Registration*.

Visit our website for more information about registering with Revenu Québec and starting a business.

NOTE

If you want to register for source deductions only, use the online services available in My Account for businesses.

Québec enterprise number (NEQ)

The NEQ is a 10-digit number assigned to businesses that register in the enterprise register. Because the number can be used when dealing with any of several government departments and agencies (for example, to register for various government programs and services), it simplifies the way businesses deal with the government.

Your NEQ appears on all the documents (forms, letters, etc.) that we send to you. You can use it or your identification numbers when you contact us.

The majority of sole proprietorships (businesses operated by an individual who is the sole owner), corporations and partnerships (including limited partnerships and general partnerships) operating in Québec must be registered in the enterprise register pursuant to the *Act respecting the legal publicity of enterprises*. Note that undeclared partnerships may also be registered in the enterprise register.

To register your business and get an NEQ, go to the website of the Registraire des entreprises, or call 418 644-0075 if you are in the Québec City area, 1 800 644-0075 (toll-free) if you are elsewhere in Québec, or 1 418 644-0075 (charges apply) if you are outside Québec.

NOTE

A sole proprietorship is not obliged to obtain an NEQ if its business name includes the owner's first and last name.



3.4 Social insurance number (SIN)

Under the *Act respecting the Québec Pension Plan*, you must ask your employees who work in Québec to show you their social insurance card or confirmation of SIN letter within 30 days after they take up employment. If an employee is under 18, you must request the social insurance card or confirmation of SIN letter during the month following the month of his or her 18th birthday.

Every employee who contributes to the QPP must have a SIN. This number ensures that the employee's contributions and pensionable salary or wages are correctly entered each year in the Record of Contributors kept by Retraite Québec (the record was formerly kept by the Régie des rentes du Québec). The benefits to which the employee may be entitled are based on the data entered in this record.

The SIN is shown on an employee's social insurance card or in the employee's confirmation of SIN letter. An employee should contact Service Canada to obtain a SIN or change information in his or her file (for example, a name change).

You must enter the employee's first name, last name and SIN exactly as they appear on his or her social insurance card or in the confirmation of SIN letter, particularly on the RL-1 slip, and in your records and in all correspondence with us. You are responsible for providing a new employee who does not yet have a SIN with information on how he or she can obtain one. This information is available from Service Canada.

QPP contributions must be withheld from an employee's pensionable salary or wages and paid by you even if the employee does not have a SIN or refuses to provide one.

3.5 Hiring an employee

When you hire an employee, you must obtain the employee's social insurance number. You must also ask the employee to complete form TP-1015.3-V, *Source Deductions Return*, and give it to you.

You may also have to register with or pay contributions to the CNESST. To register as a new employer with the CNESST, consult the CNESST website. You must also contact the Canada Revenue Agency to open a payroll program account.

IMPORTANT

Your obligations will vary depending on a worker's status. The criteria used to determine a worker's status is provided in the document entitled *Employee or Self-Employed Person?* (IN-301-V) and in the current version of interpretation bulletin RRQ. 1-1 on the Publications du Québec website.

3.6 Employee or self-employed person

You may ask us to determine a worker's employment status if you and the worker do not agree. Such a request must be submitted to us by April 30 of the year following the calendar year to which the request applies. You must submit the *Application for Determination of Status as an Employee or a Self-Employed Person* (form RR-65-V) and the *Questionnaire for Determination of Status as an Employee or a Self-Employed Person* (form RR-65.A-V). We must take into account the information provided by both parties, and will make our decision known with dispatch and in the manner we consider suitable.



Self-employed person

Individuals who are self-employed must base their QPP contributions on the income of the business they carry on (either directly or as an active member of a partnership), not on their drawings. Such individuals must pay their QPP contributions in instalments, separately from the QPP contributions of their employees. The amount of the instalments is generally indicated on form TPZ-1026.A-V, *Instalment Payments Made by an Individual*.

For more information, refer to the document *Employee or Self-Employed Person?* (IN-301-V).

IMPORTANT

A worker's status, whether it be that of employee or self-employed person, is the same for purposes of the QPP and the QPIP.

3.7 Successive employers, corporate amalgamation and transfer of employees

Employer that succeeds another employer

If, during the year, you succeeded another employer as a consequence of the formation or winding-up of a legal person or of the acquisition of a major portion of the property of a business or of a separate part of a business, and there was no interruption in the employees' service, you must take into account the QPP contributions that the previous employer withheld from the pensionable salaries or wages paid to the employees from the beginning of the year, **up to the amount of the employer contribution paid by the previous employer with respect to these salaries or wages**. You must also take into account the QPIP premiums that the previous employer withheld from the eligible salaries or wages paid to the employees from the beginning of the year.

If you and the previous employer failed to correctly withhold an employee's QPP contributions and QPIP premiums, both you and the other employer are responsible for paying any employee QPP contribution or QPIP premium that was not withheld. Each of you must also pay the corresponding employer contribution. Your employer QPIP premium is equal to the difference between the premium the previous employer would have been required to pay for the year had you not succeeded that employer and the premium the previous employer is required to pay for the year.

Corporate amalgamation

The amalgamation of two or more corporations does not affect the obligations the corporations have under the QPP and the QPIP.

The new corporation can keep the corporate name of one of the amalgamating corporations and can keep one of the identification numbers. It can also adopt a new corporate name. A copy of the new constituting act must be enclosed with the application so that the funds from the account(s) to be closed can be transferred to the new corporation's account.

As a rule, a corporation resulting from the amalgamation of two or more corporations does not constitute a new employer for the purpose of QPP contributions and QPIP premiums where the corporations are amalgamated under:

- the *Business Corporations Act* (Québec statute);
- the *Canada Business Corporations Act* (federal statute);
- the *Cooperatives Act*;
- section 323 of the *Act respecting health services and social services*;
- the *Act respecting trust companies and savings companies*; or
- a statute of another province of Canada which provides that the new corporation is to continue the legal existence of any of the corporations it replaces.



In the above cases, the corporation created by the amalgamation must take into account the employee contributions already withheld and employer contributions already paid by each of the amalgamating corporations from the beginning of the year to the time of amalgamation.

If an employee already paid the maximum QPP contribution and QPIP premium for the year prior to the amalgamation, the salary and wages paid by the new corporation are not subject to source deductions of these contributions and premiums.

The new corporation must file a single set of RL-1 slips for the QPP contributions and QPIP premiums it and the amalgamated corporations remit. The RL-1 slips must be submitted to us by the last day of February of the year following the year of amalgamation.

Employee transferred from one employer to another (QPP only)

The information below applies to the following employers:

- municipalities;
- metropolitan communities;
- school boards;
- CEGEPs;
- public institutions and private institutions under agreement within the meaning of the *Act respecting health services and social services* or the *Act respecting health services and social services for Cree Native persons*.

If an employee of one of the above entities changes employers as a result of constitution, amalgamation, annexation, division or regrouping, the new employer is deemed to be the same as the previous employer. The new employer must take into account the QPP contributions withheld from the salary or wages paid to the employee by the previous employer.

3.8 Periodic payments of the occupational health and safety insurance premium

You must make periodic payments of the occupational health and safety insurance premium to Revenu Québec at the same time as your source deductions and employer contributions. To make the payments, use the “CNESST” box on the remittance slips that we send you. The amounts you pay to Revenu Québec for the CNESST and the information you report in the CNESST box are forwarded to the CNESST. For more information, see Part 13.

You must calculate the amount of your payments according to the method determined by the CNESST. To do the calculation, use the payment rate shown either in the *Décision de classification* document for the year concerned or in the CNESST letter informing you of your new payment rate if your rate changed during the year. (Note that you must be registered with the CNESST to receive these documents.) A guide on calculating periodic payments is available on the CNESST website. For more information on periodic payments and on registering with the CNESST, call the CNESST, toll-free, at 1 844 838-0808 or see the section for employers (available in French only) on the CNESST's website.



3.9 Registers and supporting documents

At your establishment, your residence or any other location designated by us, you must keep registers and supporting documents on which the amounts paid to employees (that is, the amounts on which your source deductions and employer contributions are based) are shown. In the event of an audit, these documents must be made available to us.

Where you keep a register or supporting documents by means of an electronic device (such as a cash register) or a computer system, you may not use any function to modify, correct, delete, cancel or alter data without preserving the original data and all modifications, corrections, deletions, cancellations or alterations of the original data.

You are presumed to have used such a function if a computer program or an electronic component having the function is found in any premises or place where you:

- carry on a business,
- keep property,
- do anything relating to any business, or
- keep or should keep registers pursuant to a fiscal law.

That presumption does not apply where the function is a standard component of software that is inherent in the operation of a computer.

As a rule, registers and supporting documents must be kept for six years after the last taxation year to which they relate. However, if you file certain documents for a given year late, you must keep the registers and supporting documents relating to that year for six years after the date on which you submitted the documents, rather than for six years after the last taxation year to which the registers and supporting documents relate. This applies, for example, to the late filing of the following documents:

- the *Déclaration de revenus des sociétés* (form CO-17);
- the personal income tax return (form TP-1-V);
- the RL-1 summary (form RLZ-1.S-V).

Registers and supporting documents kept on an electronic medium must be retained in an intelligible form on the same medium for six years after the last taxation year to which they relate.

We may authorize you to destroy documents before the six-year period has expired if you send us a signed, written request containing the following information:

- a precise description of the documents to be destroyed;
- the taxation years covered by the request;
- any other pertinent information.



3.10 Penalties

Penalties may be imposed on anyone that contravenes the *Taxation Act*, the *Act respecting the Québec Pension Plan*, the *Act respecting parental insurance*, the *Act respecting the Régie de l'assurance maladie du Québec*, the *Tax Administration Act*, the *Act respecting labour standards*, the *Act to promote workforce skills development and recognition*, or the regulations made under these laws.

You are liable to such penalties in the following situations:

- You fail to keep adequate registers.
- You fail to file source deductions and employer contributions returns.
- You file a remittance slip, an RL-1 slip or the RL-1 summary late.
- You fail to use online filing when filing more than 50 RL-1 slips.
- You are late in paying an amount to be paid before the RL-1 summary is filed.

If you fail to deduct or withhold an amount within the prescribed time limit, you are liable to a penalty equal to 15% of the amount.

If you fail to pay or remit an amount that you deducted, withheld or collected within the prescribed time limit, you are liable to a penalty. The rate of the penalty, which varies according to how late you are in fulfilling an obligation, is 7% from the 1st to the 7th day, 11% from the 8th to the 14th day, and 15% beginning on the 15th day.

You are liable to a penalty of \$100 for failing to provide required information on remittance forms, RL slips and the RL-1 summary. The penalty does not apply if you cannot get certain identification information regarding a person despite making a reasonable effort to obtain it.

Note that fines may be added to these penalties.



4 ARE YOU REQUIRED TO MAKE SOURCE DEDUCTIONS AND PAY EMPLOYER CONTRIBUTIONS?

4.1 Basic conditions for making source deductions and paying employer contributions

Employers are required to make source deductions (income tax, QPP and QPIP) and pay employer contributions (QPP, QPIP, health services fund, WSDRF and labour standards) on any amount subject to such deductions and contributions that they pay to an **employee** if any of the following conditions are met:

- The amount is paid to an employee who reports for work at one of your establishments located in Québec.
- The amount is paid to an employee who is not required to report for work at any of your establishments (located in Québec or elsewhere), but is paid from one of your establishments located in Québec.

Payers are required to make source deductions of income tax on any amount subject to such a deduction that they pay to a **beneficiary** who is resident in Québec at the time of the payment.

Consult the table in Appendix 1 to find out if the amounts that you pay are subject to income tax, QPP contributions, QPIP premiums, the employer contribution to the health services fund, the contribution related to labour standards or the contribution to the WSDRF.

The table below summarizes the conditions for making source deductions and paying employer contributions.

	Conditions	
	A	B
Québec income tax (amount paid to a beneficiary)	The amount paid is subject to source deductions of income tax.	The amount is paid to a beneficiary who is resident in Québec at the time of payment.
Québec income tax (amount paid to an employee)	The amount paid is subject to source deductions of income tax.	The amount is paid to an employee who reports for work at one of your establishments located in Québec. or The amount is paid to an employee who is not required to report for work at any of your establishments (located in Québec or elsewhere), but is paid from one of your establishments located in Québec.
QPP (employee and employer contributions)	The amount paid is subject to QPP contributions.	
QPIP (employee and employer premiums)	The amount paid is subject to QPIP premiums.	
Health services fund	The amount paid is subject to the contribution to the health services fund.	
Labour standards	The amount paid is subject to the contribution related to labour standards.	
WSDRF	The amount paid must be included in the total payroll.	



Special cases concerning establishments located outside Québec and individuals who are not resident in Québec

You are generally not required to make source deductions or pay employer contributions on an amount you pay to an employee who reports for work **only** at one of your establishments located outside Québec.

In some cases, however, you may be required to make source deductions and pay employer contributions on an amount you pay to:

- an employee who reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec (see section 12.4.1);
- an employee who reports for work only at one of your establishments located outside Québec or is paid from one of your establishments outside Québec (see section 12.4.2);
- an employee who reports for work only at one of your establishments located outside Canada or is paid from one of your establishments located outside Canada. (see section 12.4.3);
- a non-resident employee who has been recruited from outside Canada (see section 12.4.4);
- an employee (who performs services for you in Québec) of an employer that does not carry on business in Québec (see section 12.10); or
- a person who is not resident in Québec (see section 12.12).

NOTE

The term “establishment” has the meaning assigned to it in the *Taxation Act*. For more information, refer to the current version of interpretation bulletin IMP. 12-1 on the Publications du Québec website.

4.2 Taxable benefits

Taxable benefits (including allowances) are generally subject to source deductions and employer contributions. This means that taxable benefits in cash or in kind (that is, other than in cash) that you provide to an employee are considered a salary or wages. If you provide a taxable benefit to an employee in a pay period, add the value of the benefit to the employee’s remuneration in order to calculate the remuneration subject to source deductions and employer contributions.

A taxable benefit **in kind** is not subject to source deductions of income tax or QPP contributions if you do not pay the employee any sum for the pay period in which the benefit is provided. However, you must include the value of the benefit in calculating the employer contribution to the health services fund, the contribution related to labour standards and, where applicable, the contribution to the WSDRF. Moreover, most taxable benefits in kind are not subject to QPIP premiums, the only exception being a benefit related to board and lodging provided to an employee for a pay period in which the employee receives cash remuneration.

In calculating the value of a benefit, you must take into account any GST and QST as if the employee had purchased the property or service concerned. However, do not add GST or QST to a taxable allowance or to any other taxable benefit in cash. For more information, see the document *General Information Concerning the QST and the GST/HST* (IN-203-V).

See the document *Taxable Benefits* (IN-253-V) for a detailed explanation of the most common taxable benefits.



Benefit provided to a shareholder

A benefit provided to a shareholder of a corporation (or to a person related to the shareholder) is not subject to source deductions of income tax or employer contributions. Do not include the value of such a benefit in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, where applicable, your contribution to the WSDRF.

Benefit provided to a shareholder who is also an employee of a corporation

If a shareholder is also an employee of a corporation, and the shareholder receives the benefit as an employee rather than as a shareholder, the benefit is subject to source deductions of income tax, QPP contributions, QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards. You must also include the benefit in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, where applicable, your contribution to the WSDRF.

Benefit provided to a shareholder who is a director

If a shareholder receives a benefit as a director (rather than as a shareholder), you must treat the benefit as if it were provided to an employee (see section 1.4 for information on the term “employee”).

If a **benefit in kind** is provided and the director does not receive salary or wages for the pay period in which the benefit is provided, the benefit is generally not subject to source deductions of income tax, QPP contributions or QPIP premiums. However, the value of the benefit is subject to the employer contribution to the health services fund and to the contribution related to labour standards. You also have to include it in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, where applicable, your contribution to the WSDRF.

Benefit provided to a partner

A benefit provided to a partner (or to a person related to the partner) is not subject to source deductions of income tax or employer contributions. Do not include the value of the benefit in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, where applicable, your contribution to the WSDRF.

Special rules concerning certain benefits

Special rules apply when determining whether the benefits below are subject to source deductions and employer contributions.

Standby charge and operating costs for an automobile

A benefit related to an automobile made available to an employee (or to a person related to the employee) is subject to source deductions and employer contributions for the year. It is not, however, subject to employee or employer QPIP premiums.

The value of the benefit must be apportioned over all the pay periods in the year. At the beginning of the year, you must use an estimation of the number of kilometres that will be travelled in the year to do the calculation. At the end of the year, you have to recalculate the value using the actual number of kilometres travelled in the year. To determine the value of the benefit, you can use work chart TP-41.C-V, *Calculation of an Automobile Benefit*, which is available on our website.



Contributions paid to a private health services plan

A benefit related to contributions paid to an employee's private health services plan is subject to source deductions of income tax and employer contributions during the year. It is not, however, subject to QPIP premiums.

The value of the benefit must be apportioned over all the pay periods in the year. At the beginning of the year, you must use estimates to calculate the value of the coverage provided. Any reasonable estimation method (such as estimates based on the data from the previous year or estimates based on a hypothetical premium) can be used to do the calculation. At the end of the year, you have to recalculate the value using the actual data for the year.

RRSP contributions made by the employer (other than contributions withheld from the employee's salary or wages)

If you pay an amount to the issuer of an RRSP of which your employee or his or her spouse is the annuitant, the amount constitutes a taxable benefit for the employee. You are not required to withhold income tax on this amount if you remit it directly to the RRSP issuer. However, the amount is subject to QPP contributions, the employer contribution to the health services fund and the contribution related to labour standards. Also, you must include the amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

In addition, the contributions you make to an employee's **individual** RRSP are subject to QPIP premiums. However, the contributions you make to a **group** RRSP are not subject to QPIP premiums if the employee cannot withdraw amounts before his or her retirement or termination of employment, or if the employee can withdraw amounts under the HBP or the LLP.

Acquisition of shares in a labour-sponsored fund

A benefit from an amount you pay to acquire, on behalf of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation is subject to source deductions of income tax. However, the benefit is not subject to the QPP contribution, the QPIP premium, the employer contribution to the health services fund, the contribution related to labour standards or the contribution to the WSDRF.

Contributions paid to a multi-employer insurance plan

A benefit related to contributions you make to an employee's multi-employer insurance plan is subject to source deductions of income tax. However, you must stop withholding income tax when the total of the contributions reaches the estimated reasonable amount of the taxable benefit that would be granted to the employee if he or she received coverage under this plan for the entire year.

You must, however, continue to make your employer QPP contributions and employer contributions on the value of the benefit. Note that contributions you make to a multi-employer insurance plan are not subject to QPIP premiums.

Security options

A benefit resulting from the exercise of a security option is subject to source deductions of income tax, QPP contributions, the employer contribution to the health services fund and the contribution related to labour standards, in the year the security was disposed of, if the security is a stock option of a Canadian-controlled private corporation (CCPC), and in the year the security is acquired, in all other cases.

You must include the value of the benefit in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF. Such a benefit is a benefit in kind and is not subject to QPIP premiums.



A taxable benefit related to the acquisition of a security that is a share of a corporation (other than a CCPC) or a mutual fund unit is subject to source deductions of income tax in the year the security is acquired as if it were remuneration paid as a gratuity (see section 11.4). However, for the purpose of source deductions of income tax only, the value of the benefit subject to a source deduction can be reduced by the amount of the security option deduction that the employee can claim in his or her income tax return. See the document *Taxable Benefits* (IN-253-V).

NOTE

- If you did not pay the employee any sum for the pay period in which the benefit is provided, you do not have to withhold income tax on the value of the benefit.
- If you paid the employee a sum for the pay period in which the benefit is provided that does not cover the total source deductions of income tax, you have to withhold income tax on the value of the benefit, up to the amount of the sum paid, even if the total sum must be withheld. In such circumstances, the employee cannot request a reduction in the source deduction of income tax by filing form TP-1016-V, *Application for a Reduction of Source Deductions*. Accordingly, you cannot reduce the employee's source deductions.



5 SOURCE DEDUCTIONS OF QUÉBEC INCOME TAX

Employers or payers must make source deductions of income tax on the remuneration they pay.

The method used to calculate the source deductions of income tax depends on the type of remuneration paid.

You must remit source deductions of income tax periodically, according to your remittance frequency, using the payment option that is most convenient for you (see Part 13).

5.1 Remuneration subject to source deductions of income tax

Consult the table in Appendix 1 to determine whether the remuneration you pay is subject to source deductions of income tax. If it is, you must withhold income tax if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

5.1.1 Remuneration on which source deductions of income tax must be made using table TP-1015.TI-V or the formulas

Use table TP-1015.TI-V (or the example calculation in Appendix 2 if the remuneration amount or the number of pay periods is not covered by the table) or the formulas to calculate the source deductions of income tax on the following types of remuneration:

- a salary or wages (see section 1.4 for information on the term “salary or wages”), other than the types of salary and wages described in sections 5.1.2, 5.1.3 and 5.2;
- wage loss replacement benefits paid under a wage loss replacement plan to which the employer contributed (see section 11.13);
- pension benefits from an RPP or other pension plan paid periodically to a person who is resident in Québec;
- the portion of a periodic payment from a RRIF that exceeds the minimum amount (see section 11.10);
- amounts paid under a retirement compensation arrangement or resulting from the making of such an arrangement;
- Employment Insurance benefits referred to in the table in Appendix 1;
- parental insurance benefits;
- financial assistance referred to in the table in Appendix 1;
- benefits paid under a supplementary unemployment benefit plan;
- income assistance payments made to older workers under the *Department of Employment and Social Development Act* (federal statute);
- benefits paid under the *Labour Adjustment Benefits Act* (federal statute);
- benefits paid under a program administered pursuant to an agreement entered into under section 5 of the *Department of Fisheries and Oceans Act* (federal statute);
- annuities from a DPSP (including a DPSP whose registration has been revoked), minus any amount determined under sections 883, 884 and 886 of the *Taxation Act*;
- amounts paid by a custodian of an employee benefit plan, other than refunds of contributions made to the plan (see section 11.14);
- a periodic payment from a VRSP or a PRPP (see section 11.10);
- a benefit paid under the support program for the parents of a crime victim.



5.1.2 Remuneration on which source deductions of income tax must be made using a fixed rate

Use a **fixed rate** to calculate source deductions of income tax from the following types of remuneration:

- gratuities or retroactive pay, where the employee's estimated annual remuneration, including the gratuity or retroactive pay, is not more than \$15,269 (see section 11.4);
- single payments referred to in section 11.11 (for example, a retiring allowance);
- single payments from an RRSP, a VRSP or a PRPP, or the portion of a single payment from a RRIF that exceeds the minimum amount, with some exceptions (see section 11.10);
- income supplements paid under a government work-incentive project, other than the Return to Work Supplement sponsored by Emploi-Québec (see section 11.16);
- payments made, other than in the course of regular and continuous employment, to a person (including a corporation) not resident in Canada for services the person performed for you in Québec (see section 12.12.3);
- amounts paid to a self-employed fisher for his or her fishery products, provided the fisher has completed form TP-1015.N-V, *Election by Fishers to Have Income Tax Deducted at Source* (see section 5.4.5);
- the portion of disability assistance payments from an RDSP that exceeds \$18,660 for the year (see section 11.17).

Directors' fees

If you pay directors' fees to a director who does not receive a salary or wages, calculate the source deduction of income tax using the method given in section 11.9.

Income-averaging annuity for artists

If you pay an income-averaging annuity for artists, you must withhold a special tax (see section 11.15).

5.1.3 Remuneration on which source deductions of income tax must be made using the method applicable to gratuities

Use the method applicable to gratuities to calculate source deductions of income tax from the following types of remuneration:

- commissions paid to an employee who does not have to incur expenses or who has not completed form TP-1015.R.13.1-V, *Statement of Commissions and Expenses for Source Deduction Purposes* (see section 11.1), if commissions are not paid on a regular basis;
- gratuities and retroactive pay, where the employee's estimated annual remuneration, including the gratuity or retroactive pay, is more than \$15,269 (see section 11.4);
- overtime paid in a pay period other than the period in which it was earned (that is, accumulated overtime) (see section 11.5);
- vacation pay paid to an employee who is not taking holidays (see section 11.8);
- taxable benefits resulting from the exercise of a security option that is a share of a corporation (other than a CCPC) or a mutual fund unit (see section 4.2).



5.2 Remuneration not subject to source deductions of income tax

As a rule, you do not have to withhold income tax from the following types of remuneration:

- certain taxable benefits (see section 4.2);
- amounts paid by a trustee of a profit-sharing plan, other than a single payment in full satisfaction of all the employee's rights in the plan, if the payment must be included in the beneficiary's income (see section 11.11);
- amounts paid by a trustee of an employee trust;
- certain amounts paid further to an industrial accident – CNESST (see section 11.6);
- pension benefits (single payment or periodic payment) paid to a person resident outside Québec;
- periodic payments from an RRSP;
- the portion of a payment from a RRIF that represents the minimum amount;
- patronage dividends;
- amounts that are not taxable;
- scholarships, bursaries or fellowships paid to a person who is not an employee (when paid to an employee, such amounts may be considered a taxable benefit and may therefore be subject to source deductions of income tax);
- single payments from an RPP, a DPSP, an RRSP, a VRSP, a PRPP or a RRIF, if they are transferred directly to another plan and are not paid to the beneficiary;
- amounts you pay to a trustee of a profit-sharing plan or of an employee trust, or to a custodian of an employee benefit plan (see section 11.14);
- employment income paid to an employee who requested an exemption from source deductions of income tax by checking box 20 on form TP-1015.3-V for the year concerned;
- amounts paid to an employee by a person with whom the employer is not dealing at arm's length (it is the person, rather than the employer, who must withhold income tax from such an amount, where applicable).

Under special rules that apply to certain types of remuneration, you are not required to withhold income tax on all or a portion of that remuneration (see Part 11 and Part 12, which deal with other payments and special cases).

5.3 Reducing the remuneration subject to source deductions of income tax

Certain amounts can reduce the gross remuneration from which income tax is withheld. (See section 11.1 if an employee is paid commissions.)

For each pay period, reduce an employee's gross remuneration by subtracting:

- the contribution to an RPP;
- the contribution to an RRSP, a VRSP or a PRPP that you withhold and remit directly to the plan issuer;
- the contribution to a retirement compensation arrangement that you withhold and pay to the retirement compensation arrangement;
- 75% of the amount withheld from the employee's remuneration for the purchase of Fonds de solidarité FTQ shares or the amount withheld from the employee's remuneration for the purchase of Fondation shares;
- the CIP deduction (125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP);
- the travel deduction for residents of designated remote areas;
- the security option deduction;
- the amount on line 19 of the *Source Deductions Return* (form TP-1015.3-V);



- the amount of the deductions that we authorized, if the individual completed the *Application for a Reduction in Source Deductions of Income Tax* (form TP-1016-V);
- the portion of the remuneration that gives entitlement to the following:
 - the deduction for employment income situated on a reserve or premises,
 - the deduction for employment income earned on a vessel,
 - the deduction for foreign employees,
 - the deduction for foreign farm workers,
 - the Canadian Forces personnel and police deduction, and
 - the deduction for foreign producers or foreign individuals holding a key position in a foreign production;
 - the deduction for employment income (unless you use the *Source Deduction Table for Québec Income Tax* [TP-1015.TI-V] to calculate the income tax to withhold, since the table takes the deduction into account).

IMPORTANT

Do not subtract the employee's QPP contributions, QPIP premiums, Employment Insurance premiums or union dues from the employee's gross remuneration.

Contribution to an RPP

Subtract from an employee's gross remuneration for the pay period the amount you withheld and paid on his or her behalf to a defined contribution RPP or to a defined benefit RPP.

RPP contribution for service before 1990

The amount you can subtract from an employee's gross remuneration is limited to the amount that the employee can deduct with respect to an RPP contribution made in the year for service before 1990. Once you have reached this limit, you must stop reducing the employee's gross remuneration to take into account the deduction for the RPP contribution paid for service before 1990.

Employee who did not contribute to an RPP

If, during the period in which the service was rendered, the employee either **did not contribute to any RPP** or contributed to **another RPP** and the contributions were paid under an agreement signed before March 28, 1988, the employee can deduct an amount equal to the lowest of the following amounts:

- the total amount of the contributions (excluding optional contributions to a defined contribution RPP) made in the year or in a previous year, **minus** the total of the amounts deducted with respect to these contributions for any previous year;
- \$5,500;
- \$5,500 multiplied by the number of years of service before 1990 with regard to which the employee made the contributions referred to in the first point, **minus** the total of the amounts deducted with respect to these contributions for any previous year and with respect to optional contributions paid before 1987.

Employee who contributed to an RPP

An employee who contributed to an RPP during the period in which the service was rendered can deduct an amount equal to the lesser of the following amounts:

- the total amount of the contributions (excluding optional contributions to a defined contribution RPP and contributions paid by an employee who did not contribute to an RPP) made in the year or in a previous year, **minus** the total of the amounts deducted with respect to these contributions for any previous year;
- \$5,500 **minus** the total of the amounts deducted in the year with respect to the contributions paid by an employee who did not contribute to an RPP and with respect to contributions for current service and for past service after 1989.



Contribution to an RRSP, a VRSP or a PRPP

Subtract from an employee's gross remuneration for a pay period any RRSP, VRSP or PRPP contribution you withhold and remit to the plan administrator.

Default VRSP contribution rate

The default VRSP contribution rate is 4% of gross salary or wages. Gross salary or wages do not include any of the following:

- bonuses;
- overtime pay;
- benefits from amounts that you pay to acquire, on behalf of the employee, shares or fractions of shares issued by the Fonds de solidarité FTQ or by Fondation;
- tax-exempt financial compensation paid to an emergency services volunteer.

For more information, visit the CNESST website.

NOTE

PRPPs, which are governed by the *Pooled Registered Pension Plans Act*, are offered by employers whose businesses or activities fall under federal jurisdiction. For more information, visit the Government of Canada website.

Fonds de solidarité FTQ

Subtract from an employee's gross remuneration for a pay period 75% of the amount withheld for the purchase of Fonds de solidarité FTQ shares if:

- the employee authorized you to deduct the amount;
- the shares are class A shares; and
- the employee is the first purchaser of the shares.

The maximum amount you can subtract from the gross remuneration is \$3,750 per year ($\$5,000 \times 75\%$).

Fondation

Subtract from an employee's gross remuneration for a pay period the amount withheld for the purchase of Fondation shares if:

- the employee authorized you to deduct the amount;
- the shares are class A or class B shares; and
- the employee is the first purchaser of the shares.

The maximum amount you can subtract from the gross remuneration is \$5,000 per year.

Fonds de solidarité FTQ and Fondation

If an employee purchases **both** Fonds de solidarité FTQ and Fondation shares for the annual maximum amount of \$5,000 that entitles the employee to the tax credit, the maximum amount you can subtract from the employee's gross remuneration for a pay period must take into account the rate applicable to each fund.

Example

An employee purchases \$2,000 in Fonds de solidarité FTQ shares and \$3,000 in Fondation shares in the year. The maximum amount you can subtract from the employee's gross remuneration is \$4,500 ($(75\% \times \$2,000) + \$3,000$).



CIP deduction

The amount that you subtract from an employee's gross remuneration for a pay period (125% of the amount withheld for the purchase of preferred shares qualifying under the CIP) cannot be more than 30% of the result of the following calculation:

- the employee's gross salary or wages for the pay period;

minus

- the amount that the employee paid to an RPP for the pay period;
- the value of the preferred shares that you transferred for the pay period, at the employee's request, to the employee's or the employee's spouse's RRSP.

If the amount you have to subtract exceeds 30%, contact us to find out if you can subtract the entire amount.

Example

For a pay period, an employee's gross salary is \$3,500, the RPP contribution is \$300 and the value of the preferred shares transferred to an RRSP is \$200. The maximum amount you can subtract for the pay period is \$900 ($30\% \times (\$3,500 - \$300 - \$200)$).

You can therefore subtract from the employee's gross remuneration for the pay period the entire amount that corresponds to 125% of the amount withheld from the employee's remuneration for the purchase of preferred shares qualifying under the CIP ($\$250 (125\% \times \$200)$).

Travel deduction for residents of designated remote areas

If an employee's remuneration for a pay period includes the value of a taxable benefit related to trips made by a resident of a designated remote area, you have to subtract from the employee's gross remuneration, for that pay period, the amount of the travel deduction the employee may claim in his or her income tax return in respect of the benefit.

Before subtracting the amount, make sure that the employee meets the conditions for claiming the deduction. For more information, see the document *Taxable Benefits* (IN-253-V).

Security option deduction

If an employee's remuneration for a pay period includes a taxable security option benefit (other than shares in a CCPC), you have to subtract from the employee's gross remuneration, for that pay period, the amount of the deduction the employee may claim for the benefit in his or her income tax return.

Before subtracting the amount, make sure that the employee meets the conditions for claiming the deduction. For more information, see the document *Taxable Benefits* (IN-253-V).

Amount on line 19 of the *Source Deductions Return* (form TP-1015.3-V)

You have to divide the amount entered on line 19 of form TP-1015.3-V that was completed by the employee by the number of pay periods remaining in the year in order to determine how much to subtract from the employee's gross remuneration for each pay period.

Amount of the deductions that we authorized, if the individual completed the *Application for a Reduction in Source Deductions of Income Tax* (form TP-1016-V)

You have to divide the amount of the **annual deductions** that we authorized, if the individual completed form TP-1016-V, by the number of pay periods remaining in the year in order to determine how much to subtract from the individual's gross remuneration for each pay period.

Do not take into account any **tax credits** that we authorized, since they are used to reduce the income tax payable.



Deduction for employment income

Do not subtract the deduction for employment income from an employee's gross remuneration if you use the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V). The table already takes this amount into account.

If you are paying remuneration as a payer, the beneficiary is not entitled to the deduction. Similarly, if you are paying remuneration that consists solely of taxable benefits relating to previous employment, the employee is not entitled to the deduction. To ensure that the source deduction of income tax is not less than it should be, make the adjustment outlined in table TP-1015.TI-V. For more information, see table TP-1015.TI-V on our website.

5.4 Calculating source deductions of income tax

To calculate the amount of income tax to withhold from remuneration listed in section 5.1.1, you can use:

- the WinRAS - Calculation of Source Deductions and Employer Contributions application;
- the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V); or
- the *Formulas to Calculate Source Deductions and Employer Contributions* (TP-1015.F-V).

To calculate the amount of income tax to withhold from remuneration listed in section 5.1.2, you can use a **fixed rate**.

To calculate the amount of income tax to withhold from remuneration listed in section 5.1.3, you can use the method applicable to gratuities.

The calculation must take into account the amounts requested by individuals in any of the following forms:

- *Source Deductions Return* (TP-1015.3-V);
- *Application for a Reduction in Source Deductions of Income Tax* (TP-1016-V);
- *Request to Have Additional Income Tax Withheld at Source* (TP-1017-V);
- *Statement of Commissions and Expenses for Source Deduction Purposes* (TP-1015.R.13.1-V);
- *Election by Fishers to Have Income Tax Deducted at Source* (TP-1015.N-V).

5.4.1 Source Deductions Return (form TP-1015.3-V)

Individuals use the *Source Deductions Return* (form TP-1015.3-V) to report the deductions and personal tax credits to which they are entitled so that you, their employer or payer, can calculate source deductions of income tax on their remuneration.

Individuals have to give you a completed copy of this form:

- on the day they take up employment (if you are an employer);
- before they receive remuneration for a first time (if you are a payer);
- within 15 days after an event that reduces the amounts entered on the previously completed copy of form TP-1015.3-V that results in a different deduction code for them.

Individuals can also complete and give you a copy of form TP-1015.3-V at any time to:

- request a reduction in the amount of income tax that is withheld to take into account tax credits and deductions to which they are entitled;
- have an additional amount of income tax withheld; or
- apply for an exemption from source deductions of Québec income tax on their employment income.



If you use the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V) to calculate the amount of income tax to withhold, use the deduction code that corresponds to the amount on line 10 of form TP-1015.3-V that an individual gave you to determine the amount you have to withhold. If the individual did not give you a copy of form TP-1015.3-V, you must withhold income tax taking into account only the basic personal amount for the year. In that case, use “A” as the deduction code. Given that the annual indexation of the income tax system does not affect the deduction codes, individuals are not required to complete form TP-1015.3-V each year.

If you use the formulas in the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V), you must withhold income tax based on the amounts the individual reported in form TP-1015.3-V. If the individual did not give you a copy of form TP-1015.3-V, you must withhold income tax taking into account only the basic personal amount for the year.

If the source deductions of income tax must be made using a **fixed rate**, you must withhold income tax **directly** from the individual’s remuneration without taking into account form TP-1015.3-V (or the basic personal amount if the individual did not provide that form).

Individual who has more than one employer or payer at the same time (deduction code “0”)

An individual who has already asked another employer or payer to take into account the basic personal amount can enter “0” on line 10 of form TP-1015.3-V to ensure that the amount is not taken into account a second time. In that case, use code “0” to withhold income tax.

Exemption from source deductions of income tax respecting employment income

Do not withhold Québec income tax from an employee’s employment income if the employee has requested an exemption by checking box 20 on form TP-1015.3-V because he or she estimates that his or her total income from all sources for the year will not exceed the total of the amounts entered on lines 10 and 19 of the form.

This exemption is valid only for the year for which it was requested.

IMPORTANT

Such an exemption applies only to employment income. You must not take it into account if you pay remuneration as a payer.

Individual who is not resident in Canada or who becomes resident in Canada during the year

If an individual is not resident in Canada in the year or becomes a resident during the year, the deductions and personal tax credits that the individual can enter on form TP-1015.3-V may be limited.

Individual who spends fewer than 183 days in Québec

An individual who spends fewer than 183 days in Québec in the year and expects to include at least 90% of his or her income for the year from all sources in the calculation of taxable income earned in Canada may enter, on lines 1 through 9 of form TP-1015.3-V for the year concerned, the total of the amounts to which he or she is entitled, except if:

- the individual is a foreign farm worker (see section 12.13);
- the individual earned income in another province or territory of Canada (in that case, contact us).

However, the individual cannot enter any amount on form TP-1015.3-V with regard to the deduction for support payments.

Furthermore, no amount may be entered on form TP-1015.3-V if the individual expects that less than 90% of his or her income for the year from all sources will be included in the calculation of taxable income earned in Canada.



Individual who spends more than 182 days in Québec

An individual who spends more than 182 days in Québec in the year is considered to be resident in Québec throughout the year, and may enter on form TP-1015.3-V (for the year concerned) the total of the amounts used to calculate the tax credits and deductions to which he or she is entitled.

Individual who becomes resident in Canada

Contact us to find out what rules apply with regard to the amounts that an individual who becomes resident in Canada during the year must enter on form TP-1015.3-V.

IMPORTANT

You are required to keep the TP-1015.3-V forms submitted to you and to provide them to us on request.

5.4.2 Application for a Reduction in Source Deductions of Income Tax (form TP-1016-V)

We may authorize you to **reduce an individual's remuneration subject to source deductions of income tax** based on the deductions the individual can claim in calculating his or her net or taxable income.

We may also authorize you to **reduce the amount of income tax you withhold** from the individual's remuneration based on the tax credits the individual can claim in calculating his or her income tax payable.

To reduce source deductions of income tax, you must reduce either the remuneration subject to source deductions or the amount of income tax to be withheld. Do not increase the amounts on form TP-1015.3-V. The amount of the authorized reduction must be divided between the pay periods remaining in the year (see examples 1 and 2 below).

An individual must complete and send us a copy of the *Application for a Reduction in Source Deductions of Income Tax* (form TP-1016-V) to request that we authorize you to reduce the amount of income tax you withhold (see the note below). We will send the individual an authorization letter specifying the amount of the reduction to be taken into account. The individual must submit that letter to you.

The authorization is valid only for the year for which it is requested.

NOTE

We may grant a general authorization to reduce source deductions of income tax if, for example, you pay your employees a lump-sum pay-equity settlement and they undertake to deposit all or a portion of the amount received in an RRSP. Contact us to find out how to proceed.



Example 1

Fred receives a gross salary of \$1,000 per week and contributes \$60 per week to an RPP. You are authorized to reduce his remuneration subject to source deductions by \$3,000 for the deduction of contributions to an RRSP. There are 30 pay periods remaining in the year.

Fred's gross salary for the pay period			\$1,000
Contribution to an RPP		–	\$60
Remuneration subject to source deductions of income tax (before the reduction)		=	\$940
Reduction granted for RRSP contributions	\$3 000		
Number of pay periods remaining in the year	÷ 30		
Reduction per pay period	= \$100	–	\$100
Remuneration subject to source deductions of income tax for the pay period		=	\$840

Example 2

Sarah has a source deduction of Québec income tax of \$165 per pay period. You are authorized to reduce her remuneration subject to source deductions by \$1,150 for a tax credit for donations and gifts. There are 40 pay periods remaining in the year.

Reduction granted for a tax credit for donations and gifts			\$1,150.00
Number of pay periods remaining in the year		÷	40
Reduction per pay period		=	\$28.75
Source deduction of Québec income tax for the pay period (before the reduction)			\$165.00
Reduction per pay period		–	\$28.75
Source deduction of Québec income tax for the pay period		=	\$136.25

5.4.3 Additional source deductions of income tax (forms TP-1017-V and TP-1015.3-V)

Individuals can request to have more income tax withheld from their income subject to source deductions of income tax. The additional amount of income tax is deducted for each pay period.

To make the request, an individual must complete either of the following forms and submit it to you:

- *Request to Have Additional Income Tax Withheld at Source* (form TP-1017-V); or
- *Source Deductions Return* (form TP-1015.3-V).

You must withhold the additional amount until the individual submits a new copy of form TP-1017-V or TP-1015.3-V.



5.4.4 **Statement of Commissions and Expenses for Source Deduction Purposes (form TP-1015.R.13.1-V)**

Employees whose remuneration consists, in whole or in part, of commissions can ask to have only a percentage of their commissions included in their income to take into account employment expenses. To make the request, they must complete the *Statement of Commissions and Expenses for Source Deduction Purposes* (form TP-1015.R.13.1-V) and submit it to you no later than:

- January 31 of the year;
- the 30th day after the date on which they begin to be remunerated on a commission basis; or
- the 30th day after the date of an event that may change the percentage of commissions to be included in their remuneration subject to source deductions of income tax.

An employee can revoke the election at any time by notifying you in writing. The revocation takes effect on the date shown in the notice.

5.4.5 **Election by Fishers to Have Income Tax Deducted at Source (TP-1015.N-V)**

Self-employed fishers can ask you to withhold income tax on their fishing income. To do this, they must complete and give you a copy of form TP-1015.N-V, *Election by Fishers to Have Income Tax Deducted at Source*. You will then have to deduct income tax at a rate of 15% from each amount you pay them for their fishery products.

The amount is withheld until a fisher submits a new copy of form TP-1015.N-V.

IMPORTANT

You must keep the TP-1015.3-V, TP-1017-V, TP-1015.R.13.1-V and TP-1015.N-V forms submitted to you and provide them to us on request.

5.5 **Source Deduction Table for Québec Income Tax (TP-1015.TI-V)**

To determine how much income tax should be withheld on an employee's or a beneficiary's remuneration when you use table TP-1015.TI-V, you have to take into account:

- the individual's remuneration subject to source deductions of income tax **less** the amounts that can reduce that remuneration;
- the deduction code corresponding to the amount on line 10 of the individual's *Source Deductions Return* (form TP-1015.3-V);
- the number of pay periods in the year.

If the remuneration amount or the number of pay periods is not included in table TP-1015.TI-V, do the calculation using the example in Appendix 2.

5.5.1 **How to use table TP-1015.TI-V**

To determine the amount of income tax to withhold from the remuneration subject to source deductions of income tax, proceed as follows:

- Refer to the section of table TP-1015.TI-V corresponding to the number of pay periods in the year.
- In the "Remuneration" column, locate the bracket corresponding to the remuneration subject to source deductions of income tax for the pay period.



- Follow the line across to the right until you reach the column for the deduction code corresponding to the amount shown on line 10 of the individual's TP-1015.3-V form to determine the amount of income tax to withhold. If no amount is shown in the column, do not withhold income tax.
- Make the adjustments identified in columns Y and Z of table TP-1015.TI-V, if necessary.
- Add any additional amount the individual has asked you to withhold (form TP-1015.3-V or form TP-1017-V).
- Subtract the result of the following calculation from the income tax to be withheld: the total **tax credits** that we authorized after the individual completed form TP-1016-V, **divided** by the number of pay periods remaining in the year. The **deductions** that we authorized after the individual completed form TP-1016-V are taken into account in calculating the remuneration subject to source deductions of income tax.

Example 1

Henry receives a weekly salary of \$700 (52 pay periods per year), as well as \$100 per week in taxable benefits for meals and accommodation that are provided free of charge. In addition, the total contribution to an RPP and deductions to which he is entitled (entered on form TP-1015.3-V) is \$80 per pay period. The deduction code corresponding to the amount on line 10 of the form is **C**.

Weekly salary (52 pay periods)		\$700
Value of meals and accommodation provided free of charge (GST and QST included)	+	\$100
	=	\$800
Contribution to an RPP and deductions from line 19 of form TP-1015.3-V (calculated for the period in question)	-	\$80
Remuneration subject to source deductions of income tax	=	\$720
Source deduction of income tax per pay period		\$50.01

Example 2

Ruth is a retiree who receives a monthly pension benefit of \$4,000 (12 pay periods per year). The deduction code corresponding to the amount on line 10 of form TP-1015.3-V is **E**.

Monthly pension benefit (12 pay periods)		\$4,000
Remuneration subject to source deductions of income tax		\$4,000
Source deduction of income tax per pay period		\$292.21

5.5.2 Remuneration or number of pay periods not covered by table TP-1015.TI-V

If the remuneration amount subject to source deductions of income tax is not given in the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V), you have to calculate the amount of income tax to withhold using the example in Appendix 2.

5.6 Using the formulas to calculate source deductions of income tax

You can use the formulas in the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) to calculate source deductions of income tax.

If you use the formulas to calculate source deductions of income tax on regular payments and you compare the result with the amount shown in the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V), you may find that the amounts are not identical. The difference is attributable to the fact that different elements are taken into account in the calculation.



6 QPP CONTRIBUTIONS

If you have an employee who is 18 or older, both you and the employee must contribute to the QPP. This rule applies even if the employee:

- receives a retirement pension under the QPP or the CPP; or
- is 70 or older.

The QPP provides pension income to employees who have retired or who have become disabled. If an employee dies, the QPP provides benefits to the employee's spouse or dependants.

QPP contributions are shared equally by the employer and the employee. You must withhold the employee's QPP contribution from his or her pensionable salary or wages and remit it to us at the same time you remit your QPP contribution. We remit the QPP contributions to Retraite Québec which then enters the amount of the contributions and the employee's pensionable salary or wages in the Record of Contributors.

You must remit QPP contributions to us periodically, according to your remittance frequency, using the payment option that is most convenient for you (see Part 13).

NOTE

The expression "pensionable salary or wages under the QPP" means the salary or wages described in the *Act respecting the Québec Pension Plan* in the fourth paragraph of section 50 (for employee and employer contributions) and in section 45 (for optional contributions).

Enhancement of the QPP

Further to the assent of Bill 149 on February 22, 2018, an enhancement to the QPP will be implemented as of January 2019. The enhancement, similar to that made to the CPP, consists of the introduction of an additional plan in two stages. The first stage will be implemented in 2019, and the second in 2024. With this enhancement, the QPP will consist of the current **base plan** and an **additional plan**.

Starting in 2019, you will be required to withhold the base contribution and a **first additional contribution** on an employee's pensionable salary or wages that do not exceed the employee's maximum pensionable earnings under the QPP for the year. From 2019 to 2023, the rate of the first additional contribution will progressively increase until it reaches 2% (shared equally by the employee and the employer).

As of 2024, you will be required to withhold the base contribution, the first additional contribution and a **second additional contribution** on an employee's pensionable salary or wages exceeding the employee's maximum pensionable earnings under the QPP, up to the additional maximum pensionable earnings for the year. The second additional contribution will be withheld at a rate of 8% (shared equally by the employee and the employer). The amount of the **additional maximum pensionable earnings** will be equal to 107% of the maximum pensionable earnings for 2024 and 114% of the maximum pensionable earnings for 2025 and subsequent years.

Social insurance number (SIN)

Every employee who contributes to the QPP must have a SIN. This number ensures that the employee's contributions and pensionable salary or wages are correctly entered each year in the Record of Contributors kept by Retraite Québec (formerly the "Régie des rentes du Québec"). The benefits to which the employee may be entitled are based on the data entered in this record. For more information, see section 3.4.

QPP contributions must be withheld from an employee's pensionable salary or wages and paid by you even if the employee does not have a SIN or refuses to provide one.



6.1 Maximum pensionable salary or wages and contribution rate

The table below provides the QPP data for 2019.

	2019
Maximum pensionable earnings (pensionable salaries and wages) ¹	\$57,400
Basic exemption	\$3,500
Maximum contributory earnings	\$53,900
Contribution rate (5.40% for the base contribution and 0.15% for the first additional contribution)	5.55%
Employee's maximum contribution	\$2,991.45
Employer's maximum contribution (per employee) ²	\$2,991.45
<ol style="list-style-type: none">1. In this guide, the expression "pensionable earnings" is replaced by the expression "pensionable salary or wages."2. Your employer QPP contribution for an employee is equal to the QPP contribution you must withhold from the employee's pensionable salary or wages.	

6.2 Remuneration subject to QPP contributions (pensionable salary or wages)

Consult the table in Appendix 1 to determine whether the remuneration you pay is subject to QPP contributions. As a rule, QPP contributions are withheld from the following types of remuneration:

- a salary or wages (see section 1.4 for information on the term "salary or wages"), **other than** the types of remuneration described in section 6.3;
- the salary or wages deemed paid to an employee who has a phased retirement agreement (see section 6.6.6);
- amounts you pay to a trustee of a profit-sharing plan or an employee trust, or to a custodian of an employee benefit plan (see section 11.14).

These types of remuneration are subject to QPP contributions if they are paid for work performed in Québec.

Work performed in Québec

Work is considered to be performed in Québec if one of the conditions in column B of the table in section 4.1 is met. In such cases, you must withhold the employee's contribution and pay your contribution on the remuneration subject to the QPP. (Also refer to the special cases described after the table.)

NOTE

If you temporarily posted an employee to a country that has a social security agreement with Québec, see section 6.6.8.



6.3 Remuneration not subject to QPP contributions

You are not required to withhold or pay QPP contributions on the following types of remuneration:

- the salary or wages paid to an employee:
 - for excepted employment,
 - before or during the month in which the employee turns 18,
 - as of the month following the month that includes the date (set by Retraite Québec) on which the employee becomes disabled, to the end of the month in which the employee stops receiving the disability pension,
 - after the employee’s maximum contribution for the year is reached;
- the salary or wages paid to an employee who is temporarily posted to Québec and is covered by a social security agreement (see section 6.6.8);
- earnings loss benefits, supplementary retirement benefits and career impact allowances (formerly “permanent impairment allowances”) paid under the *Veterans Well-being Act* (federal statute);
- certain amounts paid further to an industrial accident – CNESST (see section 11.6);
- retiring allowances (see the definition in section 11.11.1);
- death benefits (see the definition in section 11.11.4);
- pension benefits;
- an amount paid under a retirement compensation arrangement or resulting from the making of such an arrangement;
- patronage dividends;
- wage loss replacement benefits paid by an insurer under a wage loss replacement plan to which the employer contributed (see section 11.13);
- amounts paid by a trustee of an employee trust;
- amounts paid by a custodian of an employee benefit plan;
- amounts paid by a trustee of a profit-sharing plan, if the amounts can reasonably be attributed to an amount paid to the trustee after May 12, 1994;
- fees calculated on an hourly, half-day or full-day basis that are paid to a person who is appointed:
 - by the government as a member of a commission, including a public inquiry commission, an evaluation committee, a committee or panel of experts or a working group created for a set period,
 - as a member of a candidate selection or review committee established for that purpose under a Québec statute.

You are not required to withhold or pay QPP contributions on the following benefits:

- a taxable benefit in kind if no amount was paid to the employee for the pay period during which the benefit was granted;
- a benefit from an amount you pay to acquire, on behalf of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation;
- a taxable benefit (including an allowance) in respect of a residence or living accommodation provided to a member of the clergy or a religious order, or to a regular minister of a religious denomination, provided the person is entitled to deduct this benefit in his or her income tax return.



Excepted employment

The following employment categories are deemed excepted employment and are not subject to QPP contributions:

- employment in agriculture, an agricultural enterprise, horticulture, fishing, hunting, trapping, forestry, logging or lumbering if:
 - you pay the employee less than \$250 cash remuneration during the year, **or**
 - you hire the employee, in return for cash remuneration, for fewer than 25 working days during the year;
- work performed by your child or dependant, for which no cash remuneration is paid;
- work performed by a member of a religious order who has taken a vow of poverty and whose remuneration is paid to the religious order, either directly or by the member, provided an application was submitted in the prescribed manner before January 1, 1998;
- casual or short-term employment (excluding employment as an entertainer or performer) in a circus, show, exhibition or similar activity, where the employee:
 - is not regularly employed by you, **and**
 - is employed by you for **fewer than seven days** in the year;
- casual or short-term employment by the Government of Canada, the government of a province, a municipality or a school board in connection with a referendum or election, where the employee:
 - is not regularly employed by you, **and**
 - is employed by you for **fewer than 35 hours** in the year, in order to work on the referendum or election;
- casual or short-term employment in a disaster relief or rescue operation, if the employee is not regularly employed by you;
- employment of a person from a country other than Canada in a teaching position, further to an exchange;
- employment conferring the right to a pension plan established by the *Courts of Justice Act* or the *Judges Act* (federal statute);
- employment as a member of the Canadian Forces or the Royal Canadian Mounted Police;
- employment in Québec by an employer that, under a social security agreement, is exempt from paying QPP contributions (see section 6.6.8);
- employment in Québec by another government or by an international government organization, other than employment covered by an agreement between Retraite Québec and the other government or organization, or between the Québec government and the organization;
- employment of an Indian, if the income gives entitlement to the deduction for employment income situated on a reserve or premises and you have not made the irrevocable election to have the *Act respecting the Québec Pension Plan* apply to this employment (see section 12.5);
- employment in Québec by an employer that does not have an establishment in Québec, unless the employer has made an arrangement with Retraite Québec regarding the payment of contributions in respect of the employment for its employees resident in Canada who receive their remuneration from an establishment of the employer outside Canada.

Employment in a transport business may also, in some cases, be considered excepted employment, if the work is performed partly in Québec and partly outside Canada. Contact us for more information.



6.4 Basic exemption

An annual basic exemption of \$3,500 is applicable to the pensionable salary or wages under the QPP. When calculating the QPP contribution, you must subtract the exemption from the pensionable salary or wages paid to your employees. The exemption is calculated differently for continuous employment and non-continuous employment.

NOTE

Do not subtract the exemption for pensionable salary or wages paid to your employees if you use the *Source Deduction Tables for QPP Contributions* (TP-1015.TR-V). The tables already take the pay period exemption into account.

6.4.1 Continuous employment

Employment is considered **continuous** if it does not meet the definition of the expression “non-continuous employment” given in section 6.4.2.

Regular pay periods

You must divide the basic exemption of \$3,500 by the number of pay periods in the year. For example, if you have 26 pay periods, divide \$3,500 by 26 to determine the amount of the pay period exemption.

The table below shows the exemption per pay period that applies to the salary or wages of an employee whose employment is continuous.

Number of pay periods	Pay period exemption
1	\$3,500.00
12	\$291.66
24	\$145.83
26	\$134.61
27	\$129.62
52	\$67.30
53	\$66.03

Employee who does not work the entire year

If an employee does not work for you for the entire year, the exemption that applies to the employee’s salary or wages may be less than \$3,500 during the year.

Example

You pay your employees on a monthly basis. The pay period exemption is \$291.66.

One of your employees works two months in the year. The exemption for the year for this employee is \$583.32 ($\291.66×2).



You pay pensionable salary or wages more than once to an employee

If you pay pensionable salary or wages to the same employee more than once in the same pay period, you can use the tables (and take the exemption into account) for **only one** such payment. For subsequent payments of pensionable salary or wages in the pay period, simply withhold the lesser of the following amounts:

- 5.55% of the pensionable salaries or wages (**without taking the exemption into account because it is already taken into account in the employee's salary or wages**);
- the employee's maximum contribution for the year (see section 6.6), **minus** the amounts already withheld.

See the example in section 11.4.

Irregular pay periods

If an employee's pay periods are irregular, the pay period exemption is equal to the greater of the following amounts:

- \$3,500, multiplied by the number of days in the pay period and divided by 365 (if the result is an amount with a fraction of a cent, do not take the fraction into account);
- \$67.30.

NOTE

You cannot use the formulas to calculate the employee QPP contribution for an employee whose employment is continuous, with **irregular** pay periods. You need to calculate it yourself or use the table on the last page of document TP-1015.TR-V.

6.4.2 Non-continuous employment

The pay period exemption for an employee whose employment is non-continuous is:

- \$1.75 per hour, if the employee is paid by the hour ($\$3,500 \div 2,000 \text{ hours} = \1.75); or
- \$14.58 per day, if the employee is paid by the day ($\$3,500 \div 240 \text{ days} = \14.58).

NOTE

You cannot use the formulas to calculate the QPP contribution of an employee whose employment is non-continuous. You must do the calculations yourself or use Table B in document TP-1015.TR-V.

Non-continuous employment

Work performed for an employer that operates a business or has at least one full-time employee, by:

- an employee whose pay period covers fewer than seven days; or
- an employee who normally performs the same type of work for two or more employers in turn.

6.5 Calculating the QPP contribution

To calculate QPP contributions, you can use:

- the WinRAS – Calculation of Source Deductions and Employer Contributions application;
- the *Source Deduction Tables for QPP Contributions* (TP-1015.TR-V); or
- the *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V).

You can also calculate QPP contributions yourself. See section 6.7.2.

You must withhold an employee's QPP contribution on the gross pensionable salary or wages you pay the employee for a pay period (calculated before other source deductions, such as union dues and RPP contributions, are taken into account) **minus** the pay period exemption. If an employee begins or stops working during a normal pay period, withhold the employee's QPP contribution from the employee's gross pensionable salary or wages as if the employee had worked the entire period.



The employer QPP contribution is equal to the QPP contributions you withhold from your employees' pensionable salary or wages.

The total of the amounts you withhold during the year for an employee must not exceed the maximum employee contribution for the year. Once the maximum employee contribution is reached, you must stop withholding QPP contributions from the employee's remuneration. You must also stop paying the employer contribution on this remuneration because the maximum employer contribution for the year is also reached once the maximum employee contribution is reached.

6.6 Employee's situation and QPP contributions

You have to take an employee's situation into account when calculating his or her QPP contribution. The employee's maximum contribution for the year must be reduced in the situations described in sections 6.6.1 through 6.6.3.

6.6.1 Employee who turns 18 in the year

Start withholding QPP contributions in the first month after the month in which the employee turns 18.

Example

Lisa turned 18 on August 15, 2019. She receives a salary of \$5,000 per month (\$60,000 per year), which exceeds the maximum pensionable salary or wages (\$57,400).

Contribution for the pay period

From January to August 2019

No QPP contributions

From September to December 2019

- The basic monthly exemption is: $\$3,500 \div 12 = \291.66 .
- The monthly contributory earnings are: $\$5,000 - \$291.66 = \$4,708.34$.
- The contribution for the pay period is: $\$4,708.34 \times 5.55\% = \261.31 .

Maximum contribution for 2019

$\$2,991.45 \times 4/12 = \997.15

Maximum pensionable salary for 2019

$\$57,400 \times 4/12 = \$19,133.33$

6.6.2 Employee who receives a disability pension under the QPP or the CPP

Withhold employee QPP contributions up to and including the month that includes the date (set by Retraite Québec) on which the employee became disabled. If the employee is no longer considered disabled by Retraite Québec, you must start withholding QPP contributions in the first month after the month in which the employee stopped receiving a disability pension.



6.6.3 Employee who dies

Withhold employee QPP contributions up to and including the day the employee dies. To calculate the QPP contribution, take into account the number of months up to and including the month of the employee's death.

Example

At the time of his death, on March 15, 2019, Benjamin was receiving a weekly salary of \$900, and his pensionable salary was \$9,000.

Contribution for the pay period

From January to March 2019

- The basic weekly exemption is: $\$3,500 \div 52 = \67.30 .
- The weekly contributory earnings are: $\$900 - \$67.30 = \$832.70$.
- The weekly QPP contribution withheld is: $\$832.70 \times 5.55\% = \46.21 .

Maximum contribution for 2019

$$\$2,991.45 \times 3/12 = \$747.86$$

Maximum pensionable salary for 2019

$$\$57,400 \times 3/12 = \$14,350$$

6.6.4 Employee who turns 70 or who receives a retirement pension

Withhold QPP contributions from the pensionable salary or wages paid to an employee during the year, even if the employee is 70 or older or receives a retirement pension under the QPP or the CPP.

6.6.5 Employee who works for more than one employer

Make source deductions regardless of whether other amounts have been, are being or will be withheld by another employer with respect to the same employee, unless you have succeeded the other employer (see section 3.7).

6.6.6 Employee taking phased retirement

An employee who is **at least 55 years of age but under 70 years of age** and who reduces his or her working time by taking phased retirement can, if certain conditions are met, make an agreement with you to have all or part of the amount of the reduction in the employee's salary or wages be deemed, for the purpose of determining the QPP contribution, to have been paid to the employee.

The agreement must be formalized using the form prescribed by Retraite Québec and is valid only if approved by Retraite Québec. Payment of an **additional QPP contribution** resulting from the agreement is shared equally by you and the employee. For more information on the conditions that must be met in order to enter into such an agreement, contact Retraite Québec.



Pensionable salary or wages

The amount by which the salary or wages is reduced that is referred to in the agreement is considered to be a pensionable salary or wages paid to the employee at the frequency provided for in the agreement. Consequently, in order to calculate the QPP contribution for a pay period, you must add to the employee's salary or wages the corresponding portion of the amount referred to in the agreement.

Example

You sign a phased retirement agreement with an employee whose annual salary is \$36,000. Under the agreement, the employee's normal work week is reduced by 20%. The agreement provides that \$7,200 (20% of \$36,000) will be considered pensionable salary paid during the year at weekly intervals.

The QPP contribution for each weekly pay period is calculated on the total of the following amounts:

- \$553.85 (which is the actual salary earned by the employee $[(\$36,000 - \$7,200) \div 52]$);
- \$138.46 (which is the deemed salary paid to the employee $[\$7,200 \div 52]$).

Enter the salary deemed paid to the employee in box U ("Retraite progressive," [phased retirement]) of the employee's RL-1 slip for the purpose of calculating an additional contribution to the QPP.

6.6.7 Employee who reports for work at one of your establishments subject to the CPP and at one of your establishments subject to the QPP

If, during the year, an employee reports for work at one of your establishments subject to the CPP and at one of your establishments subject to the QPP, you must take into account the contribution rate applicable to the establishment where the employee reports for work or, if the employee is not required to report for work at one of your establishments, you must take into account the contribution rate applicable to the establishment from which the employee is paid. You must remit the amount withheld to the appropriate plan.

Where an employee is transferred during a pay period, the employee is considered to have worked during the entire pay period at the establishment to which he or she was transferred, and you must remit to the new plan the full amount withheld from the employee's salary or wages for the pay period.

Where an employee is transferred from an establishment subject to the CPP to an establishment subject to the QPP, you must multiply the total CPP contributions withheld since the beginning of the year by a weighting factor to determine the maximum employee QPP contribution to withhold. To obtain the factor, divide the QPP contribution rate for the year by the CPP contribution rate for the year.

The QPP contribution to withhold for a pay period must not exceed the maximum contributory earnings for the year, multiplied by the QPP contribution rate minus QPP and CPP contributions withheld since the beginning of the year.

See the example calculation in Appendix 3.

6.6.8 Employee temporarily posted to a country that has a social security agreement with Québec

If you have a Québec employee who is temporarily posted outside Canada or a foreign employee who is temporarily posted to Québec, you must take into account the information below when calculating QPP contributions.

Québec employee temporarily posted outside Canada

If you have temporarily posted an employee to a country that has a social security agreement with Québec, you are required, under certain conditions, to remit employee and employer QPP contributions.



Foreign employee temporarily posted to Québec

You are not required, under certain conditions, to withhold or pay QPP contributions on the salaries or wages paid to employees who are not resident in Canada and who are temporarily posted to Québec by an employer situated in a country that has a social security agreement with Québec.

Social security agreements

Under the social security agreements entered into by Québec and various countries, employees who are temporarily posted to a foreign country can continue to pay contributions in their country of origin and do not have to pay contributions in the country to which they are posted. The agreements apply to employees who work outside Canada temporarily and to employees who come to Québec temporarily to work.

Social security agreements are in effect between Québec and each of the following countries:

- Austria
- Barbados
- Belgium
- Brazil
- Chile
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Dominica
- Finland
- France
- Germany
- Greece
- Hungary
- India
- Ireland
- Italy
- Jamaica
- Luxembourg
- Malta
- Morocco
- Netherlands
- Norway
- Philippines
- Poland
- Portugal
- Romania
- Saint Lucia
- Slovakia
- Slovenia
- South Korea
- Sweden
- Switzerland
- Turkey
- United States
- Uruguay

NOTE

New agreements could take effect during the year. Consult the Retraite Québec website.

To benefit from these social security agreements, you must obtain a certificate of coverage. Call the Bureau des ententes de sécurité sociale of Retraite Québec at 514 866-7332 (extension 7801) or, toll-free, at 1 800 565-7878 (extension 7801).



6.7 QPP contributions based on the tables

6.7.1 How to use the tables

Continuous employment

For **continuous** employment, locate the pay bracket that includes the gross pensionable salary or wages in the “Remuneration” column of the section of Table A in document TP-1015.TR-V that covers the number of pay periods in the year. The amount to be withheld is shown in the “Deduction” column.

Example

Mohammed, a 30-year-old employee whose employment is continuous, earns \$1,110 per week. Based on Table A in document TP-1015.TR-V, his employer must withhold a QPP contribution of \$58.15 in each of the first 51 pay periods in the year. The amount to be withheld in the 52nd pay period will be \$25.80, that is, the maximum contribution **minus** the amount already withheld (\$2,991.45 – \$2,965.65).

Non-continuous employment

If employment is **non-continuous and the employee is paid by the hour**, locate the bracket that includes the employee’s hourly wage in the “Rate per hour” column of Table B in document TP-1015.TR-V. The amount to be withheld for each hour for which the employee is remunerated is shown in the “Deduction” column.

If employment is **non-continuous and the employee is paid by the day**, locate the bracket that includes the employee’s daily wage in the “Rate per day” column of Table B in document TP-1015.TR-V. The amount to be withheld for each day for which the employee is remunerated is shown in the “Deduction” column.

Example

Susan, age 22, earns \$30 per day. Her employment is non-continuous. Based on Table B in document TP-1015.TR-V, Susan’s employer must withhold a QPP contribution of \$0.86 per day.

NOTE

When you use the tables, do not subtract the pay period exemption from the pensionable salary or wages paid to your employees as the tables already take the exemption into account.

6.7.2 Remuneration or number of pay periods not covered by the tables

If the *Source Deduction Tables for QPP Contributions* (TP-1015.TR-V) do not cover the employee’s remuneration or the number of pay periods in the year, or if the pay period is irregular, you have to calculate the QPP contributions yourself. The contribution to be withheld for the pay period corresponds to the lesser of:

- the employee’s contribution rate **multiplied** by the result of the following calculation: the employee’s pensionable salary or wages **minus** the pay period exemption (see the note below); and
- the employee’s maximum contribution for the year, **minus** any amounts already withheld.

NOTE

If the result in the first point is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

If the result is greater than \$0 but less than \$0.01, you must withhold \$0.01 as a contribution even if the fraction is less than \$0.005. For example, if the result is equal to \$0.001 (one-tenth of a cent), you must withhold \$0.01.



Once the maximum contribution for the year is reached, do not withhold further contributions. In some cases, the maximum contribution for the year must be reduced (see section 6.6).

The employer QPP contribution is equal to the QPP contribution withheld from your employee's pensionable salary or wages.

Example 1

Nathalie receives a weekly salary of \$8,500 and taxable benefits worth \$500, for a total salary of \$9,000 per week. You cannot use the tables in this case, because they do not cover a pensionable salary of \$9,000. Subtract the pay period exemption (\$67.30) from the pensionable salary to obtain Nathalie's contributory earnings ($\$9,000 - \$67.30 = \$8,932.70$). Multiply the result by 5.55% to determine the amount to withhold as a QPP contribution. You must withhold \$495.76 each week until the maximum annual contribution is reached.

Example 2

Allan, who is 50 years old, is employed only from March 8 to March 26, 2019, and receives wages of \$900 for the entire period. The deduction tables cannot be used in this case because the pay period is irregular. The exemption for the period is \$182.19, that is, $\$3,500 \times 19/365$. (You may also refer to the table on the last page of document TP-1015.TR-V.) You must withhold a QPP contribution of \$39.84, that is, $5.55\% \times (\$900 - \$182.19)$.

Example 3

George is 20 years old. He worked for two days (non-continuous employment) at the rate of \$55 per day, and was paid \$110 at the end of the two-day period. The exemption is \$14.58 per day, and the QPP contribution is \$4.49, that is, $5.55\% \times \$80.84$ ($\$110 - (\$14.58 \times 2)$). If Table B in document TP-1015.TR-V is used, multiply the QPP contribution of \$2.24 per day by 2.

6.8 QPP contributions based on the formula

The formula in section 4.1 of the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) can only be used to calculate the employee contribution for an employee whose employment is **continuous** (see the explanation in section 6.4.1) and whose pay periods are regular.

There is no formula to calculate your employer contribution. You simply pay a contribution that is equal to the total amount of the contributions you **withheld** from your employees' pensionable salaries or wages.

6.9 Total contributions paid in the year

Refer to section 6.6 to ensure that the total amount of QPP contributions you withheld during the year for an employee who held continuous employment is correct.



6.9.1 Excess contributions

You may have made an overpayment of QPP contributions for a year. This may happen if, for example, an employee died during the year, received a disability pension under the QPP after you deducted the maximum contribution for the year, or was under 18 when you paid a contribution.

The overpayment will be refunded to you if you submit a **written** request within four years after the end of the year in which the excess amount was paid.

If the overpayment results from a decision under section 65 of the *Act respecting the Québec Pension Plan* or section 44 of the *Act respecting parental insurance* concerning the determination of an individual's employment status, or from a decision upon objection or appeal, you will receive a refund without having to request one.

An employee whose contributions exceed the maximum annual contribution for the year and who is resident in Québec at the end of the year can be refunded the excess contributions when the employee files his or her provincial income tax return for the year. If the employee is not resident in Québec at the end of the year, he or she can be refunded the excess contributions when the employee files his or her federal income tax return for the year. Note that the employee can also submit a written request for the refund of an overpayment of contributions in the four years following the end of the year.

6.9.2 Insufficient QPP contributions

If the amount that you withheld as the employee's QPP contribution was insufficient, you are required to remit to us the amount you did not withhold, together with your employer contribution. You can recover the employee contribution that you paid out of your own funds later by deducting the amount from any pensionable salary or wages you pay the employee in the 12 months following the date on which the contribution should have been withheld. You may recover the equivalent of only one QPP contribution from each payment of pensionable salary or wages. If the employee does not reimburse you, the amount becomes a taxable benefit that you must report in boxes A and L of the employee's RL-1 slip.

If you should have withheld an amount in a previous year and you recover that amount in the current year, do not enter the amount on the employee's RL-1 slip for the current year. Amend the employee's RL-1 slip for the previous year instead. For more information on how to amend an RL-1 slip, see the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

6.9.3 Time limit for making an assessment

We may adjust the amount of the QPP contribution you are required to pay and make a reassessment or an additional assessment. Once you are notified of the contribution assessed, you must pay it immediately. If you are not satisfied with the decision, you may request an explanation or take one of the steps described in the document *Recourse for Your Tax-Related Problems* (IN-106-V).

We have four years after the date on which an amount becomes payable to make an assessment. However, this deadline does not apply in the following cases:

- you have not filed a return;
- you have made a false statement or committed fraud in supplying the required information;
- you have filed an application for waiver on the prescribed form.



7 QPIP PREMIUMS

The Québec parental insurance plan (QPIP) provides for the payment of benefits to an employee who takes a maternity, paternity, adoption or parental leave during which he or she sustains an interruption of earnings.

QPIP premiums must be paid by you and each of your employees regardless of their age and, in general, their place of residence, and whether or not they receive benefits under the plan until the eligible salary or wages paid to the employee for the year reach the maximum insurable earnings for the year.

You must withhold an employee's QPIP premium from the employee's salary or wages and remit it to us at the same time as you remit your employer QPIP premium. We remit the QPIP premiums to the Parental Insurance Fund. The Ministère du Travail, de l'Emploi et de la Solidarité sociale pays benefits to employees from this fund and issues an RL-6 slip to each beneficiary.

You must remit QPIP premiums to us periodically, according to your remittance frequency, using the payment option that is most convenient for you (see Part 13).

NOTE

To obtain information for your employees about how to apply for benefits or about the payment of benefits, visit the QPIP website.

7.1 Maximum insurable earnings and premium rate

The table below provides the QPIP data for 2019.

	2019
Maximum insurable earnings	\$76,500
Employee's premium rate	0.526%
Employee's maximum premium ($\$76,500 \times 0.00526$)	\$402.39
Employer's premium rate	0.736%
Employer's maximum premium (per employee) ($\$76,500 \times 0.00736$)	\$563.04
Qualifying threshold ¹	\$2,000
1. If an employee's work income (including eligible salary or wages) for the year is less than \$2,000, the employee is not required to pay QPIP premiums. However, regardless of the \$2,000 threshold, you must start withholding and paying QPIP premiums as soon as you pay the employee one dollar of eligible salary or wages.	

7.2 Remuneration subject to QPIP premiums (eligible salary or wages)

Consult the table in Appendix 1 to determine whether the remuneration you pay is remuneration (eligible salary or wages) subject to QPIP premiums. As a rule, remuneration subject to Employment Insurance premiums is also subject to QPIP premiums.



Employment that is not insurable under the *Employment Insurance Act* is not necessarily excluded employment under the *Act respecting parental insurance*. Consequently, you may be required to withhold and pay QPIP premiums respecting remuneration that is not subject to Employment Insurance premiums. If this is the case, the remuneration subject to QPIP premiums is equal to the remuneration from which you would have withheld Employment Insurance premiums had the employment been insurable under the *Employment Insurance Act*. For example, you must withhold and pay QPIP premiums respecting salary or wages paid to a shareholder (or a shareholder's spouse) in his or her capacity as an employee, regardless of the number of shares held by that person.

NOTE

You must take into account the remuneration actually paid to the employee because a benefit in kind does not generally constitute eligible salary or wages under the QPIP.

As a rule, the following types of remuneration are subject to QPIP premiums:

- employment income;
- a taxable benefit in cash (see section 4.2);
- a taxable benefit for board and lodging granted to the employee for a pay period in which the employee receives cash remuneration;
- a taxable benefit related to the contributions paid to the employee's individual RRSP.

The following types of remuneration are also subject to QPIP premiums:

- an indemnity in lieu of notice, except in the case of a retiring allowance under the Employment Insurance plan;
- the portion of salary or wages earned in the year that will be paid in another year as part of a self-funded leave of absence or a salary deferral arrangement;
- a non-taxable allowance paid to an elected member of a municipal council, to a member of the council or executive committee of a metropolitan community, regional county municipality or similar body created under a Québec statute, to a member of a municipal utilities commission or corporation or a similar body responsible for administering such services, or to a member of a public or separate school board, for expenses related to the individual's duties, pursuant to section 39.3 of the *Taxation Act*;
- an allowance for travel expenses paid to an employee in the construction sector under the collective agreements governed by the *Act respecting labour relations, vocational training and workforce management in the construction industry* which constitutes insurable remuneration under the Employment Insurance plan;
- a non-taxable allowance for travel expenses paid to a member of the council of a regional county municipality or of the Kativik Regional Government pursuant to section 39.4 of the *Taxation Act*;
- a non-taxable allowance for travel expenses paid to a member of a board of directors or of different committees pursuant to section 39.4.1 of the *Taxation Act*;
- financial compensation of up to \$1,170 paid to an emergency services volunteer, unless the compensation is paid to a volunteer who participates in a rescue operation, is not regularly employed by the employer and is employed by the employer for fewer than seven days in the year;
- a non-taxable benefit related to a public transit pass or a paratransit pass with regard to which you reimburse an amount to your employee (a public transit pass or a paratransit pass that you provide to your employee is not subject to QPIP premiums);
- a non-taxable allowance paid to a juror for meals, accommodation and transportation, as well as an allowance paid for the care of children or other dependents and for psychological treatment, pursuant to sections 2 to 4 of the *Regulation respecting indemnities and allowances to jurors*;
- the portion of a non-taxable allowance for moving and relocation expenses that exceeds \$650.

You must withhold the employee's premiums and pay your premium on the remuneration subject to the QPIP if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)



7.3 Remuneration not subject to QPIP premiums

You are not required to withhold or pay QPIP premiums on the following types of remuneration:

- salary or wages paid to:
 - an employee for employment that is excluded from the QPIP,
 - an employee after his or her maximum premium for the year has been reached,
 - a person not subject to QPIP premiums;
- taxable benefits **in kind** (that is, other than in cash), except a taxable benefit for board and lodging granted to the employee for a pay period in which the employee receives cash remuneration;
- a taxable benefit related to contributions made to a group RRSP, if the employee cannot withdraw amounts before his or her retirement or termination of employment or if the employee is permitted to withdraw RRSP funds under the HBP or the LLP;
- an allocated tip (see section 11.12);
- an amount paid during a self-funded leave of absence (see section 11.2);
- earnings loss benefits, supplementary retirement benefits and career impact allowances (formerly “permanent impairment allowances”) paid under the *Veterans Well-being Act* (federal statute);
- an amount you pay to an employee to increase parental insurance benefits paid under the *Act respecting parental insurance* or to increase compassionate care benefits paid under the *Employment Insurance Act* if:
 - the total of the top-up payments and parental insurance or compassionate care benefits is not more than the employee’s normal weekly remuneration, and
 - the top-up amount does not reduce severance pay, unused sick leaves or vacation days, or any other credit accumulated by the employee;
- certain amounts paid further to an industrial accident – CNESST (see section 11.6);
- a retiring allowance under the Employment Insurance plan (note that an indemnity in lieu of notice does not constitute a retiring allowance under the Employment Insurance plan and is therefore subject to QPIP premiums; see section 11.7);
- death benefits (see the definition in section 11.11.4);
- pension benefits;
- patronage dividends;
- wage loss replacement benefits paid by an insurer under a wage loss replacement plan to which the employer contributed, except where:
 - the employer pays the benefits directly to an employee under a plan funded in part by the employer,
 - an employee receives the benefits from a third party under a plan funded in part by the employer and in respect of which the employer controls certain terms and conditions and determines, either directly or indirectly, eligibility for benefits;
- the deferred portion of salary or wages paid under a salary deferral arrangement (see section 11.3);
- amounts you pay to a trustee of a profit-sharing plan or an employee trust, or to a custodian of an employee benefit plan (see section 11.14);
- amounts paid by a trustee of a profit-sharing plan or an employee trust, or by a custodian of an employee benefit plan;
- supplementary unemployment benefits paid under a registered supplementary unemployment benefit plan with Employment and Social Development Canada and covering periods of unemployment due to a temporary work stoppage, training, sickness, accident or quarantine;
- gift certificates and gift cards (see the document *Taxable Benefits* [IN-253-V]);



- the salary or wages paid to a judge or to a presiding justice of the peace appointed in accordance with the *Courts of Justice Act* or with the *Act respecting municipal courts*;
- fees calculated on an hourly, half-day or full-day basis that are paid to a person who is appointed:
 - by the government as a member of a commission, including a public inquiry commission, an evaluation committee, a committee or panel of experts or a working group created for a set period,
 - as a member of a candidate selection or review committee established for that purpose under a Québec statute.

Employment excluded from the QPIP

The following employment categories are excluded employment, that is, they are not subject to QPIP premiums:

- the employment of a member of a religious order who has taken a vow of poverty and whose remuneration is paid to the religious order, either directly or by the member;
- employment in Québec of a Canadian resident by another government or by an international government organization, unless that government or organization agrees to the employment being included;
- employment that constitutes an exchange of work or services;
- employment in agriculture, an agricultural enterprise or horticulture, if the following two conditions are met:
 - the person is not regularly employed by you, and
 - the person is employed by you for **fewer than seven days** in the year;
- employment by the Government of Canada, the government of a province, a municipality or a school board in connection with a referendum or election, if the following two conditions are met:
 - the person is not regularly employed by you, and
 - the person is employed by you for **fewer than 35 hours** in the year with respect to such referendum or election;
- employment (other than employment as an entertainer) in a circus, show, fair, parade, carnival, exposition, exhibition or similar activity, if the following two conditions are met:
 - the person is not regularly employed by you, and
 - the person is employed by you for **fewer than seven days** in the year;
- employment in a rescue operation, if the following two conditions are met:
 - the person is not regularly employed by you, and
 - the person is employed by you for **fewer than seven days** in the year;
- employment as part of an exchange program, if the employee receives remuneration from an employer not resident in Canada;
- casual employment not performed in the course of your business or usual trade.

7.4 Persons not subject to QPIP premiums

You are not required to withhold or pay QPIP premiums on amounts that you paid to the following persons:

- foreign officers and members of their family or their personnel, if they are exempt from income tax under sections 982 and 983 of the *Taxation Act* or under section 96 of the *Tax Administration Act*;
- officers and employees of prescribed international organizations and the members of their families, if they are exempt from income tax under section 96 of the *Tax Administration Act*;
- representatives of member states of international organizations and members of their families and their personnel, if they are exempt from income tax under section 96 of the *Tax Administration Act*;
- members of prescribed offices of a political division of a foreign state and the members of their families, if they are exempt from income tax under section 96 of the *Tax Administration Act*.



7.5 Calculating QPIP premiums

To calculate the employee and employer QPIP premiums, you can use:

- the WinRAS – Calculation of Source Deductions and Employer Contributions application;
- the *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V); or
- the *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V).

You can also calculate the employee and employer QPIP contributions yourself. See section 7.7.2.

You must withhold an employee's QPIP premium from the gross eligible salary or wages paid to the employee for a pay period, calculated before any other source deductions (union dues, RPP contributions, etc.) are taken into account. If an employee begins or stops working during a normal pay period, calculate the employee's QPIP premium and pay your QPIP premium on the employee's gross eligible salary or wages as if the employee had worked the entire period.

The total of the amounts you withhold during the year for an employee must not exceed the maximum employee premium for the year. Once the maximum employee premium is reached, you must stop withholding QPIP premiums from the employee's remuneration. You must also stop paying your employer premium on this remuneration because the maximum employer premium for the year is also reached once the maximum employee premium is reached.

NOTE

If an employee reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec, or if an employee is not required to report for work at any of your establishments (located in Québec or elsewhere), but receives pay from both one of your establishments located in Québec and one of your establishments located outside Québec, you may take into account the parental portion of the employer premium you paid (under the Employment Insurance plan or a plan like the QPIP) with respect to the employee's salary or wages paid by one of your establishments located outside Québec. For more information, see section 7.6.3.

7.6 QPIP contributions based on an employee's situation

You have to take the employee's situation into account when calculating his or her QPIP contribution.

7.6.1 Employee whose work income for the year is less than \$2,000

An employee is not required to pay QPIP premiums for the year if his or her work income (eligible salary or wages and business income) for the year is less than \$2,000. **You must, however, start withholding and paying QPIP premiums as soon as you pay the employee one dollar of eligible salary or wages.**

In other words, the \$2,000 threshold is not taken into account in the employee premiums you withhold, nor in your employer premiums.

If, however, the employee's work income for the year is less than \$2,000 and he or she is resident in Québec at the end of the year, the employee can be refunded the amounts withheld when the employee files his or her provincial income tax return for the year. If the employee is not resident in Québec at the end of the year and his or her work income is also subject to Employment Insurance, the employee can be refunded the amounts withheld when the employee files his or her federal income tax return for the year. The employee can also submit a written request for the refund of the amounts withheld in the four years following the end of the year.

Note that the employer premium is not refunded because the \$2,000 threshold does not apply to the employer premium.



7.6.2 Employee who works for more than one employer

You must make source deductions regardless of whether other amounts have been, are being or will be withheld by another employer with respect to the same employee, unless you have succeeded the other employer (see section 3.7).

7.6.3 Employee who reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec

If an employee reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec, or if an employee is not required to report for work at any of your establishments (located in Québec or elsewhere), but receives pay from **both** one of your establishments located in Québec and one of your establishments located outside Québec, you can take into account the parental portion of the **employer premium** you paid (under the Employment Insurance plan or a plan like the QPIP) on the employee's salary or wages paid by one of your establishments located outside Québec.

Your premium under a plan in force outside Québec and your QPIP premium should not total more than the employer QPIP premium you would have paid had one of your establishments located in Québec paid all of the employee's salary or wages. See the example calculation in Appendix 4.

7.6.4 Employee who dies or who ceases to be resident in Canada

The eligible salary or wages of an employee who dies or ceases to be resident in Canada in the year are subject to QPIP premiums for the period of the year prior to death or to the cessation of residence in Canada, since the moment that immediately precedes death or the cessation of residence is deemed to be the end of the year.

For more information, see section 12.11.

7.7 QPIP premiums based on table TP-1015.TA-V

7.7.1 How to use table TP-1015.TA-V

The *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V) shows the premium you have to withhold from an employee's eligible salary or wages for a pay period and the employer premium you have to pay, regardless of the number of pay periods in the year. **Since the employee premium and the employer premium are different, be careful not to confuse them.**

To determine the amount to withhold for a pay period, locate in the "Eligible salary or wages" column of the table the bracket that includes the employee's gross eligible salary or wages for the pay period. The amount to withhold is indicated in the "Employee premium" column. Your employer premium is indicated in the "Employer premium" column.

Example 1

Charles earns an eligible salary of \$2,010 per week. Based on table TP-1015.TA-V, you are required to withhold an employee premium of \$10.57 and pay an employer premium of \$14.80 for each of Charles's first 38 pay periods. For the 39th pay period:

- you will withhold an employee premium of \$0.73, that is, the maximum premium minus the amount already withheld ($\$402.39 - \401.66);
- you pay an employer premium of \$0.64, that is, the maximum premium minus the amount already paid ($\$563.04 - \562.40).

As of the 40th pay period, you must stop withholding and paying QPIP premiums for the year.



Example 2

Nadia is paid an eligible salary of \$1,700 every two weeks. Based on table TP-1015.TA-V, you are required to withhold an employee premium of \$8.94 for each of Nadia's 26 pay periods and pay an employer premium of \$12.52.

7.7.2 Remuneration not covered in table TP-1015.TA-V

Employee premium

If the *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V) does not cover the employee's remuneration for a pay period, you have to calculate the employee's QPIP premiums yourself. The premium to be withheld corresponds to the lesser of the following amounts:

- the employee's premium rate **multiplied** by the employee's eligible salary or wages for the pay period (see the note below);
- the employee's maximum premium for the year **minus** amounts already withheld.

NOTE

If the result in the first point is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

If the result in the first point is greater than \$0 but less than \$0.01, you must withhold \$0.01 as a premium even if the fraction is less than \$0.005. For example, if the result is equal to \$0.001 (one-tenth of a cent), you must withhold \$0.01.

Once the maximum premium for the year is reached, do not withhold further premiums.

Employer premium

If the *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V) does not cover the employee's remuneration for a pay period, you have to calculate the employer premium yourself. Your employer premium for the pay period corresponds to the lesser of the following amounts:

- the employer premium rate **multiplied** by the employee's eligible salary or wages for the pay period (see the note below);
- your maximum premium for the year **minus** the total amount already calculated for this employee for the previous pay periods.

Once your maximum premium for the year is reached, do not pay further premiums.

NOTE

If the result in the first point is an amount containing a fraction of a cent, do not take into account a fraction of less than \$0.005 (one-half cent). A fraction of \$0.005 or more is considered \$0.01 (one cent).

7.8 QPIP premiums based on the formulas

You can use the formulas in Part 5 of the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) to calculate the employee and the employer premiums.



7.9 Total premiums paid during the year

7.9.1 Excess premiums

Employee premiums

If the amount you withheld from an employee's eligible salary or wages for a year is too high, and the employee is resident in Québec at the end of the year, the employee can be refunded the excess premiums when the employee files his or her provincial income tax return for the year. If the employee is not resident in Québec at the end of the year and his or her work income was also subject to Employment Insurance, the employee can be refunded the excess premiums when the employee files his or her federal income tax return for the year. The employee can also submit a written request for the refund of an overpayment of premiums in the four years following the end of the year.

Employer premiums

You may have made an overpayment of employer QPIP premiums for a year. If this is the case, the overpayment will be refunded to you if you submit a **written** request within four years after the end of the year in which the excess amount was paid.

If the overpayment results from a decision under section 65 of the *Act respecting the Québec Pension Plan* or section 44 of the *Act respecting parental insurance* concerning the determination of an individual's employment status, or from a decision upon objection or appeal, you will receive a refund without having to request one.

7.9.2 Insufficient QPIP premiums

If the amount that you withheld as the employee's QPIP premium is insufficient, you are required to remit to us the amount you did not withhold, together with your employer premium. You can recover the employee premium that you paid out of your own funds later by deducting the amount from any salary or wages you pay the employee in the 12 months following the date on which the premium should have been withheld. You may recover the equivalent of only one QPIP premium from each payment of salary or wages. If the employee does not reimburse you, the amount becomes a taxable benefit that you must report in boxes A and L of the employee's RL-1 slip.

7.9.3 Time limit for making an assessment

We may adjust the amount of the QPIP premium you are required to pay and make a reassessment or an additional assessment. Once you are notified of the premium assessed, you must pay it immediately. If you are not satisfied with the decision, you may request an explanation or take one of the steps described in the document *Recourse for Your Tax-Related Problems* (IN-106-V).

We have four years after the date on which an amount becomes payable to make an assessment. However, this deadline does not apply in the following cases:

- you have not filed a return;
- you have made a false statement or committed fraud in supplying the required information;
- you have filed an application for waiver on the prescribed form.



8 CONTRIBUTION TO THE HEALTH SERVICES FUND

You must pay a contribution to the health services fund on the total salaries and wages subject to the contribution that you paid to your former, current and future employees. The contribution rate that applies depends on your **total payroll** for the year and your sector of activity.

You must pay your contribution to the health services fund periodically, according to your remittance frequency, using the payment option that is most convenient for you (see Part 13).

Indian employers

Special rules apply to an employer that is an Indian, an Indian band or a band council (see section 12.6).

8.1 Remuneration subject to the contribution

Consult the table in Appendix 1 to determine whether the remuneration you pay is subject to the contribution to the health services fund. As a rule, employment income is subject to the contribution. Therefore, the following types of remuneration are subject to the contribution:

- a salary or wages (see section 1.4 for information on the term “salary or wages”), except:
 - the salary or wages paid to an employee who comes to work temporarily in Québec and who is covered by a social security agreement,
 - the value of a benefit from an amount you pay to acquire, for the benefit of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation;
- fees calculated on an hourly, half-day or full-day basis that are paid to a person who is appointed:
 - by the government as a member of a commission, including a public inquiry commission, an evaluation committee, a committee or panel of experts or a working group created for a set period,
 - as a member of a candidate selection or review committee established for that purpose under a Québec statute;
- an amount you pay to a trustee of a profit-sharing plan or an employee trust, or to a custodian of an employee benefit plan (see section 11.14);
- the salary or wages paid (by you or by another person) to an employee posted to a country that has a social security agreement with Québec.

You must pay a contribution to the health services fund on remuneration subject to the contribution if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

Québec employee temporarily posted outside Canada

If you are a Québec employer, and you posted an employee to a country that has a social security agreement with Québec providing for reciprocal coverage of health insurance plans, you must pay the employer contribution to the health services fund on the salary or wages paid to the employee. Under such an agreement, the employee is subject only to the Québec legislation to which reciprocity applies and is deemed to report for work at your Québec establishment.



If you did not pay the employee's salary or wages for the period during which the employee was posted outside Canada, the following rules apply:

- The employee must inform you in writing, by March 1 of the year following the year in which the employee was posted outside Canada, of the salary or wages that he or she was paid for the period.
- You must include the salary or wages in your remuneration subject to the contribution to the health services fund and in your total payroll for that following year, because you are deemed to have paid the salary or wages to the employee on March 1 of the year following the year in which they were paid.

Foreign employee temporarily posted to Québec

You are not required to pay the employer contribution to the health services fund respecting salaries or wages that you pay to employees who are not resident in Canada and who are temporarily posted to Québec by an employer outside Canada, provided the country concerned has a social security agreement with Québec.

Currently, Québec has an agreement with each of the following countries:

- Belgium
- Denmark
- Finland
- France
- Greece
- Luxembourg
- Norway
- Portugal
- Romania
- Sweden

NOTE

Negotiations are under way with other countries, and new agreements could take effect during the year.

8.2 Temporary exemption

You may, under certain conditions, be exempted from the contribution to the health services fund. If you are entitled to an exemption, you must include the exempted salaries or wages in the total payroll used to determine your contribution rate.

In this section, the term "salary or wages" refers to the remuneration subject to the contribution described in section 8.1.

Large investment project

Corporations and partnerships that carry out a large investment project in Québec may, under certain conditions, be entitled to a 15-year tax holiday. Under the tax holiday, the corporations and partnerships can claim an exemption from the employer contribution to the health services fund for the portion of the salary or wages paid to employees that is attributable to the time they spend on eligible activities related to the project. Corporations can additionally claim a deduction in calculating their taxable income.

Conditions

Any corporation or partnership that wants to take advantage of the tax holiday has to apply for an initial qualification certificate with the Minister of Finance. The application must be filed before work on the large investment project begins, and no later than December 31, 2020. The corporation or partnership must also hold an annual certificate issued by the Minister of Finance for a given taxation year or fiscal period confirming that:

- the project is being carried out in the given year or period and qualifies as a large investment project for that year or period; and
- the corporation or partnership has demonstrated that the activities under the project will be carried out in Québec.



The corporation or partnership must enclose with the RL-1 summary (form RLZ-1.S-V) a copy of the annual certificates and, where applicable, a copy of the sharing agreement for the calendar year for which the corporation or partnership is applying for the exemption from the contribution to the health services fund.

Amending the initial qualification certificate

A corporation or a partnership that holds an initial qualification certificate in respect of a large investment project can apply to the Minister of Finance to have the certificate amended to add a phase to the project. The application must be filed:

- before work on the additional phase begins;
- no later than the date on which the application for the first annual certificate in respect of the project is filed, and before January 1, 2021.

Applying for an initial certificate or an annual certificate

To apply for an initial certificate or an annual certificate, go to the website of the Ministère des Finances.

Exempt salaries and wages

The salary and wages that a corporation or a partnership pays an employee for the time that employee spends on eligible activities related to the large investment project qualify for the exemption from the contribution to the health services fund where they are paid for a pay period included in the exemption period covered by an annual certificate for the year concerned.

Salary and wages do not include:

- directors' fees;
- bonuses;
- taxable benefits;
- incentives and commissions (except if the employee's duties relate to the commercialization of the activities or products of the business related to the large investment project);
- salary or wages paid to an employee:
 - whose duties consist in building, expanding or modernizing the site where a large investment project will be carried out,
 - who develops an eligible digital platform, and
 - for the portion of time that the employee spends simultaneously on eligible activities related to the large investment project and on other activities of the corporation or partnership.

If a pay period does not fall entirely within the exemption period, only the portion of the salary or wages related to the exemption period is exempt from the employer contribution to the health services fund.

Tax assistance cap

The total amount of the tax assistance (related to income tax and the employer contribution to the health services fund) granted for a large investment project cannot exceed 15% of the total eligible investment expenditures related to such a project. The tax assistance that a corporation or partnership may receive, for its taxation year or fiscal period, with regard to a large investment project, cannot exceed an amount corresponding to its tax assistance cap for its taxation year or fiscal period for such a project.

For more information, see the *Guide de la déclaration de revenus des sociétés* (CO-17.G) (available in French only).



8.3 Calculating the contribution to the health services fund

To calculate your contribution to the health services fund, you can use:

- the WinRAS – Calculation of Source Deductions and Employer Contributions application; or
- the *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V).

The contribution to the health services fund payable for the year is the total remuneration subject to the contribution that you paid in the year **minus** the exempted remuneration, **multiplied** by the rate that applies to your sector of activity and your **total payroll** for the year.

NOTE

The contribution to the health services fund payable for the year is determined when you file the RL-1 summary (form RLZ-1.S-V).

8.3.1 Total payroll

Total payroll is used only to determine your health services fund contribution rate. For a calendar year, your total payroll equals the total of the following remuneration paid during the year by you and **by any employer associated with you at the end of the calendar year**:

- the remuneration subject to the contribution (see section 8.1) paid in Québec or elsewhere during the calendar year, including remuneration that gives entitlement to a temporary exemption (see section 8.2);
- the salaries or wages paid to employees who come to work temporarily in Québec and who are covered by a social security agreement, even if you are not required to pay a contribution to the health services fund respecting these salaries or wages (see section 8.1).

Associated employers

Take into account associated employers on a **worldwide basis** at the end of a calendar year (that is, **regardless of where they carry out their activities and of whether they are subject to the *Taxation Act***). Subject to certain adaptations, the rules set forth in the *Taxation Act* respecting associated corporations must be applied to determine whether two or more employers are considered to be associated.

For more information, see the *Guide de la déclaration de revenus des sociétés* (CO-17.G) (available in French only).

8.3.2 Total payroll threshold and contribution rate

You qualify for a reduced contribution rate if you are an employer other than a public-sector employer and your total payroll for 2019 is less than \$6,000,000. You must use the contribution rate for your sector of activity to calculate your contribution to the health services fund for the year.

NOTE

The contribution rate for public-sector employers is 4.26%, regardless of their total payroll for the year.

The table below shows the contribution rates for 2019 for small and medium-sized businesses.

Total payroll (TP)	Health services fund contribution rates for 2019	
	Primary and manufacturing sectors	Service and construction sectors
\$1,000,000 or less	1.25%	1.70%
\$1,000,001 to \$5,999,999	$0.648\% + (0.602\% \times TP/1,000,000)^1$	$1.1880\% + (0.5120\% \times TP/1,000,000)$
\$6,000,000 or more	4.26%	4.26%

1. The contribution rate must be rounded off to two decimal places. If the number in the third decimal place is 5 or more, round up the number in the second decimal place.

Small and medium-sized businesses in the primary and manufacturing sectors

To qualify for the reduced contribution rate that applies to the primary and manufacturing sectors:

- your total payroll for 2019 must be less than \$6,000,000; and
- more than 50% of your total payroll for the year must be attributable to activities in the manufacturing sector or the primary sector (which includes activities in the agriculture, forestry, fishing and hunting sector and in the mining, quarrying and oil and gas extraction sector).

If you do not meet the second condition, you must use the reduced contribution rate that applies to the service and construction sectors.

To determine what percentage of your total payroll is attributable to activities in the primary and manufacturing sectors, you have to consider the salaries and wages not only of the employees who spend their time working directly on activities in these sectors but also of the employees who carry out tasks connected with those activities. For example, if you operate a small or medium-sized business in the manufacturing sector, take into account an administrative assistant's salary to determine the percentage of your total payroll that is attributable to activities in the primary and manufacturing sectors. In contrast, if the business has a division that delivers finished products, do not take into account the wages of an employee transporting the products to determine the percentage in question, because the employee's tasks are not connected with activities in the primary and manufacturing sectors.

The primary and manufacturing sector activities are classified under codes 11, 21 and 31–33 of the North American Industry Classification System (NAICS). For a description of the codes, visit the Statistics Canada website.

Small and medium-sized businesses in the service and construction sectors

To qualify for the reduced contribution rate that applies to the service and construction sectors:

- your total payroll for 2019 must be less than \$6,000,000; and
- your total payroll for the year must be connected with activities in the service and construction sectors.

Moreover, subject to certain conditions, you may be able to claim a temporary reduction in the contribution to the health services fund for the creation of specialized jobs. For more information, refer to form LE-34.1.12-V, *Reduction of the Contribution to the Health Services Fund: Creation of Specialized Jobs*.

Public-sector employers

The contribution rate for the following public-sector employers is 4.26%, regardless of their **total payroll** for the year:

- the government of Canada or of a province;
- a Canadian municipality;
- a mandatory body of the State, of the Government of Canada, of a province or of a Canadian municipality;
- a municipal or public body (for example, a school board) that performs a function of government in Canada and that is exempt from income tax at a given time in the calendar year;
- a corporation, commission or association that is exempt from income tax at a given time in the calendar year pursuant to section 985 of the *Taxation Act* (in particular, a corporation at least 90% owned by the State).

NOTE

An international government organization that has an establishment in Québec does not have to pay the contribution to the health services fund unless it agrees to pay it.



8.3.3 Periodic remittances of the contribution to the health services fund

Use an **estimated contribution rate** to calculate the periodic remittances you have to make in the year because the actual contribution rate for the year will only be determined when you file the RL-1 summary. The estimated contribution rate for a new employer is not calculated in the same way as it is for other employers.

New employers

For the **first two consecutive years** in which you have to pay the contribution to the health services fund, your contribution rate for each periodic remittance corresponds to the rate that would apply if your **total payroll** for the year were equal to the portion of your **total payroll** paid from the beginning of the year to the end of the period covered by the remittance. The contribution rate must be adjusted each remittance period to take into account the **cumulative total payroll** for the preceding periods.

Example

You are an employer in the primary and manufacturing sectors. You have to pay the contribution to the health services fund for the first year, and you have a monthly remittance frequency.

Month	Total payroll for the month	Cumulative total payroll	Contribution rate ¹	Date of remittance
January	\$425,460	\$425,460	1.25%	February 15
February	\$474,540	\$900,000	1.25%	March 15
March	\$611,420	\$1,511,420	1.56%	April 15
April	\$875,875	\$2,387,295	2.09%	May 15
May	\$1,219,457	\$3,606,752	2.82%	June 15
June	\$2,940,360	\$6,547,112	4.26%	July 15

1. The contribution rate must be rounded off to two decimal places. If the number in the third decimal place is 5 or more, round up the number in the second decimal place.



Other employers

For years following the first two consecutive years for which you paid the contribution to the health services fund, your contribution rate will be the rate that would apply if your **total payroll** for the year were the same as your total payroll for the previous year.

Example	
You are an employer in the primary and manufacturing sectors. You are subject to the contribution to the health services fund for a third consecutive year, and you have a monthly remittance frequency.	
Total payroll for 2018	\$950,000
Contribution rate for 2019 that would apply if the total payroll for 2019 were the same as the total payroll for 2018	1.25%
Salaries or wages paid during the month of January 2019	\$35,000
Contribution to the health services fund payable for January: $\$35,000 \times 1.25\%$	\$437.50

NOTE

If you expect that your **total payroll** for the year will be less than your **total payroll** for the previous year and that, as a result, your actual contribution rate for the year will be less than the estimated rate you would normally be required to use, you may use a lower rate to calculate your periodic remittances of the contribution for the year.

8.4 Total contribution paid in the year

8.4.1 Excess contribution

You may have made an overpayment of the contribution to the health services fund for a year. This may happen if the contribution rate you used to calculate your periodic remittances was higher than the actual contribution rate. The overpayment will be refunded to you if you submit a **written request** within four years after the end of the year in which the excess amount was paid.

Employer that is the Québec government

The Québec government or one of its mandataries may be required to pay **both** a contribution to the health services fund and a payroll tax under a statute of another government when one of its employees is posted to an office outside Québec (for example, to the Bureau du Québec à Toronto). In this case, the employer is deemed to have paid an excess contribution to the health services fund that is equal to the lesser of the following amounts:

- the amount of payroll tax paid for the year to the other government for the posted employees;
- the amount of the contribution to the health services fund paid for the year for the employees.

The employer can submit a **written request** for the refund of an overpayment in the four years following the end of the year in which the employer is deemed to have paid the excess amount.



8.4.2 Insufficient contribution

Actual contribution rate higher than estimated contribution rate

If your actual contribution rate is higher than your estimated contribution rate, the balance resulting from the difference between the two rates must be received by Revenu Québec or a financial institution **by the deadline for filing the RL-1 summary**.

If the contribution rate you use to calculate your periodic remittances is lower than your estimated contribution rate, the balance resulting from the difference between the two rates may bear interest **as of the due date for each remittance**. A penalty of up to 15% of the balance owing can also be charged based on the number of days the balance is late.

Example

You are an employer in the primary and manufacturing sectors. Your total payroll for the year is \$2,000,000. You used a contribution rate that is lower than your estimated contribution rate to make your periodic remittances of the contribution to the health services fund for 2019. Your actual contribution rate for 2019 is higher than your estimated contribution rate.

	Salaries and wages subject to the contribution (A)	Rate (B)	Health services fund contribution (A × B)
Actual rate	\$2,000,000	1.85%	\$37,000 (C)
Estimated rate	\$2,000,000	1.50%	\$30,000 (D)
Rate used	\$2,000,000	1.25%	\$25,000 (E)
Balance (C – D)	–	–	\$7,000
Balance (D – E)	–	–	\$5,000

The balance of \$7,000 must be paid by the deadline for filing the RL-1 summary, and the balance of \$5,000 may bear interest as of the due date for each remittance.

Actual contribution rate lower than estimated contribution rate

If your actual contribution rate is lower than your estimated contribution rate, and you used a rate that is lower than the estimated contribution rate to calculate your periodic remittances of the contribution, the balance resulting from the difference between the actual contribution rate and the contribution rate used may bear interest **as of the due date for each remittance**. A penalty of up to 15% of the balance owing can also be charged based on the number of days the balance is late.



Example

You are an employer in the primary and manufacturing sectors. Your total payroll for the year is \$1,500,000. You used a contribution rate that is lower than your estimated contribution rate to make your periodic remittances of the contribution to the health services fund for 2019. Your actual contribution rate for 2019 is lower than your estimated contribution rate.

	Salaries and wages subject to the contribution (A)	Rate (B)	Health services fund contribution (A × B)
Actual rate	\$1,500,000	1.55%	\$23,250 (C)
Estimated rate	\$1,500,000	1.85%	\$27,750
Rate used	\$1,500,000	1.25%	\$18,750 (D)
Balance (C – D)			\$4,500

The balance of \$4,500 may bear interest as of the due date for each remittance.



9 CONTRIBUTION RELATED TO LABOUR STANDARDS

As a rule, you are required to pay a contribution related to labour standards (formerly the “contribution to the financing of the CNT”) at the rate applicable to the total remuneration subject to the contribution that you pay to your employees (former, current and future).

To calculate the contribution related to labour standards, use form LE-39.0.2-V, *Calculation of the Contribution Related to Labour Standards*.

Your contribution related to labour standards for the year must be received by Revenu Québec or a financial institution by the last day of February of the following year. When you pay the contribution, you must submit the remittance slip included with the RL-1 summary. If you are making a remittance online, do not submit the paper remittance slip.

NOTE

If you stop making remittances of source deductions and employer contributions because you stop operating your business or no longer have employees, see section 13.8.

9.1 Employers not subject to the contribution

Certain employers are not subject to the contribution related to labour standards. The principal employers in this category are:

- religious institutions;
- daycare centres;
- parity committees constituted under the *Act respecting collective agreement decrees*;
- fabriques (group of persons administering the funds and revenue allotted to the erection or maintenance of a church);
- corporations of trustees for the erection of churches;
- institutions or charities whose object is to assist, directly and free of charge, persons in need;
- businesses whose labour relations are governed by the *Canada Labour Code* (such as banks, airports and radio stations);
- the Comité de gestion de la taxe scolaire de l'Île de Montréal;
- public transit authorities mentioned in section 1 of the *Act respecting public transit authorities*;
- metropolitan communities;
- municipalities;
- school boards;
- educational institutions;
- the Québec government, its departments and certain of its agencies;
- the Commission de la construction du Québec;
- entities established by a Québec statute or by a decision of the Québec government, the Secrétariat du Conseil du trésor or a minister;
- the Agence du revenu du Québec;



- the Lieutenant-Governor, the National Assembly and any person appointed by the National Assembly to an office under the jurisdiction of the National Assembly;
- the Government of Canada and its mandataries;
- an international government organization that has an establishment in Québec.

Indian employer

Special rules apply to an employer that is an Indian, an Indian band or a band council (see section 12.6).

9.2 Maximum remuneration subject to the contribution and contribution rate

The table below provides data respecting the contribution related to labour standards for 2019.

	2019
Maximum remuneration subject to the contribution	\$76,500
Contribution rate	0.07%

9.3 Remuneration subject to the contribution

Consult the table in Appendix 1 to determine whether the remuneration you pay is subject to the contribution related to labour standards. As a rule, the following types of remuneration are subject to the contribution:

- a salary or wages (see section 1.4 for information on the term “salary or wages”), **other than** the types of salary and wages described in section 9.4;
- an amount you pay to a trustee of a profit-sharing plan or an employee trust, or to a custodian of an employee benefit plan (see section 11.14);
- an indemnity in lieu of notice (see the definition in section 11.7);
- an amount paid as damages upon cancellation of an employment contract.

You must pay a contribution related to labour standards on the remuneration subject to the contribution if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

9.4 Remuneration not subject to the contribution

You are not required to pay a contribution related to labour standards with respect to the following types of remuneration:

- remuneration paid to an employee under the *Act respecting labour relations, vocational training and workforce management in the construction industry*;
- remuneration paid to an employee if you are governed by a decree adopted under the *Act respecting collective agreement decrees* and the remuneration is subject to a contribution by a parity committee;
- 50% of the remuneration earned by an employee using a truck, tractor, loader, skidder or similar heavy equipment that the employee provides at his or her own expense;
- the amount by which the remuneration subject to the contribution and paid for the year to an employee, or the remuneration referred to in the previous point, is over \$76,500;
- remuneration paid to a domestic (see the definition below);



- remuneration paid to an employee who is totally excluded from the application of the *Act respecting labour standards*, under section 3 of the Act (for example, a student who works during the school year in an establishment selected by an educational institution, under a job induction program approved by the Ministère de l'Éducation et de l'Enseignement supérieur);
- remuneration paid to an employee whose duties consist solely in taking care of or providing care to a child or to a sick, handicapped or elderly person, where the care is provided in the home, and you are not seeking to make a profit from the work;
- directors' fees;
- remuneration paid to an employee by an agency, an institution or a family-type resource referred to in the *Act respecting health services and social services*, in proportion to the amounts received by such entities under the Act;
- remuneration paid to an employee by an institution, a regional council or a foster family referred to in the *Act respecting health services and social services for Cree Native persons*, in proportion to the amounts received by such entities under the Act;
- wage loss replacement benefits paid under a wage loss replacement plan to which the employer contributed (see section 11.13);
- certain taxable benefits (see section 4.2);
- certain amounts paid further to an industrial accident – CNESST (see section 11.6);
- retiring allowances (see the definition in section 11.11.1), **other than an indemnity in lieu of notice** (see the definition in section 11.7) or an amount paid as damages upon cancellation of an employment contract (these two types of remuneration are subject to the contribution related to labour standards);
- death benefits (see the definition in section 11.11.4);
- retirement benefits;
- amounts paid by a trustee of a profit-sharing plan or an employee trust, or by a custodian of an employee benefit plan;
- an amount paid under a retirement compensation arrangement or resulting from the making of such an arrangement;
- patronage dividends;
- the value of a benefit from an amount you pay to acquire, on behalf of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation.

Domestic

An employee who works for an individual and whose main function is the performance of household chores in the individual's dwelling. This includes an employee whose main function is to take care of or provide care to a child or to a sick, handicapped or elderly person, and to perform household chores in the dwelling that are not directly related to the immediate needs of the person in question.



10 CONTRIBUTION TO THE WSDRF

If your total payroll for the year is over **\$2 million**, you are required to participate in workforce skills development for the year by allotting an amount representing at least 1% of your total payroll to eligible training expenditures. If you do not do this, you will be required to pay into the Workforce Skills Development and Recognition Fund (WSDRF) a contribution equal to the difference between 1% of your total payroll and the amount of your eligible training expenditures.

To calculate your contribution, use the RL-1 summary. Also indicate on this summary your total payroll and your eligible training expenditures.

Your contribution to the WSDRF for the year must be received by Revenu Québec or a financial institution by the last day of February of the following year. When you pay the contribution, you must submit the remittance slip included with the RL-1 summary (form RLZ-1.S-V). If you are making your remittance online, do not submit the paper remittance slip.

NOTE

If you stop making remittances of source deductions and employer contributions because you stop operating your business or no longer have employees, see section 13.8.

10.1 Exempt employer

You may be exempt from paying the contribution to the WSDRF for three consecutive calendar years if you hold a training initiative quality certificate issued by the Commission des partenaires du marché du travail. To obtain the certificate, you must undertake to:

- implement a skills development process in your organization;
- prepare the process within a framework of cooperation between the representatives of both the organization and the employees;
- ensure the participation of the representatives of both the organization and the employees at every step of the implementation of the process;
- allow verifications of the implementation of the skills development process in the organization.

Contact the Commission des partenaires du marché du travail for more information.

Indian employer

Special rules apply to an employer that is an Indian, an Indian band or a band council (see section 12.6).



10.2 Total payroll

Consult the table in Appendix 1 to determine whether the remuneration that you pay to your employees (former, current and future) has to be included in your total payroll used to calculate your participation in workforce skills development and, if applicable, your contribution to the WSDRF. As a rule, the following types of remuneration are used to calculate the total payroll:

- a salary or wages (see section 1.4 for information on the term “salary or wages”), except:
 - the value of a benefit from an amount you pay to acquire, on behalf of an employee, a share or fraction of a share issued by the Fonds de solidarité FTQ or by Fondation,
 - fees calculated on an hourly, half-day or full-day basis that are paid to a person who is appointed by the government as a member of a commission, including a public inquiry commission, an evaluation committee, a committee or panel of experts or a working group created for a set period, or as a member of a candidate selection or review committee established for that purpose under a Québec statute;
- an amount you pay to a trustee of a profit-sharing plan or an employee trust, or to a custodian of an employee benefit plan (see section 11.14).

You must include the remuneration in the calculation of your total payroll if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

NOTE

Do not take into account associated employers at the end of a calendar year to calculate your total payroll.

10.3 Eligible training expenditures

If you are required to participate in workforce skills development for a given year, but were not required to do so in the previous year, you may use the training expenditures from the previous year that would have been considered eligible expenditures had you been required to participate to reduce the contribution to the WSDRF for the given year.

Similarly, if the total of your eligible training expenditures (expenditures carried forward and current expenditures) for the previous year is more than 1% of your total payroll for the year, you may use the excess amount for the given year. For more information on carrying eligible training expenditures forward, see the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

You must keep the supporting documents related to your eligible training expenditures for six years after the last taxation year to which the documents apply and provide them to us on request.



Government assistance

Subtract any government assistance (for example, a subsidy, grant, forgivable loan, tax credit or investment allowance) that you received in respect of eligible training expenditures in the year from your total eligible training expenditures.

This does not apply to the following:

- an adapted business holding a certificate issued under the Programme de subventions aux entreprises adaptées (subsidy program for adapted enterprises) managed by the Minister of Labour, Employment and Social Solidarity;
- a job integration company certified by the Minister of Labour, Employment and Social Solidarity;
- a person holding a childcare centre permit or a day care centre permit issued under the *Educational Childcare Act* or accredited as a home childcare coordinating office pursuant to section 40 of that Act;
- an ambulance service holding a permit issued under the *Act respecting pre-hospital emergency services* or the Corporation d'urgences-santé.

Contact us or the Commission des partenaires du marché du travail for more information on eligible training expenditures.

NOTE

If you are an employer subject to the *Act to promote workforce skills development and recognition*, you must inform the Commission des partenaires du marché du travail each year of the means you used to carry out your eligible training activities. To do this, you must complete the form *Déclaration des activités de formation*, and send it to the Commission. That form and additional information can be found on the website of the Commission.



11 OTHER PAYMENTS

11.1 Commissions

Commissions paid to an employee constitute salary or wages and are added to the employee's basic salary or wages and similar payments made to the employee. An employee whose remuneration consists, in whole or in part, of commissions and who is required to pay certain employment expenses may elect to have only a percentage of his or her commissions included in the remuneration used to calculate source deductions of income tax. To make such an election, the employee must complete the *Statement of Commissions and Expenses for Source Deduction Purposes* (form TP-1015.R.13.1-V) and submit it to you no later than:

- January 31 of the year;
- the 30th day after the date on which the employee begins to be remunerated on a commission basis;
- the 30th day after the date of an event that may change the percentage of commissions to be included in the remuneration subject to source deductions of income tax.

The employee may revoke the election at any time by notifying you in writing. The revocation takes effect on the date indicated in the notice.

Employee who does not have to pay expenses or who did not complete form TP-1015.R.13.1-V

If the commissions are **paid on a regular basis**, add them to the employee's basic salary or wages, and then determine the source deduction of income tax using the usual method.

If the commissions are **not paid on a regular basis**, you can use the method applicable to gratuities to calculate the remuneration subject to source deduction of income tax (see section 11.4).

Employee who pays expenses and who completed form TP-1015.R.13.1-V by the prescribed deadline

Calculate the employee's source deductions of income tax by adding to his or her basic salary or wages the result of the following calculation: the amount of the gross commissions paid to the employee for the pay period, **multiplied** by the percentage of commissions shown in form TP-1015.R.13.1-V. Then determine the source deduction of income tax using the usual method.

11.2 Paid leaves of absence

Deferred salary leave (self-funded)

Section 47.16R1 of the *Regulation respecting the Taxation Act* provides information about self-funded leaves of absence. Under such a leave, any amounts accumulated by an employee in anticipation of the leave are paid to the employee during the employee's leave. Note that a self-funded leave is not a salary deferral arrangement (see section 11.3) or an employee benefit plan (see section 11.14).

Any amounts, including interest, accumulated by an employee in anticipation of a self-funded leave of absence that you pay (or that a trustee pays) to the employee during the employee's leave are subject, in the year of payment, to source deductions of income tax, employee and employer QPP contributions, the employer contribution to the health services fund and the contribution related to labour standards.



You must also include the amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF in the year in which they are paid.

The amounts are subject to employee and employer QPIP premiums **in the year in which they are earned and not in the year in which they are paid**. As a result, you must calculate the QPIP premiums in the year in which the amounts were earned as if the total amount of the employee's salary or wages had been paid in the year.

Salary advance leave

Any amounts that you pay (or that a trustee pays) as salary or wage advances to an employee taking a salary advance leave are subject, in the year of payment, to source deductions of income tax, employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards.

You must also include these amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF in the year in which they are paid.

11.3 Salary deferral arrangements

If you have a salary deferral arrangement with an employee and, under the arrangement, you defer payment of a portion of the salary or wages earned in the year to another year, the total salary or wages the employee earned in the year (including the deferred salary or wages) is subject, in the current year, and not in the year it is paid, to source deductions of income tax, employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards.

The total salary or wages the employee earned in the year (including the deferred salary or wages) must be included in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

11.4 Gratuities and retroactive pay

Source deductions of income tax

Gratuities and retroactive pay are subject to source deductions of income tax.

If an employee's estimated annual remuneration, including a gratuity or retroactive pay, is not more than **\$15,269** for the year, the gratuity or retroactive pay is subject to source deductions of **income tax at a rate of 8%**.

Otherwise, you can use the formulas in the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) to determine the amount of income tax to withhold from the gratuity or retroactive pay.

You can also use the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V) and calculate the source deduction of income tax as shown in the examples in Appendix 5.



QPP contributions

If you pay an employee a gratuity or retroactive pay during a pay period and you pay the amount **with the employee's salary or wages** for the period, add the amount to the salary or wages and calculate the employee's QPP contribution using the usual method.

If you pay the amount **separately from the employee's salary or wages**, withhold the lesser of the following amounts:

- 5.55% of the gross amount (**without taking the exemption into account, since it is already taken into account in the salary or wages**);
- the employee's maximum contribution for the year (see section 6.6), **minus** the amounts already withheld.

Example

Anna earns \$515 for the pay period from May 17 to 21, 2019, and also receives, separately from her salary or wages, a gratuity of \$100. To date, a total of \$500 in QPP contributions has been withheld from her salary or wages. The amount that can be withheld for the pay period cannot be more than \$2,491.45, which is the employee's maximum annual QPP contribution minus the amounts already withheld for the year (\$2,991.45 – \$500).

Amount withheld on the salary of \$515	\$24.85
Amount withheld on a gratuity of \$100 (\$100 × 5.55%)	+ \$5.55
Amount withheld for the pay period	= \$30.40

QPIP premiums and other employer contributions

If you pay an employee a gratuity or retroactive pay during a pay period, the amount is subject to employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards, if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

You must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

11.5 Overtime pay

Source deductions of income tax

If you pay an employee for overtime done during a pay period and you pay the amount **with the employee's salary or wages** for the period, add the amount to the salary or wages and calculate the source deduction of income tax using the usual method.

If the overtime is paid in a pay period other than the period in which it was done (in other words, **if you are paying the employee for accumulated overtime**), use the method applicable to gratuities to calculate the source deduction of income tax (see section 11.4).

QPP contributions

If you pay an employee for overtime done during a pay period and you pay the amount **with the employee's salary or wages** for the period, add the amount to the salary or wages and calculate the QPP contribution using the usual method.

If you pay the amount **separately from the employee's salary or wages**, use the method applicable to gratuities to calculate the contribution (see section 11.4).



QPIP premiums and other employer contributions

If you pay an employee for overtime done during a pay period, the amount is subject to employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards, if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

You must also include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

11.6 Indemnities further to an industrial accident – CNESST

If an employee is a victim of an industrial accident, you may be required to pay certain amounts to compensate the employee for lost salary or wages.

As a rule, you cannot change how amounts paid before the decision of the CNESST are treated or modify your payroll records for the current year to designate the amounts paid as income replacement indemnities. As a result, you cannot retroactively change the remuneration paid in the current year (or in a previous year) or modify RL-1 slips filed for a previous year. Furthermore, you cannot recover your employer contributions.

Consult the table in Appendix 6 to find out how the amounts paid following an industrial accident are to be treated.

NOTE

In section 11.6, the term “net salary or wages” has the meaning given in the *Act respecting industrial accidents and occupational diseases*.

11.6.1 Amounts paid before the CNESST makes its decision

Amount paid on the day of the accident

Under the *Act respecting industrial accidents and occupational diseases*, you must pay an employee who is a victim of an industrial accident an amount equal to 100% of his or her **net salary or wages** for the portion of the day that the employee was unable to work because of his or her incapacity. This amount constitutes employment income and must therefore be reported on the employee’s RL-1 slip.

This amount is not reimbursed by the CNESST.

Amounts paid in the first 14 days following the day of the accident

Under the *Act respecting industrial accidents and occupational diseases*, you must pay the employee 90% of his or her **net salary or wages** for the first 14 days following the day of the accident. This amount is considered to be an income replacement indemnity. As a result, you are not required to report it on the employee’s RL-1 slip as it will be reported on the RL-5 slip that the employee receives from the CNESST.

You can ask the CNESST to reimburse you this amount.



Amount exceeding the indemnity provided for in the *Act respecting industrial accidents and occupational diseases*

If you pay the employee more than the income replacement indemnity provided for under the Act, the **excess amount** constitutes employment income and must therefore be reported on the employee's RL-1 slip. For example, if the CNESST indemnity is \$500 and you pay the employee \$600, you must report \$100 (\$600 – \$500) on the RL-1 slip.

Amounts paid from the 15th day following the day of the accident to the day of the CNESST's decision

Under the *Act respecting industrial accidents and occupational diseases*, you are not required to continue paying amounts to the employee for the period beginning on the 15th day following the day of the accident to the day the CNESST renders its decision, unless you are an employer referred to in section 11.6.4. If you continue paying, the way the amounts are treated will depend on the circumstances under which you pay them.

Advances of indemnities or loans

An advance of indemnities or a loan you make to the employee during this period, and also any **interest accumulated** on the advance or the loan during the period, is not considered to be a taxable benefit. You are therefore not required to report these amounts on the employee's RL-1 slip.

NOTE

You must be able to set up an advance of indemnities or a loan system. However, because paycheques are prepared in advance in many cases, it is not always possible to indicate in the payroll records that an employee is receiving an advance or a loan as soon as he or she files a claim with the CNESST. If this happens, we allow you a reasonable period (normally one pay period) to adjust your payroll records to indicate that the employee has received an advance or a loan.

Salary or wages, or wage loss replacement benefits

If you continue paying the employee a salary or wages (including the payment of sick leave that has been accumulated but not used), the amounts constitute employment income and must be reported on the employee's RL-1 slip.

If you are an **employer** and you pay an employee a wage loss replacement benefit under a wage loss replacement plan, the amount constitutes employment income and must be reported on the employee's RL-1 slip. It is subject to source deductions and employer contributions.

If you are an **insurer** and you pay a wage loss replacement benefit directly to an employee, you must report the amount on the employee's RL-1 slip. Note that special rules apply to QPIP premiums. For more information, see section 11.13.

11.6.2 Amounts paid following the decision of the CNESST

Top-up amount

If, after the decision of the CNESST, you pay an employee an amount **in addition to** the indemnity he or she is paid by the CNESST, the amount (referred to as a **top-up amount**) is treated as employment income and must therefore be reported on the employee's RL-1 slip.

The **top-up amount** is not subject to QPIP premiums.

If the CNESST recognizes the employee's entitlement to an indemnity and you are repaid or reimbursed any amounts paid before the CNESST's decision

In general, the employee will repay or, where applicable, the CNESST will reimburse any amounts you paid the employee in the period before the decision. How the amounts are treated will depend on the circumstances under which you initially paid them.



Advances of indemnities or loans

You are not required to make any adjustments with respect to an advance of indemnities or a loan you made to an employee that the employee **repays** in full or the CNESST **reimburses** in full because the amount does not have to be included as part of the employee's income. You are therefore not required to file an RL-1 slip for the repayment or reimbursement. If you are repaid a portion of the amount by the employee, see the paragraph headed "Advances of indemnities or loans" below.

Salary or wages, or wage loss replacement benefits

If you paid an employee a salary or wages (including the payment of sick leave that has been accumulated but not used) or a wage loss replacement benefit, you must file an RL-1 slip. You must also file an RL-1 slip if the employee repays an **excess amount** you paid.

If the CNESST does not recognize or only partially recognizes the employee's entitlement to an indemnity and you are not repaid or reimbursed in the year

If you are not repaid or reimbursed before the end of the year, the treatment of the amounts you paid the employee in the period before the CNESST's decision will depend on the circumstances under which you initially paid them.

Advances of indemnities or loans

If you made an advance of indemnities or a loan, and the employee **has not repaid or has only partly repaid** the amount by December 31 of the year in which the CNESST makes its decision, we consider that you have forgiven the debt and that the employee received a **taxable benefit** equal to the amount not repaid over the course of the year. You are required to report this amount on the employee's RL-1 slip.

If you allow the employee to use **sick leave** to repay an advance of indemnities or a loan, the remuneration that corresponds to the gross salary or wages the employee would have received for the sick leave at the time you allow the employee to use the sick leave to repay you constitutes employment income. You must report this amount on the employee's RL-1 slip.

Example

Alex owes you \$1,200 for an advance of indemnities that corresponds to a pay period of 10 days, for gross remuneration of \$120 per day. On his return to work, his gross remuneration increases to \$150 per day. At that time, you allow Alex to use his sick leave to repay the amount of the advance.

Number of days of sick leave used by Alex to repay the amount of the advance of indemnities: $\$1,200 \div \150		8 days
Gross salary per day on Alex's return to work	×	\$150
Alex's gross salary on which you are required to calculate source deductions and employer contributions: 8 days × \$150 per day	=	\$1,200

Salary or wages, or wage loss replacement benefits

You are not required to make any adjustments with respect to a salary or wages, or wage loss replacement benefits you paid that the employee **does not repay**, because the amounts must be included as part of the employee's income.



11.6.3 Amounts paid for the employee's care or rehabilitation

In addition to the amounts referred to in sections 11.6.1 and 11.6.2, certain other amounts paid further to an industrial accident are considered to be income replacement indemnities. As a result, they do not need to be reported on the employee's RL-1 slip as they will be reported on the RL-5 slip that the employee receives from the CNESST.

The following amounts are considered to be income replacement indemnities:

- the **net salary or wages** (100%) paid to an employee for each day or part of a day that the employee was obliged to miss work in order to receive care or undergo medical tests, **unless the amounts were paid in respect of an employee who was absent from work in order to undergo a medical test at your request** (see below);
- the **net salary or wages** (100%) paid to an employee for each day or part of a day that the employee was obliged to miss work in order to carry out activities as part of a personalized rehabilitation program.

You can ask the CNESST to reimburse you the net salary or wages.

If you pay **more** than 100% of the employee's **net salary or wages**, the **excess amount** constitutes employment income and must be reported on the employee's RL-1 slip.

Employee absent in order to undergo a medical test at your request

If your employee is obliged to miss work for a day or part of a day to undergo a medical test at your request, you must, under the *Act respecting industrial accidents and occupational diseases*, pay 100% of the employee's **net salary or wages**. As the amount paid constitutes employment income, it must be reported on the employee's RL-1 slip.

This amount will not be reimbursed by the CNESST.

11.6.4 Amounts paid by an employer operating a railway transport or shipping business

Under the *Act respecting industrial accidents and occupational diseases*, interprovincial or international railway transport or shipping businesses are **the only businesses** that may be held personally liable for the payment of income replacement indemnities to an employee who is absent from work following an industrial accident; this applies both before and after the CNESST makes a decision.

If you are recognized as a railway transport or shipping business operator, the amounts you pay to an employee both before and after the decision of the CNESST that correspond to the income replacement indemnity provided for under the Act generally constitute an income replacement indemnity. As a result, you do not have to report them on the employee's RL-1 slip as they will be reported on the RL-5 slip that the employee receives from the CNESST.

However, the amounts you pay to an employee to compensate for the salary or wages lost as a result of the employee's absence on the day of the accident, or the employee's absence to undergo a medical test at your request, constitute employment income. They must be reported on the employee's RL-1 slip.

Similarly, if you pay an employee **more** than the income replacement indemnity provided for under the Act, the excess amount constitutes employment income and must be reported on the employee's RL-1 slip. For example, if the CNESST indemnity is \$500, and you pay the employee \$600, you must report \$100 (\$600 – \$500) on the employee's RL-1 slip.

If an employee repays an excess amount, you are required to file an RL-1 slip. In this way, the employee will be able to claim a deduction with regard to the amounts repaid over the course of the year in his or her income tax return for the year.

However, if an employee repays the income replacement indemnity referred to in the second paragraph of this section, you are not required to make any adjustments as the repayment will be reported on the RL-5 slip the employee receives from the CNESST.



11.7 Indemnity in lieu of notice

Under the *Act respecting labour standards*, you must give written notice to an employee before terminating his or her contract of employment, taking into account the period of notice determined on the basis of the employee's number of years of uninterrupted service. If you do not give the employee notice in writing, or if you do not give notice within the time limit prescribed by the Act, you must pay the employee an indemnity in lieu of notice.

If the employee works during the period of notice, the amount paid for this period constitutes salary or wages. The amount is subject to source deductions of income tax, employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards. You must also include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

The indemnity in lieu of notice you pay an employee is considered a **retiring allowance** under the *Taxation Act*. The amount is subject to source deductions of income tax, employee and employer QPIP premiums and the contribution related to labour standards only.

An indemnity in lieu of notice does not constitute a retiring allowance under the Employment Insurance plan.

Indemnity in lieu of notice

An indemnity paid by an employer where the employer terminates an employee's employment contract without first giving the written notice required by the *Act respecting labour standards*, or where the employer fails to provide written notice within the period of notice prescribed by that Act.

11.8 Vacation pay

Employees who take vacation

Where vacation pay is calculated on a percentage basis and paid to an employee who is taking holidays, you must use the applicable section of the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V), as indicated below:

- 2% – Use the section marked “53 pay periods per year” or “52 pay periods per year.”
- 4% – Use the section marked “27 pay periods per year” or “26 pay periods per year.”
- 6% – Divide the vacation pay by 3. Use the section marked “52 pay periods per year,” and multiply the weekly source deduction by 3.
- 8% – Divide the vacation pay by 4. Use the section marked “52 pay periods per year,” and multiply the weekly source deduction by 4.

Employees who do not take vacation

If you give vacation pay to an employee who is not taking holidays, use the method applicable to gratuities to calculate the remuneration subject to source deductions and employer contributions (see section 11.4).

Payments made to a trust as credits for accumulated vacation

Payments that you make to a trust as credits for vacation accumulated by an employee must be included in the employee's income for the year in which the payments are made. The payments are subject to source deductions of income tax, employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards.

Similarly, you must include these amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.



11.9 Directors' fees

Source deductions of income tax

If, for a pay period, you pay directors' fees to a **director who also receives a salary or wages for the same period**, add the amount of the fees to the salary or wages and calculate the source deduction of income tax using the usual method.

If you pay **only** directors' fees to a **director who is resident in Canada** and you estimate that the value of the fees for the year will not exceed the total of the amounts entered by the director on lines 10 and 19 of the *Source Deductions Return* (form TP-1015.3-V), you are not required to withhold income tax. Otherwise, you must withhold an amount calculated using the method given below. You must also withhold an amount calculated using this method if the director entered "0" on line 10 of form TP-1015.3-V.

You are not required to withhold income tax if you pay **only** directors' fees to a **director who is not resident in Canada** and who does not attend meetings in Québec or perform any duties there. An example is a director who is outside Canada and who attends a meeting in Québec by teleconferencing (conference call, video conferencing, etc.). However, you are required to withhold income tax if the director attends meetings in Québec or performs any duties there. The tax is withheld from the value of the directors' fees paid for the portion of the services performed for you by the director in Québec that is attributable to the director's presence at meetings in Québec or the director's performance of any duties there.

Calculation method

Calculate the income tax you have to withhold as shown in the example below.

Example	
Value of the directors' fees paid	\$6,000
Number of months that have elapsed since the later of: <ul style="list-style-type: none">• the date of the last payment; and• January 1 of the year.	÷ 4
Value of the directors' fees paid per month	= \$1,500
Monthly source deduction based on table TP-1015.TI-V (12 pay periods)	\$20.64
Number of months that have elapsed since the later of: <ul style="list-style-type: none">• the date of the last payment; and• January 1 of the year.	× 4
Income tax to withhold from the directors' fees	= \$82.56

NOTE

You cannot use the formulas in the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) with the above method. You must do the calculation yourself.



QPP contributions

If, for a pay period, you pay directors' fees to a **director who also receives a salary or wages for the same period**, add the amount of the fees to the salary or wages and determine the QPP contribution using the usual method.

If you pay **only** directors' fees to a **director who is resident in Canada**, divide the annual QPP exemption of \$3,500 by the number of fee payments made during the year.

Example	
Anita is a director of corporation XYZ. She receives \$1,000 in directors' fees each quarter, but no other remuneration.	
Value of the directors' fees paid	\$1,000
Exemption: $\$3,500 \div 4$	– \$875
	= \$125
Employee's contribution rate	× 5.55%
Employee's QPP contribution	= \$6.94

If you pay **only** directors' fees to a **director who is not resident in Canada**, you are not required to withhold or pay QPP contributions if the director holds office partly or entirely outside Canada.

QPIP premiums and other employer contributions

If, for a pay period, you pay directors' fees to a **director who also receives a salary or wages for the same period**, or if you pay **only** directors' fees to a director, the payment is subject to employee and employer QPIP premiums, and to the employer contribution to the health services fund, if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.)

You must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

The amount is not subject to the contribution related to labour standards.

11.10 Payments from an RRSP, a VRSP, a PRPP or a RRIF

Source deductions of income tax

You must make source deductions of income tax on the following payments:

- single payments from an RRSP, a VRSP or a PRPP;
- payments from an RRSP that are not periodic annuity payments;
- periodic annuity payments from a VRSP or a PRPP;
- portion of payments made from a RRIF that exceeds the minimum amount.

Payment from an RRSP

Do not withhold income tax on **periodic annuity payments** from an RRSP. However, withhold income tax at a rate of 15% on:

- **single payments** from an RRSP;
- payments that are not periodic annuity payments; and
- single payments under a modified RRSP (plan that ceased to be registered as an RRSP before May 26, 1976).



For example, if you make a monthly periodic annuity payment of \$1,000 from an RRSP, you are not required to withhold income tax on the payment, but if you make a single payment of \$6,000 from an RRSP, you are required to withhold \$900 ($\$6,000 \times 15\%$) as income tax from the payment.

Payment from a VRSP or a PRPP

Use the usual method to withhold income tax on **periodic payments** from a VRSP or a PRPP. If you make a **single payment**, follow the instructions in section 11.11.

Payment from a RRIF

Use the usual method to withhold income tax from the portion of a **periodic payment** from a RRIF that exceeds the minimum amount.

In the case of a **single payment**, withhold 15% income tax on the portion of the payment that exceeds the minimum amount.

The portion of a payment from a RRIF that represents the minimum amount is not subject to source deductions of income tax, regardless of whether it is a periodic or a single payment.

Transfer of payments

You are not required to withhold income tax on single payments from an RRSP, a VRSP, a PRPP or a RRIF if the amounts are transferred **directly** to another plan (RRSP, VRSP, PRPP, RPP or RRIF) without being paid to the beneficiary. If only a portion of the payment is transferred directly to another plan, you must withhold income tax from the portion that is not transferred directly.

You are not required to withhold income tax from any of the following amounts from an RRSP:

- amounts withdrawn under the HBP, to a maximum of \$25,000;
- amounts withdrawn under the LLP, to a maximum of \$10,000 per year and \$20,000 for the LLP participation period;
- amounts you can reasonably consider to be a refund received for undeducted contributions previously made to an RRSP that the beneficiary can deduct in his or her income tax return.

11.11 Single payments

A single payment is a payment that is not part of a series of periodic payments. A single payment is generally a payment made to an individual only once in the year, in settlement of an amount to which the individual is entitled. For example, a retiring allowance is considered a single payment if the employer pays the allowance in one payment or in several annual payments.

Source deductions of income tax

If, at the time you pay an amount to an individual, you do not know whether you will be making other such payments to the individual **during the year**, withhold income tax at the rate of 15% or 20%, as applicable.

If you expect to make other such payments to the individual **during the year**, contact us to find out whether these payments can be considered single payments. If that is not the case, you must withhold income tax using the usual method.

Income tax rate on a single payment

If the single payment is \$5,000 or less, calculate the income tax to withhold at 15%. If the payment is more than \$5,000, calculate the income tax to withhold at 20%.



These rates apply to the following **single** payments:

- a retiring allowance (see section 11.11.1);
- certain payments made under an RESP (see section 11.11.2);
- a payment made under a pension plan, including a payment from a PRPP or a VRSP (see section 11.11.3):
 - upon the death, resignation or retirement of an employee or a former employee,
 - upon the winding-up of the plan, in full satisfaction of all the participant's rights in the plan, or
 - upon an amendment to the plan, where the amendment entitles the participant to receive the payment even if he or she continues to participate in the plan;
- a payment made under a DPSP, including a DPSP whose registration has been revoked (see section 11.11.3);
- a death benefit (see section 11.11.4);
- a payment made further to an order or a judgment, as salary or wages owed to an employee or a former employee, if a portion of the amount paid relates to a previous year;
- a payment made under a profit-sharing plan, in full satisfaction of all an employee's rights in the plan, if the payment must be included in the employee's income for the year in which the payment is received (otherwise, you do not have to withhold income tax on the payment);
- an amount paid as consideration for the surrender, cancellation or redemption of an income-averaging annuity contract;
- a payment made in the context of the closing of a farm income stabilization account under sections 45 and 46 of the Farm Income Stabilization Account program established under the *Act respecting the Financière agricole du Québec*.

You cannot use the formulas in the guide entitled *Formulas to Calculate Source Deductions and Contributions* (TP-1015.F-V) to calculate the source deduction of income tax on single payments. Follow the instructions in this section of the guide.

11.11.1 Retiring allowances

A retiring allowance (also called "severance pay") is an amount paid to an employee on:

- loss of employment; or
- retirement (in this case, the amount must be paid on or after retirement of the employee, in recognition of the employee's long service).

A retiring allowance can be an amount refunded for sick leave accumulated but not used before the employee's resignation or retirement, an amount paid for damages plus interest, or an indemnity in lieu of notice.

If the payment is \$5,000 or less, calculate the income tax to withhold at 15%. If the payment is more than \$5,000, calculate the income tax to withhold at 20%.

Transfer of payments

A retiring allowance can be transferred in whole or in part to an RPP or an RRSP, either by you at the time of payment, or by the employee or former employee during the taxation year or during the 60-day period following the end of the year. You are not required to withhold income tax from the portion of the retiring allowance that is transferred directly to an RPP or an RRSP and that can be deducted from the employee's or former employee's income. The deductible amount is the amount determined under the *Income Tax Act* (federal statute).



11.11.2 Payments from an RESP

You have to withhold 15% or 20% income tax on a payment made under an RESP, other than an educational assistance payment or a refund of contributions. You must also withhold a special tax of 8%.

You are not required to withhold income tax on the first \$50,000 if the following conditions are met:

- the payment from an RESP is an accumulated income payment that is made to one of the following persons:
 - a subscriber of an RESP,
 - an individual or public authority who, before the accumulated income payment, acquired from a public authority rights as sole subscriber of the plan, under a written agreement,
 - an individual who, before the accumulated income payment, acquired the subscriber's rights under the plan, pursuant to a decree, an order or a judgment of a competent tribunal, or under a written agreement relating to a partition of property between the individual and a subscriber of the plan in settlement of rights arising out of, or on the breakdown of their marriage, or de facto or civil union,
 - in the absence of such persons, a person who was the spouse of one of the above persons;
- the first \$50,000 was transferred to the RRSP of an annuitant who is either the beneficiary of the **accumulated income payment** or the beneficiary's spouse; and
- you have reasonable grounds to believe that the beneficiary of the **accumulated income payment** may deduct the amount transferred to the RRSP from his or her income for the year.

Example

You make an accumulated income payment of \$70,000 to a subscriber of an RESP, and \$50,000 of this amount is transferred to the subscriber's RRSP. You must calculate the income tax to withhold as follows:

Income tax on the single payment: $(\$70,000 - \$50,000) \times 20\%$		\$4,000
Special income tax: $\$20,000 \times 8\%$	+	\$1,600
Total income tax to withhold	=	\$5,600

Transfer of payments

You are not required to withhold income tax on a payment from an RESP if the amount is transferred directly to another plan (RRSP, RRIF, DPSP or RPP). If only a portion of the payment is transferred directly to such a plan, you must withhold income tax from the portion that is not transferred directly.

11.11.3 Pension payments

You do not have to withhold income tax on a single payment from an RPP or a DPSP that is transferred directly to another plan (RPP, DPSP, RRSP, VRSP, PRPP or RRIF) without being paid to the beneficiary. If only a portion of the payment is transferred directly to another plan, you must withhold income tax from the portion that is not transferred directly.

You are also not required to withhold income tax on a single payment from an RPP or another pension plan that is made to a person who resides outside Québec.



11.11.4 Death benefits

A death benefit is an amount that is paid to the heirs of a deceased employee, in recognition of services rendered by the employee. Such a benefit may be an amount refunded for sick leave accumulated but not used before the employee's death.

Source deductions of income tax

You must withhold 15% or 20% income tax on the taxable portion of a death benefit only if the benefit is paid in the year of death or the following year. The taxable portion of a death benefit is the amount of the benefit minus, where applicable, a maximum exemption of \$10,000. The beneficiary or beneficiaries of the benefit will generally be entitled to the exemption when they file their income tax return.

For other amounts paid after an employee's death, see section 12.11.

11.12 Tips

Source deductions of income tax, QPP contributions and other employer contributions

In calculating an employee's source deductions of income tax, QPP contributions, and the employer contribution to the health services fund and the contribution related to labour standards, you must add the following tips to the basic salary or wages:

- tips that result from tippable sales and that are reported to you by the employee during the pay period on the *Register and Statement of Tips* (TP-1019.4-V) or an equivalent document;
- tips that are unrelated to tippable sales (for example, tips the employee received as a hotel valet, porter, doorman or cloakroom attendant) and that are reported to you by the employee on the *Register and Statement of Tips* or an equivalent document;
- tips that, because they constitute service charges added to a customer's bill, are distributed to the employee for the pay period and do not have to be reported on the *Register and Statement of Tips* or an equivalent document;
- tips that you allocated to the employee for the pay period because the amount of tips reported was less than 8% of tippable sales (or was less than the percentage that we set further to a request for a reduction in the tip allocation rate).

QPIP premiums

In calculating an employee's eligible salary or wages under the QPIP, you must add the amounts of the following tips to the basic salary or wages:

- tips that result from tippable sales and that are reported to you by the employee during the pay period on form TP-1019.4-V or on an equivalent document;
- tips that are unrelated to tippable sales (for example, tips the employee received as a hotel valet, porter, doorman or cloakroom attendant) and that are reported to you by the employee on the *Register and Statement of Tips* or an equivalent document;
- tips that, because they constitute service charges added to a customer's bill, are distributed to the employee for the pay period and do not have to be reported on the *Register and Statement of Tips* or an equivalent document.

You are not required to add tips that you allocated to the employee for the pay period because the amount of tips reported was less than 8% of tippable sales (or was less than the percentage that we set further to a request for a reduction in the tip allocation rate). These tips are not subject to QPIP premiums.



IMPORTANT

When you cannot make all the source deductions because an employee's basic salary or wages (in cash) are insufficient, deduct amounts in the following order: Employment Insurance premium, federal income tax, QPP contribution, QPIP premium, union dues and Québec income tax.

If you are an employer in the restaurant and hotel sector, see the document *Tax Measures Respecting Tips* (IN-250-V) for more information about the reporting of tips, the tip-allocation mechanism and the refundable tax credit you may claim.

11.13 Wage loss replacement benefits

As a rule, the wage loss replacement benefits referred to in this guide are benefits paid in the following circumstances:

- They are paid to a beneficiary by an insurer under a wage loss replacement plan (health insurance, accident insurance, disability insurance or income insurance) to compensate for the loss of all or part of a beneficiary's employment income.
- The beneficiary is an employee of the employer that contributed to the insurance plan.

If you are not an insurer and you pay amounts to one of your employees to compensate for the loss of all or part of his or her employment income, these amounts are generally considered to be employment income. They are considered to be wage loss replacement benefits, however, if the plan is based on insurance principles, that is, if the funds are accumulated, usually in the hands of a trustee or in a trust account, and are sufficient to guarantee the payment of potential claims. For more information, refer to the current version of interpretation bulletin IMP. 43-1 on the Publications du Québec website or contact us.

Any amounts paid by a third party under an Administrative Services Only (ASO) contract that does not meet insurance principles are generally considered to be employment income.

Source deductions of income tax

Wage loss replacement benefits are subject to source deductions of income tax.

QPP contributions

Wage loss replacement benefits are not subject to employee and employer QPP contributions when paid by an insurer. All the same, wage loss replacement benefits constitute pensionable salary or wages for the beneficiary. Consequently, a beneficiary who has not already made the maximum QPP contribution for the year may make an optional QPP contribution on the benefits when filing his or her income tax return (line 445).

QPIP premiums

Wage loss replacement benefits are not subject to employee and employer QPIP premiums unless:

- the employer pays the benefits directly to an employee under a plan funded in part by the employer;
- an employee receives benefits from a third party under a plan funded in part by the employer and in respect of which the employer controls certain terms and conditions and determines, either directly or indirectly, eligibility for benefits.

Other employer contributions

Wage loss replacement benefits paid by an insurer are not subject to the employer contribution to the health services fund, the contribution related to labour standards or the contribution to the WSDRF.



11.14 Profit-sharing plans, employee trusts and employee benefit plans

Amount paid to a custodian or to a trustee

An amount that you pay to a custodian of an employee benefit plan or a trustee of a profit-sharing plan or an employee trust is not subject to source deductions of income tax or to employee and employer QPIP premiums. However, it is subject, at the time it is paid, to employee and employer QPP contributions, the employer contribution to the health services fund and the contribution related to labour standards.

Similarly, you must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

NOTE

If you pay an amount to a custodian or a trustee on behalf of an employee who reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec, and the employee **ordinarily** reports for work at one of your establishments located in Québec, the amount is subject to the employer contribution to the health services fund and the contribution related to labour standards. We consider that you must apply the same rule to employee and employer QPP contributions.

Similarly, you must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

Amount paid by a custodian or a trustee

As a rule, where a custodian or a trustee pays amounts to one of your current or former employees, the amounts are not subject to source deductions or employer contributions.

Exceptions

An amount paid by the custodian of an employee benefit plan is subject to source deductions of income tax, unless the amount is a return of an amount contributed by the employee to the plan.

An amount paid by the trustee of a profit-sharing plan (except an amount referred to in the following paragraph) is subject to employee and employer QPP contributions only if the amount can reasonably be attributed to an amount paid to the trustee before May 13, 1994.

A single payment made by the trustee of a profit-sharing plan in full satisfaction of all of an individual's rights in the plan is subject to a source deduction of income tax of 15% (if the payment is \$5,000 or less) or 20% (if the payment is more than \$5,000) to the extent that the payment must be included in the individual's income in the year it was received.

NOTES

- The amounts attributed by a trustee of an employee trust or paid by a custodian of an employee benefit plan must be reported on an RL-1 slip.
- The amounts attributed or paid by a trustee of a profit-sharing plan must be reported on an RL-25 slip.

11.15 Income-averaging annuity for artists

If you are a person authorized to offer an eligible income-averaging annuity and you pay an amount under such an annuity to a recognized artist, you must withhold income tax equal to **25.75%** on the amounts paid, and remit the amount to us within 30 days. If you fail to withhold an amount, or if you withhold less than 25.75% (for example, if you withhold 20% instead of 25.75%), you must pay us the difference yourself. However, you may recover the amount from the beneficiary.



Any amount you pay during the year from an eligible income-averaging annuity must be entered on the artist's RL-2 slip that you file.

Eligible income-averaging annuity

An income-averaging annuity established by agreement that meets the following requirements:

- The annuity is acquired through a single payment.
- The amounts provided for under the income-averaging annuity are paid in equal annual or more frequent periodic payments of sufficient amounts to ensure full payment of the annuity over no more than seven years from the date of the first payment.
- The first annuity payment is made no later than 10 months after the date of the single payment made to acquire the annuity.
- The artist is entitled to request full or partial commutation of the annuity at any time.
- The annuity can be paid only to the artist or, if that individual dies, to his or her succession or designated beneficiary, as the case may be.
- The artist's interest in the contract cannot be disposed of other than by the surrender or cancellation of the annuity by the authorized person, except in the case of the artist's death.
- The artist's interest in the contract cannot be pledged or transferred as security in any manner whatsoever.
- The contract complies with the standard contract previously approved by us.

Person authorized to offer an eligible income-averaging annuity

A person licensed or otherwise authorized under the laws of Québec or Canada to carry on an annuities business or offer trustee services in Québec, and who has been authorized by us to offer an eligible income-averaging annuity.

Recognized artist

An individual who is a professional artist within the meaning of the *Act respecting the professional status of artists in the visual arts, arts and crafts and literature, and their contracts with promoters* or an artist within the meaning of the *Act respecting the professional status and conditions of engagement of performing, recording and film artists*.

11.16 Income supplements

You must withhold 15% of the amount of an income supplement paid under a government work-incentive project other than the Return to Work Supplement sponsored by Emploi-Québec. For example, if you pay a supplement of \$200, you must withhold \$30 in income tax. However, do not withhold income tax on the portion of the supplement that relates to childcare expenses or tuition fees.

11.17 Disability assistance payments from an RDSP

If you make disability assistance payments to a beneficiary of an RDSP who is resident in Canada, you must withhold income tax at a rate of 15% from the portion of the payments that exceeds \$18,660 for the year.



12 SPECIAL CASES

12.1 Taxi drivers and hairdressers

An amount you pay to a taxi driver or a hairdresser who is your employee is subject to source deductions of income tax, employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards.

You must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

If you pay an amount to a taxi driver or a hairdresser who is self-employed, the amount is not subject to source deductions of income tax or employer contributions. As a rule, self-employed persons are responsible for paying certain contributions themselves, using the form *Instalment Payments Made by Individuals* (TPZ-1026.A-V).

12.2 Employees of employment agencies

An individual who works for you but is remunerated by an employment agency is considered an employee of the agency, even if a relationship of subordination exists between the individual and you.

It is therefore up to the employment agency to withhold amounts from the employee's remuneration and pay the related employer contributions.

If you have used the services of an employment agency that does not do business in Québec, you may be deemed to have paid the salary or wages of the employee. See section 12.10.

If an employment agency places a worker with you but does not have a contract with the worker, and there is no relationship of subordination between the worker and you, you are not required to make source deductions, or pay employer contributions. To determine whether a relationship of subordination exists between a worker and you, refer to the current version of interpretation bulletin RRQ. 1-1 on the Publications du Québec website. You can also refer to the document *Are You Self-Employed?* (IN-300-V), which is available on our website.

12.3 Foreign employees entitled to a five-year tax exemption

A person (hereinafter referred to as an "employee") who is not resident in Canada and who comes to Québec to work as a foreign researcher, a foreign expert, a foreign professor or a foreign researcher on a post-doctoral internship is entitled to a full or partial tax exemption for a continuous period of five calendar years. The exemption consists in a deduction in the calculation of taxable income.

An employee is entitled to only one five-year exemption period even if he or she holds more than one type of employment giving entitlement to the exemption.



Exemption rate applicable to foreign employees

The exemption rate is:

- 100%, if the employee is in the first two years of his or her five-year exemption period;
- 75%, if the employee is in the third year of his or her five-year exemption period;
- 50%, if the employee is in the fourth year of his or her five-year exemption period; and
- 25%, if the employee is in the fifth year of his or her five-year exemption period (if the employee works for a corporation that operates an IFC, the rate is 37.5% instead of 25%).

Requirements

Appendix 7 provides information on the requirements that an employee must meet to claim the tax exemption (tax deduction for foreign employees). It also provides information about the government body responsible for issuing the certificate or qualification certificate you must apply for. You have until the last day of February of the year following the year for which you are applying for a certificate or qualification certificate for the employee to apply. You must give the employee a copy of the certificate or qualification certificate.

Foreign employee who spends more than 182 days in Québec before taking up employment duties

A foreign employee who spends more than 182 days in Québec in a year is deemed to be resident in Québec throughout the year. However, this rule does not apply for the purposes of determining whether a foreign employee was resident in Canada immediately before taking up his or her employment duties.

For example, if a foreign employee was in Québec from March 1 to September 1 of a given year (a period of more than 182 days), and started to work on October 1 of that year, the employee is not deemed to have been resident in Québec since January 1 of that year. Consequently, the employee was not resident in Canada before taking up employment duties on October 1.

Source deductions of income tax

To calculate the remuneration subject to source deductions of income tax of a foreign employee who is entitled to a five-year tax exemption, you must subtract from the gross remuneration that you pay to the employee for a pay period the portion of the remuneration that gives entitlement to the deduction for foreign employees.

Proceed in this way only if the following conditions are met:

- You obtained a certificate or a qualification certificate with regard to the employee from the government body responsible for issuing the certificate or qualification certificate.
- The employee was not resident in Canada immediately before taking up, for the first time, employment that entitled him or her to a tax exemption, or immediately before entering into the contract relating to that employment (if the employee spent more than 182 days in Québec before taking up his or her employment duties, see below for information on this topic).
- The conditions of employment for the pay period are substantially the same as the conditions in effect at the time the certificate or qualification certificate was issued.

To calculate the portion of the remuneration that gives entitlement to the deduction for foreign employees, multiply the gross remuneration that you pay the employee for the pay period by a rate that varies depending (among other things) on the date on which the contract was entered into. Where only a portion of the gross remuneration that you pay an employee for a pay period was earned during the employee's exemption period, only that portion is exempted. You must withhold income tax, according to the usual method, from the portion of the remuneration **that is not related** to the employee's exemption period.



NOTE

If you grant the employee a taxable benefit because the employee acquired a share under a stock option or disposed of such a share, the value of the benefit may give entitlement to the exemption in question, even if the employee receives the benefit for a period in which he or she is no longer entitled to the exemption. As a rule, this applies if the stock option was awarded or granted during a period in which the employee was entitled to the exemption. Contact us for more information.

Employer contribution to the health services fund

All of the salaries and wages paid to foreign employees claiming a five-year exemption are subject to the employer contribution to the health services fund. However, under certain conditions, an employer that is a corporation or a partnership that operates a business carrying out a large investment project in Québec may claim a total or partial exemption from the contribution.

For more information, see section 8.2.

QPP contributions, QPIP premiums and other contributions

All of the salaries and wages paid to foreign employees entitled to a five-year exemption are subject to QPP contributions, QPIP premiums and the contribution related to labour standards.

Similarly, you must include **all** of the salaries and wages in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

12.4 Employees outside Québec

12.4.1 Employee who reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec

If an employee reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec, the rules below apply.

Salary or wages related to a regular pay period

An employee's salary or wages related to a regular pay period are subject to employee and employer QPIP premiums (see the information regarding the employer QPIP premium below), to the employer contribution to the health services fund and to the contribution related to labour standards, unless, during this period, the employee reports **primarily** to one of your establishments located outside Québec. We consider that the same rule applies to source deductions of income tax and to employee and employer QPP contributions.

Similarly, you must include the salary or wages in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

Salary or wages not related to a regular pay period

Gratuities, retroactive payments, vacation pay and any other amounts paid to an employee that are not related to a regular pay period are subject to employee and employer QPIP premiums (see the information regarding the employer QPIP premium below), to the employer contribution to the health services fund and to the contribution related to labour standards only if the employee **ordinarily** reports to one of your establishments located in Québec. We consider that the same rule applies to source deductions of income tax and to employee and employer QPP contributions.

Similarly, you must include these amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.



Amount you pay to a custodian or to a trustee

If you pay an amount to a custodian or to a trustee on behalf of an employee who **ordinarily** reports for work at one of your establishments located in Québec but also reports for work at one of your establishments located outside Québec, this amount is subject to the employer contribution to the health services fund and the contribution related to labour standards. We consider that the same rule applies to employee and employer QPP contributions.

Similarly, you must include this amount in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

Employer QPIP premium

If the employee reports for work at one of your establishments located in Québec and at one of your establishments located outside Québec, or if the employee is not required to report for work at any of your establishments (located in Québec or elsewhere), but receives pay from **both** one of your establishments located in Québec and one of your establishments located outside Québec, you may take into account the parental portion of the **employer premium** you paid (under the Employment Insurance plan or a plan like the QPIP) with respect to the employee's salary or wages paid by one of your establishments located outside Québec. For more information, see section 7.6.3.

12.4.2 Employee who reports for work only at one of your establishments located outside Québec or who are paid from one of your establishments located outside Québec

As a rule, you are not required to make source deductions or pay employer contributions on amounts that you pay to an employee who:

- reports for work **only** at one of your establishments located **outside Québec**, or
- is not required to report for work at one of your establishments (located in Québec or elsewhere) and is **paid from one of your establishments located outside Québec**.

Employer QPIP premiums and other employer contributions

However, even if an employee is not required to report for work at any of your establishments (located in Québec or elsewhere) and is **paid from one of your establishments located outside Québec**, the amounts the employee is paid for a given pay period may still be subject to QPIP premiums, the contribution to the health services fund and the contribution related to labour standards **if**, for that pay period, the employee can reasonably be considered to be an employee of one of your establishments located in Québec.

Similarly, you must include these amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

To determine whether an individual is an employee of one of your establishments located in Québec, we take into consideration criteria such as:

- the location where the employee mainly reports for work;
- the employee's principal place of residence;
- the location where the employee primarily performs his or her duties;
- the establishment from which the employee's work is supervised;
- the nature of the employee's duties.



12.4.3. Employee who reports for work only at one of your establishments located outside Canada or who are paid from one of your establishments located outside Canada

If an employee reports for work **only** at one of your establishments located **outside Canada** or is **paid from one of your establishments located outside Canada**, special rules may apply with respect to QPP contributions, QPIP premiums and the employer contribution to the health services fund.

QPP contributions

Remuneration paid to an employee who reports for work only at one of your establishments located outside Canada is not subject to employee or employer QPP contributions, except in the following cases:

- The remuneration is paid from one of your establishments located in Québec, **and** you have entered into an agreement with Retraite Québec respecting work performed outside Canada by employees who were resident in Québec at the time of their posting to a foreign country (see the note below).
- The work is performed in a country that has signed a social security agreement with Québec, by employees who were resident in Québec at the time of their posting to a foreign country (see section 6.6.8).

NOTE

Contact us if the remuneration is paid from one of your establishments located in Québec, but you have not entered into an agreement with Retraite Québec respecting work performed outside Canada by employees who were resident in Québec at the time of their posting to a foreign country.

QPIP premiums

You may be required to withhold and pay QPIP premiums on an employee's eligible salary or wages if the employee was **resident in Québec at the end of the year** and, for the pay period concerned:

- you have an establishment in Québec;
- the employee reports for work **only** to one of your establishments located **outside Canada** or the employee is not required to report for work at any of your establishments (located in Québec or elsewhere) and is paid from one of your establishments located outside Canada;
- the employee is not subject to a premium under a prescribed plan;
- the employee's remuneration is not subject to Employment Insurance premiums.

Employer contribution to the health services fund

If you posted an employee to a country that has a social security agreement with Québec providing for reciprocal coverage of health insurance plans, you must pay the employer contribution to the health services fund on the salary or wages paid to the employee even if the salary or wages are paid from your establishment located outside Canada or by a person other than you (see section 8.1).

12.4.4 Non-resident employee who has been recruited from outside Canada

If an employee is not required to report for work at one of your establishments (located in Québec or elsewhere), and the employee has been recruited from a country that does not have a social security agreement with the Québec government, the employee's salary or wages are subject to employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards if the salary or wages are paid from one of your establishments located in Québec.

You must include the salary or wages in your total payroll used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your employer contribution to the WSDRF.



12.5 Indian employees

This section is for all employers (regardless of whether they are Indians) that have an employee who is an Indian. See the definitions in section 12.5.3.

12.5.1 Salary or wages from employment duties performed partly or entirely on a reserve or premises

Source deductions of income tax

If an Indian performs his or her employment duties partly or entirely on a reserve or premises, you are not required to withhold income tax from the **employment income** (or portion thereof) that gives entitlement to the deduction for employment income situated on a reserve or premises.

If the conditions given in the following table are met, **all** of the employment income earned by an Indian gives entitlement to the deduction. If the conditions are not met, only the **portion** of the income attributable to the employment duties performed on the reserve or premises gives entitlement to the deduction.

Description of employment	Conditions that must be met for all the employment income to give entitlement to the deduction
At least 90% of the employment duties are performed on a reserve or premises.	None
More than 50% (but less than 90%) of the employment duties are performed on a reserve or premises.	At least one of the following conditions must be met: <ul style="list-style-type: none">the Indian lives on a reserve;the employer manages and administers the business on a reserve or premises.
More than 50% of the employment duties are performed outside a reserve or premises.	The following two conditions must be met: <ul style="list-style-type: none">the Indian lives on a reserve;the employer manages and administers the business on a reserve or premises.

Example

An employer that manages and administers a business on a reserve pays an Indian employee a gross salary of \$500 per week. 40% of the employee's duties are performed on the reserve and 60% are performed outside the reserve. The employee does not live on a reserve.

In this case, the conditions for all the employment income to give entitlement to the deduction have not been met. If more than 50% of the employment duties are performed outside a reserve or premises, the Indian must live on a reserve for the full amount of employment income to be deducted in the calculation of his or her taxable income. Consequently, only the portion of the income attributable to the duties performed on the reserve, that is, \$200 (40% of \$500), is considered to be employment income situated on a reserve or premises and therefore gives entitlement to the deduction.

Consequently, the employer must withhold income tax from the portion of the income attributable to the duties performed outside the reserve, that is, \$300 (60% of \$500).

If the same employee had lived on a reserve, the employer would not have been required to withhold income tax, because the conditions would have been met and the full amount of the income (\$500) would have given entitlement to the deduction.



QPP contributions

You are not required to withhold or pay QPP contributions with respect to the employment income of an Indian who is entitled to the deduction for employment income situated on a reserve or premises, unless you have made an irrevocable election on form RR-2-V, *Election to Participate in the Québec Pension Plan: Indian Employees Whose Employment Is Exempted by Reason of a Tax Exemption*, to have all of your Indian employees who reside in Canada and whose work in Québec is excluded from the QPP because of a tax exemption participate in the QPP.

QPIP premiums

All of the salary or wages paid to an Indian are subject to employee and employer QPIP premiums, even if the salary or wages are employment income that gives entitlement to the deduction for employment income situated on a reserve or premises.

This is the case for all employers, regardless of whether the employer is an Indian, an Indian band, a band council or an Indian organization.

Other employer contributions

Indian employer

Special rules apply to an employer that is an Indian, an Indian band, a band council or an Indian organization. See section 12.6.

Other employers

All of the salary or wages paid to an Indian are subject to the employer contribution to the health services fund and the contribution related to labour standards, even if the salary or wages are employment income that gives entitlement to the deduction for employment income situated on a reserve or premises.

Similarly, you must include all of the salary or wages paid to an Indian in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

Special rule regarding source deductions of income tax and QPP contributions

If you are an employer that is an Indian band, a band council or an Indian organization controlled by one or more similar bands or band councils and exclusively devoted to the social, cultural, educational or economic development of Indians who, for the most part, live on reserves, you do not have to withhold income tax or withhold and pay QPP contributions if the following conditions are met:

- You manage and administer the business on a reserve or premises.
- The Indian's employment duties are part of your non-commercial activities which are intended for the well-being of the Indians who live on the reserve.

12.5.2 Other income attributable to employment duties performed partly or entirely on a reserve or premises

As a rule, you are not required to withhold income tax from amounts you pay to an Indian if the amounts are from employment income that gives entitlement to the deduction for employment income situated on a reserve or premises. Such an amount may be:

- a benefit paid under the *Employment Insurance Act* (federal statute) or the *Act respecting parental insurance*;
- a benefit paid under the *Act respecting the Québec Pension Plan* or under an equivalent plan, within the meaning of the Act;
- a retiring allowance;
- a benefit paid under an RPP;
- a benefit paid under a wage loss replacement plan to which the beneficiary's employer contributed.



Where only a portion of the employment income gives entitlement to the deduction (as in the example in section 12.5.1), only an equivalent portion of the amounts referred to in the preceding paragraph also gives entitlement to the deduction in the calculation of the taxable income of the Indian. Consequently, you are not required to withhold income tax from the portion of the amount that gives entitlement to the deduction.

12.5.3 Definitions that apply to Indians¹

Dwelling

A house, an apartment or a similar place of residence in which a person ordinarily eats and sleeps and which is equipped with a kitchen and bathroom facilities.

A hotel room or room in a boarding house is not a dwelling.

Indian

An individual who is an Indian within the meaning of the *Indian Act* (federal statute), that is, an individual who is registered as an Indian with Indigenous and Northern Affairs Canada or who is entitled to be so registered.

Indian employer

An employer who is an Indian within the meaning of the *Indian Act* (federal statute), that is, an individual who is registered as an Indian with Indigenous and Northern Affairs Canada or who is entitled to be so registered.

A corporation whose shareholders are Indians cannot be considered an Indian employer because a corporation is a legal person, not an individual.

Indian who lives on a reserve

An Indian who lives in a dwelling situated on a reserve, if the dwelling is his or her principal place of residence and the centre of his or her daily routine.

Premises

A place in Québec used exclusively for negotiations between the Québec government and an agency representing Indians of Québec and so designated by the government.

Reserve

A territory reserved for Indians that is:

- a reserve within the meaning of subsection 2(1) of the *Indian Act* (federal statute);
- category IA or IA-N land within the meaning of the *Cree-Naskapi (of Quebec) Act* (federal statute);
- the Indian settlements of Hunter's Point, Kitcisakik (Grand-Lac-Victoria) and Pakuashipi (Saint-Augustin);
- an Indian settlement;²
- Sechelt lands within the meaning of the *Sechelt Indian Band Self-Government Act* (federal statute).

1 Contact us for definitions of the terms "Indian band" and "band council."

2 Within the meaning of section 2 of the *Indians and Bands on Certain Indian Settlements Remission Order*, made by Order in Council P.C. 1992-1052 of May 14, 1992, as amended by Order in Council P.C. 1994-2096 dated December 14, 1994, under the *Financial Administration Act*, or of section 1 of the *Indians and Bands on Certain Indian Settlements Remission Order* (1997), made by Order in Council P.C. 1997-1529 dated October 23, 1997, under that Act.



12.6 Indian employer

This section provides information intended for Indian employers. If you have one or more employees who are Indians, see section 12.5.

NOTE

Section 12.5.3 contains definitions of the terms relating to Indian employers and employees who are Indians.

Source deductions of income tax and QPP contributions

The rules concerning source deductions of income tax and QPP contributions apply to all employers, including Indian employers. If you have an employee who is an Indian, the rules given in sections 12.5.1 and 12.5.2 apply to you.

However, if you are an employer that is an Indian band, a band council or an Indian organization controlled by one or more similar bands or band councils and exclusively devoted to the social, cultural, educational or economic development of Indians who, for the most part, live on reserves, you do not have to withhold income tax or withhold and pay QPP contributions if the following conditions are met:

- You manage and administer the business on a reserve or premises.
- The Indian's employment duties are part of your non-commercial activities which are intended for the well-being of the Indians who live on the reserve.

QPIP premiums

As in the case of Employment Insurance premiums, Indian employers, Indian bands and band councils are subject to QPIP premiums just like any other employer.

Employer contribution to the health services fund

If you are an employer that is an Indian, an Indian band or a band council, you are not required to pay the contribution to the health services fund respecting the salaries or wages that you pay to your employees from an establishment located on a reserve. This is the case regardless of whether the employees are Indians.

Moreover, no contribution to the health services fund is required with respect to salaries or wages that are reasonably attributable to the non-commercial activities of an Indian organization resident on a reserve and dedicated to the well-being of Indians who live on a reserve. One of the purposes of the organization must be the social, cultural, educational or economic development of Indians who live on a reserve, and the organization must fall within the jurisdiction of one or more bands or of one or more band councils representing one or more bands.

In all other cases, the employer must pay the contribution to the health services fund, even if the employer is an Indian, an Indian band, a band council or an Indian organization.

Contribution related to labour standards

All employers, including Indian employers, are subject to the contribution related to labour standards.

If you are an employer that is an Indian band or a band council, you are not subject to the contribution related to labour standards with respect to activities of the Indian band or band council that relate to their "Indianness," within the scope of the powers conferred on the bands and band councils by Canadian legislation, under the *Indian Act* and the *Cree-Naskapi (of Quebec) Act*, with respect to band administration.



Contribution to the WSDRF

If you are an employer that is an Indian, an Indian band or a band council, you are not required to include the salaries or wages that you pay to your employees from an establishment located on a reserve in your total payroll used to calculate your participation in workforce skills development and, if applicable, your contribution to the WSDRF. This is the case regardless of whether the employees are Indians.

In all other cases, the employer must participate in workforce skills development if the total payroll is over \$2 million for the year, even if the employer is an Indian, an Indian band or a band council.

12.7 Sailors

If you are an eligible shipowner and you employ a sailor who is **resident in Québec during the year**, and for whom you obtained a certificate from the Ministère des Transports, you are not required to withhold income tax from the **portion of the sailor's gross remuneration that gives entitlement to a deduction for employment income earned on a vessel** (that is, 75% of the remuneration).

If, for a pay period, the conditions of the sailor's employment are not the same as at the time you obtained the certificate, you must withhold income tax from the full amount of the sailor's gross remuneration for the period.

The remuneration paid to a sailor is subject to employee and employer QPP contributions, employee and employer QPIP premiums, the employer contribution to the health services fund and the contribution related to labour standards.

Similarly, you must include the remuneration in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

NOTE

If you grant the employee a taxable benefit because the employee acquired a share under a stock option or disposed of such a share, the value of the benefit may give entitlement to the deduction in question, even if the employee receives the benefit for a period in which he or she is no longer entitled to the deduction. As a rule, this applies if the stock option was awarded or granted during a period in which the employee was entitled to the deduction. Contact us for more information.

Eligible shipowner

A shipowner that is:

- a person resident in Canada;
- a corporation that is a foreign affiliate of a person resident in Canada; or
- a partnership, where more than 10% of the fair market value of the interests in the partnership is attributable to interests belonging to its members resident in Canada (including members that are corporations controlled by persons resident in Canada).

12.8 Canadian Forces personnel and police officers

Canadian Forces personnel and police officers who earn employment income while deployed on a mission abroad can claim a deduction on that income, regardless of the risk score associated with the mission.

To calculate such an employee's remuneration subject to source deductions of income tax, you must subtract from the employee's gross remuneration for a pay period the **portion of the remuneration that gives entitlement to the deduction in question**.



The deduction is equal to the lesser of the following amounts:

- the gross remuneration attributable to the mission abroad **minus** the contribution (pertaining to the remuneration) that the employee paid to an RPP;
- the maximum remuneration a Lieutenant-Colonel of the Canadian Forces can receive during the mission.

Once the total of the amounts that you subtracted in the year for purposes of the deduction is equal to the maximum remuneration a Lieutenant-Colonel of the Canadian Forces can receive during the mission, you must stop reducing the employee's remuneration because the excess amount does not give entitlement to the deduction.

Example

You pay the employee \$500 in salary or wages (all of which relates to a mission abroad) and you withhold \$50 as a contribution to an RPP. The portion of the remuneration that gives entitlement to the deduction is \$450 (\$500 – \$50).

12.9 Foreign producers or foreign individuals holding a key position in a foreign production filmed in Québec

You are not required to withhold income tax from the portion of the gross remuneration that you pay to a foreign producer or a foreign individual holding a decision-making or key position in a foreign production filmed in Québec who holds an eligibility certificate issued by SODEC.

If a portion of the producer's or individual's remuneration is not related to such a film production, you must withhold income tax, according to the usual method, from that portion of the remuneration.

If the producer or individual performs services for you other than in the course of regular and continuous employment, see section 12.12.3.

12.10 Employees of an employer that does not carry on business in Québec

If you have an establishment in Québec, and an individual who is not your employee (but an employee of an employer that does not have an establishment in Québec) performs services for you in Québec, you may be deemed to have paid the employee's salary or wages if the following conditions are met:

- The employee reports for work at one of your establishments located in Québec.
- The service is performed as part of the employee's ordinary duties with his or her employer, in the course of your regular and ongoing activities.
- The service is of the same nature as services performed by employees of employers that carry on the same type of business as you.

If all these conditions are met, you must take into account the employee's salary or wages in calculating employee and employer QPIP premiums, your contribution to the health services fund and your contribution related to labour standards. You must also include the salary or wages in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF. However, the salary or wages are not subject to source deductions of income tax or to QPP contributions.



Exception

If you can show that you did not use the services of such an employee in order to reduce your employer QPIP premiums, your employer contributions to the health services fund and to the WSDRF, and your contribution related to labour standards, you have no source deductions or contributions to make on the employee's salary or wages.

12.11 Deceased employee

Any amounts owed to an employee for the year that are paid after the employee's death are subject to source deductions of income tax, employee and employer QPP contributions, the employer contribution to the health services fund and the contribution related to labour standards as they would have been before the employee's death. Such amounts are not subject to employer and employee QPIP premiums.

You must include the amounts in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

Such amounts could be amounts for accumulated vacation at the time of death or retroactive payments under a collective agreement signed **before** the employee's death.

However, if the payment of such an amount was **unforeseeable** at the time of the employee's death, it will not be subject to source deductions and employer contributions. This applies, for example, to a lump sum paid under a collective agreement signed **after** the employee's death.

NOTE

An amount paid for accumulated sick leave is considered a **death benefit** and is therefore subject only to source deductions of income tax. Income tax is withheld at a rate of 15% or 20%, as applicable (see section 11.11.4).

12.12 Person not resident in Québec

12.12.1 Salary or wages

You must make source deductions and pay employer contributions with respect to the salary or wages paid to an employee who is not resident in Québec if one of the conditions in column B of the table in section 4.1 is met. There may be special requirements.

If you make a payment, other than in the course of regular and continuous employment, to a person (including a corporation) **not resident in Canada** for services the person performed for you in Québec, see section 12.12.3.

Source deductions of income tax

You are not required to withhold income tax from the salary or wages (or a portion thereof) that you pay to any of the following:

- a foreign employee who is entitled to a five-year tax exemption (see section 12.3);
- a foreign producer or a foreign individual holding a key position in a foreign production filmed in Québec (see section 12.9);
- a foreign farm worker (see section 12.13);
- a foreign employee who filed the *Application for a Reduction in Source Deductions of Income Tax* (form TP-1016-V) and for whom we have given you authorization not to withhold income tax under a tax treaty or agreement between Québec and the employee's country of origin;



- an employee of an international organization, of the government of a foreign country or of the office of a political division of a foreign state, if the employee's income is non-taxable or exempt from income tax under a regulation;
- a foreign employee who does not hold employment in Canada, unless:
 - the employee's salary or wages are reasonably attributable to employment duties that are or will be performed in Québec,
 - the employee ceased to be resident in Québec in the year or in a previous year (in which case you are not required to withhold income tax **if** the salary or wages are subject to income tax in a country other than Canada **or if** the salary or wages are paid with respect to the sale of goods, the negotiation of contracts or the provision of services for you, one of your foreign affiliates or another person with whom you are not dealing at arm's length, in the course of a business carried on by you, the foreign affiliate or that other person).

QPP contributions and the employer contribution to the health services fund

If a foreign employee whose country of origin has a social security agreement with Québec is temporarily posted to Québec, the employee's salary or wages are generally not subject to:

- employee and employer QPP contributions (see section 6.6.8);
- the employer contribution to the health services fund (see section 8.1).

QPIP premiums

As a rule, an employee who is not resident in Québec at the end of the year is not required to pay QPIP premiums. Nevertheless, if you pay eligible salary or wages to an employee who is not resident in Québec, you must withhold and pay QPIP premiums on the salary or wages if one of the conditions in column B of the table in section 4.1 is met. There may be special requirements.

In addition, under the *Taxation Act*, an individual who is not resident in Québec but who spends more than 182 days in Québec in a year is deemed to be resident in Québec for the entire year. However, this rule does not apply for the purposes of the *Act respecting parental insurance*. Therefore, since the individual is not considered to be resident in Québec, he or she is not required to pay QPIP premiums. Nevertheless, if you pay such an employee eligible salary or wages, you must withhold and pay QPIP premiums. If the employee is not resident in Québec at the end of the year and his or her income is also subject to Employment Insurance, the employee may receive a refund of the excess contributions when filing his or her federal income tax return.

12.12.2 Payments other than salary or wages

You are not required to withhold income tax from an amount other than salary or wages (for example, a pension benefit paid in one or more instalments) if you pay the amount to a beneficiary who is not resident in Québec at the time of the payment.

12.12.3 Payments made to persons not resident in Canada that perform services for you in Québec

If you make a payment, other than in the course of regular and continuous employment, to a person (including a corporation) that is not resident in Canada for services the person performed for you in Québec, you must withhold 9% income tax from the payment.

Do not withhold 9% income tax from payments made:

- to a person in the course of regular and continuous employment;
- to a non-resident corporation that is authorized to operate a business in Canada under the *Insurance Companies Act*;
- to an authorized foreign bank for its Canadian banking business.



You must remit the income tax withheld from this payment no later than the 15th day of the month following the month in which the payment was made, if your remittance frequency is monthly, twice-monthly or weekly. If your remittance frequency is quarterly or annual, then your usual payment deadline applies.

If the person performing the services for you in Québec is an individual who holds a certificate from SODEC attesting that he or she works during the year as a foreign producer or as a foreign individual holding a decision-making or key position in a foreign production filmed in Québec and recognized by SODEC, you are not required to withhold income tax from the amounts (including salary or wages) that you pay to him or her with regard to the film production.

If you are required to withhold 9% income tax from a payment but fail to do so, you become a debtor of the State for the total amount that should have been withheld and you are liable to a penalty equal to 15% of that amount. However, you may recover the **amount that should have been withheld** from the person that received the payment, either by bringing an action in a court of competent jurisdiction or by deducting an **equivalent amount** from any amount that you are required to pay or credit to the person.

If the person to whom you make a payment is an employee, the payment may be subject to employee and employer QPP contributions and QPIP premiums. The payment may also be subject to the employer contribution to the health services fund.

12.13 Foreign farm workers

Source deductions of income tax

As a rule, a foreign farm worker who does not, in fact, reside in Canada and who has a valid work permit exclusively for seasonal farm work issued by the Canadian immigration authorities under a recognized federal program can claim a deduction in respect of income from such work.

Recognized federal programs

- Seasonal Agricultural Workers Program
- Agriculture Stream

If you employ such a worker, you do not have to withhold income tax on the gross remuneration you pay the worker, provided he or she meets both the following requirements:

- The worker obtained, under the Temporary Foreign Worker Program administered by the federal government, form TD1, *Personal Tax Credits Return*, duly certified by a designated government official by means of an official stamp affixed to the form.
- The worker's estimated income for the year from all sources is less than \$30,538.

If the worker does not meet these requirements, you must use deduction code "0" to withhold income tax from a portion of the gross remuneration you pay the worker.

To calculate the remuneration subject to source deductions of income tax for such an employee, you must subtract from the gross remuneration you pay the worker for a pay period the portion of the remuneration that gives entitlement to the deduction for foreign farm workers.



To calculate the portion of the remuneration that gives entitlement to the deduction, you must first subtract from the gross remuneration that you pay to the worker for a pay period certain expenses that the worker is required to assume in carrying out his or her work duties for the pay period (for example, expenses for supplies used directly by the worker in carrying out his or her duties, such as work gloves or a hatchet). Then multiply the result by 50%. The amount thus determined is the portion of the worker's remuneration that gives entitlement to the deduction.

NOTE

Foreign farm workers are not required to file the *Source Deductions Return* (form TP-1015.3-V).

QPP contributions, QPIP premiums and other employer contributions

All of the salaries or wages paid to foreign farm workers entitled to a deduction in the calculation of their taxable income are subject to employee and employer QPP contributions, employee and employer QPIP premiums, the contribution to the health services fund and the contribution related to labour standards. The total of such remuneration must also be included in your **total payroll** used to calculate your health services contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

12.14 Emergency services volunteer

Financial compensation that does not exceed \$1,170 is tax-exempt if it is paid by a government, municipality or other public authority to a person who is:

- a volunteer firefighter;
- a volunteer ambulance technician; or
- a volunteer assisting in the search and rescue of individuals or in other emergency operations.

Exception

However, an exemption does not apply if, during the year, the volunteer worked for the same organization that paid the financial compensation and he or she carried out duties that were similar or identical to those performed as a volunteer. For example, an exemption cannot be claimed by a volunteer firefighter who works for a municipality if he or she also has full-time or part-time employment with the municipality as a firefighter (whether the employment is permanent or the person has temporary employment as a replacement for a firefighter).

Source deductions of income tax

If the individual meets the above-mentioned requirements, only the portion of the financial compensation that exceeds \$1,170 is subject to source deductions of income tax. Otherwise, the entire financial compensation is subject to source deductions of income tax.

QPP contributions

If the volunteer meets the above-mentioned requirements, only the portion of the financial compensation that exceeds \$1,170 is subject to employer and employee QPP contributions. Otherwise, the entire financial compensation is subject to employer and employee QPP contributions.

However, if the volunteer participates in a rescue operation and is not regularly employed by the employer, the work is considered to be excepted employment, and none of the amounts paid to the volunteer (including financial compensation) are subject to employer and employee QPP contributions.



QPIP premiums

All of the amounts paid to an emergency services volunteer (including financial compensation) are subject to employer and employee QPIP premiums.

However, if the volunteer participates in a rescue operation and is not regularly employed by the employer and is employed for fewer than seven days in the year, the work is considered to be excepted employment, and none of the amounts paid to the volunteer (including financial compensation) are subject to employer and employee QPIP premiums.

Other employer contributions

If the volunteer meets the above-mentioned requirements, only the portion of the financial compensation that exceeds \$1,170 is subject to the contribution to the health services fund. You must therefore include this portion in your **total payroll** used to calculate your health services fund contribution rate, your participation in workforce skills development and, if applicable, your contribution to the WSDRF.

However, that portion is not subject to the contribution related to labour standards.

IMPORTANT

If a volunteer elects to claim either the non-refundable tax credit for volunteer firefighters or the non-refundable tax credit for volunteers participating in search and rescue activities in his or her income tax return, the volunteer must include in his or her employment income the entire amount he or she was paid (including the financial compensation). Despite this, the financial compensation is not subject to source deductions of income tax, QPP contributions, the contribution to the health services fund, the contribution related to labour standards, and, where applicable, the contribution to the WSDRF.

12.15 Employee who is a student

You must make source deductions and pay employer contributions on the amounts you pay to an employee who is a student as you would for any other employee if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table.) In certain situations, you may have to take into account the special rules below.

NOTE

An employee's age does not affect source deductions of income tax, QPIP premiums, the contribution to the health services fund, the contribution related to labour standards and, if applicable, the contribution to the WSDRF.

Source deductions of income tax

Do not make source deductions of Québec income tax on an employee's employment income if the employee requests to be exempted from source deductions by checking box 20 on form TP-1015.3-V, *Source Deductions Return*, because the employee estimates that the total income from all sources for the year will not exceed the total of the following amounts:

- the amount entered on line 10 of form TP-1015.3-V; and
- the amount entered on line 19 of form TP-1015.3-V.

This exemption applies only to the year of the request.

IMPORTANT

Such an exemption only applies to employment income. Do not take such an exemption into account if you pay remuneration as a payer.

QPP contributions

If your employee is under 18 years of age, you do not have to withhold or remit QPP contributions. If your employee turns 18 during the year, see section 6.6.1.



13 REMITTING SOURCE DEDUCTIONS AND EMPLOYER CONTRIBUTIONS

Source deductions of Québec income tax, QPP contributions and QPIP premiums must be remitted **periodically** to us, along with your employer QPP contributions, QPIP premiums and contributions to the health services fund. You must also remit your contribution related to labour standards and, where applicable, your contribution to the WSDRF **once a year**.

IMPORTANT

If you stop making remittances of source deductions and employer contributions because you stop operating your business or no longer have employees, see section 13.8.

Source deductions and employer contributions	Due date
<ul style="list-style-type: none">• Source deductions• QPP contribution• QPIP premium• Contribution to the health services fund¹	According to your remittance frequency for the year (see section 13.4)
<ul style="list-style-type: none">• Contribution related to labour standards• Contribution to the WSDRF	The last day of February of the following year
<p>1. The contribution to the health services fund that you are required to pay periodically is calculated on the basis of an estimated contribution rate, unless you are a public-sector employer. At the end of the year, you must determine your actual contribution rate. Any balance payable resulting from the difference between your actual contribution rate and your estimated contribution rate must be paid by the last day of February of the following year.</p>	

13.1 You start making remittances

New employer

If you are a new employer, you may make your remittances on a quarterly basis as of the month in which you become a new employer, provided:

- the total of your source deductions and employer contributions for each month is less than \$1,000; and
- you fulfill all your fiscal obligations.

You can remit the source deductions and employer contributions on a quarterly basis as long as you meet the above conditions. Otherwise, we consider that you must make your remittances according to the rules regarding the frequency of remittances that are in effect.



First remittance

If you are remitting source deductions and your employer contributions for the first time, and you do not have a remittance form, please send us a cheque or money order made payable to the Minister of Revenue of Québec, along with a letter that includes:

- your name and address;
- the period covered by your remittance;
- the amount of income tax withheld, QPP contributions, QPIP premiums and your contribution to the health services fund;
- your identification number, if you have one;
- your Québec enterprise number (NEQ), if you have one.

Even if you do not have an identification number, send us your remittance. We will open an account in your name and send you the form to use for your next remittance.

Our contact information is given at the end of this guide.

Registering for our files and obtaining an identification number

All new employers must register for our files to obtain an identification number. For more information, see section 3.3. Section 3.3 also provides information about your obligations.

13.2 Frequency of remittances

For 2019, you may make your remittances:

- annually, if the total of your source deductions and employer contributions for 2018 did not exceed \$2,400 or we estimate that to be the case for 2019;
- quarterly, if, as the case may be:
 - your **average monthly remittance** for 2017 or 2018 did not exceed \$3,000 and you have fulfilled your fiscal obligations over the last 12 months,
 - you are a new employer and the total of your source deductions and employer contributions each month is less than \$1,000 and you fulfill all your fiscal obligations.

If you do not meet the aforementioned conditions, you must make your remittances:

- monthly, if your **average monthly remittance** for 2017 was less than \$25,000;
- twice-monthly, if your **average monthly remittance** for 2017 was at least \$25,000 but less than \$100,000;
- weekly, if your **average monthly remittance** for 2017 was \$100,000 or more.

Determination of your remittance frequency

You must determine your remittance frequency yourself. To make your task easier, we estimate, at the end of each year, the frequency at which you must remit source deductions and employer contributions for the following year. We then notify you of any change to your frequency. We may choose a remittance frequency that is to your advantage, determined on the basis of your **average monthly remittance** for 2018.

We will review your file based on the data available to us. If we are missing certain information, you may be assigned a remittance frequency that is different from the one that should be assigned to you. If this happens, contact us and request our authorization to make remittances at the frequency applicable to your situation.



Changing your remittance frequency

If your remittance frequency is **annual or quarterly** in 2019, you may request to increase the frequency of your remittances and make them:

- monthly, in all cases;
- twice-monthly, if your **average monthly remittance** for 2017 was at least \$25,000 but less than \$100,000;
- weekly, if your **average monthly remittance** for 2017 was \$100,000 or more.

If your remittance frequency is annual in 2019, you may also request to make quarterly remittances if your **average monthly remittance** for 2017 or 2018 did not exceed \$3,000 and you have fulfilled your fiscal obligations over the last 12 months.

If your remittance frequency is **twice-monthly or weekly** in 2019, you may request to reduce the frequency of your remittances and make them:

- quarterly, if your **average monthly remittance** for 2018 did not exceed \$3,000 and you have fulfilled your fiscal obligations over the last 12 months.
- monthly, if your **average monthly remittance** for 2018 was more than \$3,000 but less than \$25,000.

If your remittance frequency is weekly in 2019, you may also request to make remittances twice-monthly, if your **average monthly remittance** for 2018 was at least \$25,000 but less than \$100,000.

If you wish to change your remittance frequency, you must contact us. You may make the requested change once you receive the *Notice of Change in Filing Frequency of Returns* (form LMU-5-V).

Your **average monthly remittance** for a year is determined by **dividing** the total of the amounts you were required to remit as income tax withheld from remuneration paid as an employer and, where applicable, as a payer,³ QPP contributions, QPIP premiums and the contribution to the health services fund **by** the number of months in the year (maximum of 12) for which the amounts were remitted.

If you are a corporation, your **average monthly remittance** is:

- equal to the total of your **average monthly remittance** and that of every corporation associated with you, where it is determined on the basis of the 2017 taxation year;
- equal to your **average monthly remittance**, where it is determined on the basis of the 2018 taxation year.

Information regarding quarterly remittances

We may authorize you to make quarterly remittances if, among other things, over the last 12 months, you have remitted by the prescribed due dates:

- source deductions and your employer contributions;
- the consumption taxes you collected.

NOTE

If you have more than one employer account, you must satisfy these requirements for each account.

We do a yearly review to determine which employers may make remittances on a quarterly basis. However, if you wish to make quarterly remittances and you believe you meet the applicable conditions, contact us.

If you cease to meet the applicable conditions during the year, we will send you a notice informing you that you can no longer make remittances on a quarterly basis. You will then have to make monthly remittances for the rest of the year. You will also have to remit to us, by the 15th day of the month following the month in which the notice is sent to you, any source deductions and employer contributions that you owe.

³ Income tax withheld from an income-averaging annuity for artists is not included in the calculation of the average monthly remittance.



13.3 Remittance form

So that you may make your remittance, we will send you one of the following *Remittance of Source Deductions and Employer Contributions* forms:

- TPZ-1015.R.14.1-V, if your remittance frequency is annual or monthly;
- TPZ-1015.R.14.2-V, if your remittance frequency is twice-monthly;
- TPZ-1015.R.14.3-V, if your remittance frequency is weekly;
- TPZ-1015.R.14.4-V, if your remittance frequency is quarterly.

When completing the remittance form, you must enter an amount that is greater than or equal to zero in each of the boxes on the remittance slip. Make sure to report the information for the period concerned on the remittance form corresponding to the remittance period.

If you receive a remittance form, you must complete it and return it to us even if you make no source deductions and are not required to remit an amount for the period concerned. In this case, enter “0” in each of the boxes on the remittance slip.

Remittance based on pay periods

If your pay periods are every two weeks or twice a month but your remittance frequency is weekly, you may apply to complete form TPZ-1015.R.14.3-V only for the periods in which you pay remuneration. This means that we will send you copies of the form for those periods only, and you will no longer have to file a remittance form for periods in which you do not pay remuneration and, consequently, do not make source deductions and are not required to remit any amount.

To apply, complete and send us the *Application to Make Remittances of Source Deductions and Employer Contributions Based on Pay Periods* (form TPZ-1015.R.14.3D-V). As a rule, you should receive the form if your remittance frequency is weekly. You may also get the form on our website.

Please note that even if you file such an application, the remittance frequency is still weekly. This means that you must meet the due dates for weekly remittances.

At the end of the year, we will send you the *Notice of Renewal of Payroll Dates* (form LMU-5.3-V), indicating your payroll dates for the coming year. These dates are based on the dates you provide to us for the current year. If the payroll dates we determine for the coming year are not accurate, you must advise us by returning to us a corrected copy of form LMU-5.3-V.

NOTE

You cannot apply to make your remittances based on your pay periods if you have elected to change your remittance frequency instead.

Having remittance forms sent to your payroll preparer

You can authorize your payroll preparer to receive remittance forms, the RL-1 summary and other documents on your behalf. If you do, we will send all documents to your preparer.

If you are registered for My Account for businesses, use the **change of address** service to provide us with your preparer’s address.

If you are not registered, contact us.



13.4 Due dates according to your remittance frequency

For each pay period, you must remit the total of the source deductions, your employer QPP contributions, your employer QPIP premiums and your employer contribution to the health services fund by the due date that applies to your remittance frequency.

If a remittance is due on a Saturday, a Sunday or a statutory holiday, the due date is extended to the next working day. A day on which our offices or those of the financial institution you normally deal with are closed is not considered by us to be a working day. See the list of statutory holidays on our website.

The date of receipt of a remittance is the date on which it is received by Revenu Québec or a financial institution. The date of the postmark is not taken into account. For a postdated cheque, the date of receipt is the date on which the cheque can be cashed.

The table in Appendix 8 shows the due dates for the different remittance frequencies. The example after the table illustrates the case of an employer that makes weekly remittances.

You can also consult the remittance schedules for source deductions and employer contributions on our website to find out when your remittances are due based on your remittance frequency.

13.5 Remittance methods

Online remittance

If you are registered for the online payment services offered by your financial institution, you may remit your source deductions and employer contributions online from your account. Check with your institution to find out if it offers this service.

If you are registered for My Account for businesses and you report source deductions and employer contributions online, you can use:

- your financial institution's online payment service; or
- preauthorized debit.

Even if you report your source deductions and employer contributions online, you may receive a remittance form (TPZ-1015.R.14.1-V, TPZ-1015.R.14.2-V, TPZ-1015.R.14.3-V or TPZ-1015.R.14.4-V). In that case, do not return the form to us.

For more information about online services, see our website.

Mail remittance

If you send your remittance by mail, you must enclose a duly completed copy of the remittance form with your remittance. If you do not have the form, please send us your remittance and a letter that includes:

- your name and address;
- the period covered by your remittance;
- the amount of income tax withheld, QPP contributions, QPIP premiums and your contribution to the health services fund;
- the amount of the CNESST payment (where applicable);
- your identification number, if you have one;
- your Québec enterprise number (NEQ), if you have one.



Even if you do not have an identification number, send us your remittance. We will open an account in your name and send you the form to use for your next remittance.

IMPORTANT

If you received a remittance form, you must return it to us even if you made no source deductions and are not required to remit any amount for the period concerned. If you have no remittance to make, enter "0" in each box of the remittance slip.

Please make your cheque or money order payable to the Minister of Revenue of Québec.

ATM remittance

If you use an automatic teller machine (ATM) to make your remittance, you must insert the duly completed remittance slip of form TPZ-1015.R.14-V into the envelope provided by your financial institution (where applicable).

The effective date of any ATM remittance is the date the transaction is carried out at the ATM.

13.6 Balance payable

If you have a balance payable for the year because your remittances were less than required, the balance may bear interest from the due date for each remittance.

Balance resulting from estimates

If you have a balance payable because you had to use estimated data to calculate your periodic remittances, you must pay the balance within the time limits provided for below. This may be the case, for example, if:

- you used an estimated rate to calculate your periodic remittances of the contribution to the health services fund; or
- you used estimated data to calculate the value of a taxable benefit respecting an automobile made available to an employee.

You are not required to pay a balance of less than \$2.

You must pay the balance of your source deductions, QPP contributions and QPIP premiums when you make your last remittance for the month of December, not when you file the RL-1 summary (form RLZ-1.S-V). If you pay your balance when you file the RL-1 summary, you will be charged interest and you may have to pay a penalty.

You must also pay the balance of your contribution to the health services fund when you make your last remittance for the month of December, except the portion of the balance that results from the difference between the actual contribution rate and the estimated contribution rate. For more information on calculating the contribution to the health services fund, see Part 8.

13.7 Error in a remittance form for source deductions and employer contributions

You can request a correction to a file number, a given period or an amount in a remittance form for source deductions and employer contributions previously filed.

To make this request, use form TPZ-1015.R.14.M-V, *Request for Correction of a Remittance Form for Source Deductions and Employer Contributions*, which is available on our website.



13.8 You stop making remittances

If you stop remitting source deductions and employer contributions during the year, you must make your remittance and file the following by the deadline applicable to your situation:

- remittance form TPZ-1015.R.14.1-V, TPZ-1015.R.14.2-V, TPZ-1015.R.14.3-V or TPZ-1015.R.14.4-V;
- the RL-1 summary (form RLZ-1.S-V) or the temporary RL-1 summary (form RLZ-1.ST-V);
- RL-1 slips (form RL-1) or temporary RL-1 slips (form RL-1.T);
- RL-2 slips (form RL-2) if you pay a retirement pension or retirement income;
- RL-25 slips (form RL-25) if you pay an amount under a profit-sharing plan.

The filing deadlines for these documents are given in the table in Appendix 9.

If you are filing more than 50 RL slips of the same type, you must file them online. For information about the electronic filing methods available, consult our website.

NOTE

If you are required to file the RL-1 summary during the year because you stop operating your business or permanently stop making remittances, note that the duties in Part 1 of the RL-1 summary exclude payments reported in the “CNESST” box on the remittance slips.

The RL-1 summary is used to compare the source deductions and employer contributions that you must pay with the duties that you reported for the year. The form must not be used to report or pay amounts for the CNESST. For more information on filing the RL-1 summary, refer to the *Guide to Filing the RL-1 Slip* (RL-1.G-V).



APPENDIX 1

REMUNERATION SUBJECT TO SOURCE DEDUCTIONS AND CONTRIBUTIONS

This table will help you determine whether the remuneration you pay is subject to source deductions and employer contributions. If it is, you have to make source deductions and pay your employer contributions if one of the conditions in column B of the table in section 4.1 is met. (Also refer to the special cases described after the table in that section.)

If the remuneration you pay is not shown in the table below, contact us.

Remuneration type	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
Benefits paid by a trustee under a supplementary unemployment benefit plan	Yes	No	No	No	No	No
Benefits paid under a program administered pursuant to an agreement entered into under section 5 of the <i>Department of Fisheries and Oceans Act</i> (federal statute)	Yes	No	No	No	No	No
Benefits paid under the <i>Labour Adjustment Benefits Act</i> (federal statute)	Yes	No	No	No	No	No
Benefits paid under an income support program to the parents of a crime victim	Yes	No	No	No	No	No
Commissions paid to an employee (see section 11.1)	Yes	Yes	Yes	Yes	Yes	Yes
Death benefits paid by an employer ¹	Yes	No	No	No	No	No
Death benefits received from Retraite Québec	No	No	No	No	No	No
Directors' fees (see section 11.9)						
Directors' fees paid to a director who does not receive a salary	Yes	Yes	Yes	Yes	No	Yes
Directors' fees paid to a director who also receives a salary	Yes	Yes	Yes	Yes	No	Yes
DPSP (see section 11.11.3)						
Annuities from a DPSP	Yes	No	No	No	No	No
Single payments	Yes	No	No	No	No	No
Employee benefit plan (see section 11.14)						
Amounts paid by an employer to a custodian of an employee benefit plan	No	Yes	No	Yes	Yes	Yes
Amounts paid by a custodian of an employee benefit plan	Yes	No	No	No	No	No
Refunds of contributions made by an employee to an employee benefit plan	No	No	No	No	No	No
Employee trust (see section 11.14)						
Amounts paid by an employer to a trustee of an employee trust	No	Yes	No	Yes	Yes	Yes
Amounts paid by a trustee of an employee trust	No	No	No	No	No	No
Employment Insurance benefits ²	Yes	No	No	No	No	No



Remuneration type	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
Financial assistance paid under a program established by a government or government agency in Canada or by another organization ³	Yes	No	No	No	No	No
Gratuities and retroactive pay (see section 11.4)	Yes	Yes	Yes	Yes	Yes	Yes
Income assistance payments made to older workers under the <i>Department of Employment and Social Development Act</i> (federal statute)	Yes	No	No	No	No	No
Income-averaging annuity						
Amounts paid as consideration for the surrender, cancellation or redemption of an income-averaging annuity contract (see section 11.15)	Yes	No	No	No	No	No
Income supplements (see section 11.16)	Yes	No	No	No	No	No
Indemnities further to an industrial accident – CNESST (see section 11.6)						
Indemnity paid further to a precautionary cessation of work (amounts paid to an employee under the <i>Act respecting occupational health and safety</i> for the first five days following the date on which the employee ceased to work)	Yes	Yes	Yes	Yes	Yes	Yes
Indemnities paid to terminate a contract of employment						
Indemnity in lieu of notice (see section 11.7)	Yes	No	Yes	No	Yes	No
Other indemnities for damages plus interest upon termination of a contract of employment	Yes	No	No	No	Yes	No
Overtime pay (see section 11.5)	Yes	Yes	Yes	Yes	Yes	Yes
Paid leaves of absence (other than a salary deferral arrangement) (see section 11.2)						
Deferred salary leave (self-funded)						
Portion of the salary or wages that is not paid in the year but is deferred to another year	No	No	Yes	No	No	No
Payment of the deferred portion of salary or wages when the employee takes a leave of absence	Yes	Yes	No	Yes	Yes	Yes
Salary advance leave						
Salary paid in advance	Yes	Yes	Yes	Yes	Yes	Yes
Parental insurance benefits						
Top-up payments made by an employer to increase parental insurance or compassionate care benefits	Yes	No	No	No	No	No
Patronage dividends	No	No	No	No	No	No
Prizes awarded for an achievement	No	No	No	No	No	No
Profit-sharing plan (see section 11.14)						
Amounts paid by an employer to a trustee of a profit-sharing plan	No	Yes	No	Yes	Yes	Yes
Amounts paid by a trustee of a profit-sharing plan if that amount can be reasonably attributed to an amount paid to the trustee after May 12, 1994	No	No	No	No	No	No



Remuneration type	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
Amounts paid by a trustee of a profit-sharing plan if that amount can be reasonably attributed to an amount paid to the trustee before May 13, 1994	No	Yes	No	No	No	No
Single payment in full satisfaction of all an employee's rights in the plan, if the payment is taxable for the employee (see section 11.11)	Yes	No	No	No	No	No
Single payment in full satisfaction of all an employee's rights in the plan, if the payment is not taxable for the employee	No	No	No	No	No	No
RDSP (see section 11.17)						
Portion of disability assistance payments that exceeds \$18,660 for the year	Yes	No	No	No	No	No
Research grants	No	No	No	No	No	No
RESP						
Accumulated income payments (see section 11.11.2)	Yes	No	No	No	No	No
Educational assistance payments	No	No	No	No	No	No
Refunds of RESP contributions	No	No	No	No	No	No
Retirement compensation arrangement						
Contributions paid to a retirement compensation arrangement	No	No	No	No	No	No
Amounts paid under a retirement compensation arrangement or resulting from the making of such an arrangement	Yes	No	No	No	No	No
Retiring allowance (see section 11.11.1), other than indemnities paid to terminate a contract of employment	Yes	No	No	No	No	No
RPP or other pension plans (see section 11.11.3)						
Pension benefits: periodic payments	Yes	No	No	No	No	No
Single payments	Yes	No	No	No	No	No
RRIF (see section 11.10)						
Portion of the payment from a RRIF that represents the minimum amount	No	No	No	No	No	No
Portion of the payment from a RRIF that exceeds the minimum amount	Yes	No	No	No	No	No
RRSP (see section 11.10)						
Periodic payments	No	No	No	No	No	No
Single payments	Yes	No	No	No	No	No
Salaries or wages ⁵	Yes	Yes	Yes	Yes	Yes	Yes
Salary deferral arrangements (see section 11.3)						
All the salary or wages earned in the year (including the portion that is not paid in the year but is deferred to another year)	Yes	Yes	Yes	Yes	Yes	Yes
Payment of the deferred portion of salary or wages	No	No	No	No	No	No



Remuneration type	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
Scholarships, bursaries or fellowships paid to a person who is not an employee ⁶	No	No	No	No	No	No
Taxable benefits in cash (see section 4.2)	Yes	Yes	Yes	Yes	Yes	Yes
Taxable benefits in kind (see section 4.2)	Yes	Yes	No ⁷	Yes	Yes	Yes
Tips (including allocated tips) (see section 11.12)	Yes	Yes	Yes/ No ⁸	Yes	Yes	Yes
Vacation pay (see section 11.8)	Yes	Yes	Yes	Yes	Yes	Yes
VRSP or PRPP (see section 11.10)						
Periodic payments	Yes	No	No	No	No	No
Single payments	Yes	No	No	No	No	No
Wage loss replacement benefits (see section 11.13)						
Wage loss replacement benefits paid by an employer	Yes	Yes	Yes	Yes	Yes	Yes
Wage loss replacement benefits paid by an insurer or a trustee	Yes	No	Yes/ No ⁹	No	No	No
<p>1. See the definition of this term in section 11.11.4. These are not amounts owed to an employee that are paid by an employer following the employee's death. Note also that death benefits paid by an employer are not the same as death benefits received from Retraite Québec.</p> <p>2. Employment Insurance benefits are benefits paid under the <i>Unemployment Insurance Act</i> (other than a payment relating to a course or program designed to facilitate the re-entry into the labour market of a claimant), or benefits paid under Part I, Part VII.1, Part VIII or Part VIII.1 of the <i>Employment Insurance Act</i>.</p> <p>3. This is assistance paid under one of the following programs:</p> <ul style="list-style-type: none"> • a program established by the Canada Employment Insurance Commission under Part II of the <i>Employment Insurance Act</i>, • a program (other than a prescribed program) that is: <ul style="list-style-type: none"> – similar to a program established under Part II of the <i>Employment Insurance Act</i>, – established by a government or government agency in Canada or by another organization, and – the subject of an agreement between that government or government agency in Canada or other organization, as applicable, and the Canada Employment Insurance Commission. <p>The portion of financial assistance paid for childcare expenses or tuition fees is not subject to source deductions or employer contributions.</p> <p>4. This amount is not subject to QPIP premiums if both of the following conditions are met:</p> <ul style="list-style-type: none"> • The total of the top-up payments and the parental insurance or compassionate care benefits does not exceed the employee's normal weekly remuneration. • The top-up amount does not reduce severance pay, unused sick leave or vacation leave, or any other credit accumulated by the employee. <p>5. The term "salary or wages" means the payments listed in section 1.4. In respect of the QPIP, see section 7.2.</p> <p>6. If the scholarship, bursary or fellowship is paid to an employee, it is considered a benefit and may be taxable. See the document <i>Taxable Benefits</i> (IN-253-V).</p> <p>7. A taxable benefit in kind (other than a benefit consisting of board and lodging received by the employee for a pay period in which he or she received cash remuneration) is not subject to QPIP premiums.</p> <p>8. Allocated tips are not subject to QPIP premiums.</p> <p>9. Wage loss replacement benefits are not subject to QPIP premiums unless:</p> <ul style="list-style-type: none"> • the employer pays the benefits directly to an employee under a plan funded in part by the employer; and • an employee receives the benefits from a third party under a plan funded in part by the employer and in respect of which the employer controls certain terms and conditions and determines, either directly or indirectly, eligibility for benefits. 						



APPENDIX 2

CALCULATION OF SOURCE DEDUCTIONS OF INCOME TAX FOR REMUNERATION NOT COVERED BY TABLE TP-1015.TI-V

Calculate the source deductions of income tax as shown in the example below if the remuneration amount or the number of pay periods is not covered by table TP-1015.TI-V.

Example

Jay earns a gross salary of \$4,000 per week and also receives a taxable benefit of \$200 each week. You have to withhold an RPP contribution of \$40 from Jay's remuneration each pay period. We authorize you to reduce the amount of income tax withheld by \$1,000 to take into account the tax credits Jay entered on form TP-1016-V.

Jay completed form TP-1015.3-V for the year, entering \$21,550 on line 10 and \$1,150 on line 19.

Remuneration subject to source deductions of income tax for the year

Gross salary: \$4,000 × 52 pay periods		\$208,000	
Taxable benefits: \$200 × 52 pay periods	+	\$10,400	
Gross remuneration for the year	=	\$218,400	▶ \$218,400

Reduction of remuneration subject to source deductions of income tax

Deduction for employment income		\$1,170	
Contribution to an RPP: \$40 × 52	+	\$2,080	
Deduction entered on line 19 of form TP-1015.3-V	+	\$1,150	
	=	\$4,400	▶ \$4,400
Remuneration subject to source deductions of income tax for the year	=		\$214,000

Income tax for the year (based on the information in Part 2 of the guide)

Remuneration subject to source deductions of income tax		\$214,000	
Taxation rate	×	25.75%	
	=	\$55,105	
Constant used to adjust the taxation rate ¹	-	\$7,557	
Income tax for the year	=	\$47,548	▶ \$47,548

Tax credits for the year

Amount entered on line 10 of form TP-1015.3-V ²		\$21,550	
Lowest taxation rate for the year	×	15%	
	=	\$3,233	
Tax credits that we have authorized	+	\$1,000	
Tax credits for the year	=	\$4,233	▶ \$4,233
Income tax for the year	=		\$43,315
Number of pay periods in the year	÷		52
Income tax to withhold for the pay period	=		\$832.98

1. The constant is used to adjust any income tax overpayments when the rates of 20%, 24% or 25.75% are applied to annual taxable income.
2. If the employee completed form TP-1015.3-V in another year, you have to adjust the amount on line 10 of the form to take indexation for the current year into account.



APPENDIX 3

CALCULATION OF THE QPP CONTRIBUTION FOR AN EMPLOYEE WHO REPORTS FOR WORK AT AN ESTABLISHMENT SUBJECT TO THE CPP AND AT AN ESTABLISHMENT SUBJECT TO THE QPP

Calculate an employee's QPP contribution as shown in the example below if, during the year, the employee reports for work at both an establishment subject to the CPP and an establishment subject to the QPP.

Calculation based on the employee's situation	Pensionable salary or wages		Contribution		Accumulated contributions
	CPP	QPP	CPP	QPP	
<p>During the first 20 weeks of the year, Dave works at the establishment in Québec.</p> <p>Pensionable salary or wages under the QPP for 20 weeks: $\\$1,500 \times 20 \text{ weeks} = \\$30,000$</p> <p>QPP contributions for 20 weeks: $(\\$1,500 - \\$67.30) \times 5.55\% \times 20 \text{ weeks} = \\$1,590.20$</p>		\$30,000		\$1,590.20	\$1,590.20
<p>At the beginning of the 21st week, Dave is transferred to the establishment in Ontario, where he works until the middle of the 30th week.</p> <p>Pensionable salary or wages under the CPP for 9 weeks: $\\$1,500 \times 9 \text{ weeks} = \\$13,500$</p> <p>CPP contributions for 9 weeks: $(\\$1,500 - \\$67.30) \times 5.10\% \times 9 \text{ weeks} = \\657.63</p> <p>CPP contributions to add to the accumulated contributions: $\\$657.63 \times (5.55 \div 5.10)^1 = \\715.66</p>	\$13,500		\$657.63		+ \$715.66
<p>During the 30th week, Dave is recalled to the establishment in Québec, where he works for the remainder of the year.</p> <p>Pensionable salary or wages under the QPP for 8 weeks: $\\$1,500 \times 8 \text{ weeks} = \\$12,000$</p> <p>QPP contributions for 8 weeks $(\\$1,500 - \\$67.30) \times 5.55\% \times 8 \text{ weeks} = \\636.08</p>		+ \$12,000		+ \$636.08	+ \$636.08
Subtotal	= \$13,500	= \$42,000	= \$657.63	= \$2,226.28	= \$2,941.94



Calculation based on the employee's situation	Pensionable salary or wages		Contribution		Accumulated contributions
	CPP	QPP	CPP	QPP	
QPP contributions for the 38th week					
Pensionable salary or wages under the QPP (maximum pensionable salary or wages under the QPP minus the total of the pensionable salary or wages under the QPP and the CPP since the beginning of the year) $\$57,400 - \$42,000 - \$13,500 = \$1,900$		+ \$1,900			
QPP contribution (maximum QPP contribution for the year minus the contributions accumulated since the beginning of the year) $\$2,991.45 - \$2,941.94 = \$49.51$				+ \$49.51	+ \$49.51
QPP contributions for the remaining 14 weeks				+ \$0	+ \$0
Total²	= \$13,500	= \$43,900	= \$657.63	= \$2,275.79	= \$2,991.45

1. This is the ratio between the QPP contribution rate (5.55%) for the year and the CPP contribution rate (5.10%) for the year that must be applied to the total CPP contributions withheld since the beginning of the year.
2. On the employee's RL-1 slip, the employer must enter \$2,275.79 in box B and \$43,900 in box G. The employer must also enter G-2 in a blank box, followed by \$13,500 and B-1 in another blank box, followed by \$657.63. The total amount of pensionable salary or wages under both plans must not exceed the maximum pensionable salary or wages under the QPP for the year (\$57,400).



APPENDIX 4

CALCULATION OF THE EMPLOYER QPIP PREMIUM FOR AN EMPLOYEE WHO REPORTS FOR WORK AT ONE OF YOUR ESTABLISHMENTS LOCATED IN QUÉBEC AND AT ONE OF YOUR ESTABLISHMENTS LOCATED OUTSIDE QUÉBEC

Calculate the employer QPIP premium as shown in the example below when an employee reports for work at both one of your establishments located in Québec and one of your establishments located outside Québec.

Example			
Tom earns an eligible salary of \$70,000 in Ontario and \$50,000 in Québec.			
Parental portion of the employer's Employment Insurance (EI) premium			
The lesser of the following amounts:			
<ul style="list-style-type: none"> the eligible salary earned in Ontario (\$70,000); the maximum yearly insurable earnings under the Employment Insurance plan (\$53,100). 		\$53,100	
Reduction of the employee's EI premium rate ¹	×	0.37%	
	=	\$196.47	
Employee's EI premium rate ²	×	1.4	
	=	\$275.06	\$275.06
Reduction of the maximum insurable earnings under the QPIP: \$275.06 ÷ 0.736%		\$37,372.28	
Maximum insurable earnings under the QPIP: \$76,500 – \$37,372.28		\$39,127.72	
Employer's QPIP premium			
The lesser of the following amounts:			
<ul style="list-style-type: none"> the maximum insurable earnings under the QPIP (\$39,127.72); the eligible salary under the QPIP earned in Québec (\$50,000).³ 		39 127,72 \$	
Employer's QPIP premium rate	×	0.736%	
	=	\$287.98	\$287.98
Employer's maximum QPIP premium for the year			= \$563.04
<ol style="list-style-type: none"> This rate generally corresponds to the difference between the EI premium rate paid by the employee outside Québec (1.62%) and the EI premium rate paid by the employee in Québec (1.25%). The employer's EI premium generally corresponds to 1.4 times the amount of the employee's EI premium. You have to enter \$50,000 in box I of the employee's RL-1 slip. 			



APPENDIX 5

CALCULATING SOURCE DEDUCTIONS OF INCOME TAX ON A GRATUITY OR RETROACTIVE PAY

Calculate the amount of income tax to withhold from a gratuity or retroactive pay you pay to an employee in a pay period as shown in the examples below.

Example 1

First gratuity paid in the year

John earns a salary of \$540 per week. He also receives a gratuity of \$2,500 in March. The deduction code that corresponds to the amount on line 10 of his TP-1015.3-V form is D.

Remuneration per week

Weekly salary (52 pay periods)		\$540
Amount of the gratuity: $\$2,500 \div 52$	+	\$48.08
Remuneration per week		= \$588.08

Additional source deduction of income tax

Amount withheld from \$588.08		\$16.72
Amount withheld from \$540	-	\$10.72
Additional source deduction of income tax		= \$6.00

Income tax to withhold for the pay period

Income tax to withhold on the gratuity of \$2,500: $\$6.00 \times 52 = \312.00		\$312.00
Income tax to withhold on the salary of \$540 per week	+	\$10.72
Income tax to withhold for the pay period		= \$322.72



Example 2

More than one gratuity paid in the year

Laura earns a salary of \$540 per week. She also receives a \$2,500 gratuity in March and a \$1,040 gratuity in July. The deduction code that corresponds to the amount on line 10 of her TP-1015.3-V form is D. The income tax to be withheld from the first gratuity is calculated as in example 1. The income tax to be withheld from the second gratuity is calculated as shown below.

Remuneration per week

Weekly salary (52 pay periods)		\$540
Amount of the second gratuity: $\$1,040 \div 52$	+	\$20.00
	=	\$560.00
Amount of previous gratuities: $\$2,500 \div 52$	+	\$48.08
Remuneration per week	=	\$608.08

Additional source deduction of income tax

Amount withheld from \$608.08 ($\$560 + \48.08)		\$19.72
Amount withheld from \$588.08 ($\$540 + \48.08)	-	\$16.72
Additional source deduction of income tax	=	\$3.00

Income tax to withhold for the pay period

Income tax to withhold on the second gratuity ($\$1,040$): $\$3.00 \times 52 = \156.00		\$156.00
Income tax to withhold on the salary of \$540 per week	+	\$10.72
Income tax to withhold for the pay period	=	\$166.72

Do the same calculation for each subsequent gratuity paid to Laura.

Example 3

Retroactive pay

Eric's remuneration is increased from \$325 to \$350 per week. The increase is retroactive to 10 weeks, which gives him a retroactive payment of \$250 ($\25×10). The deduction code that corresponds to the amount on line 10 of his TP-1015.3-V form is A.

Remuneration per week		\$325
Additional source deduction of income tax		
Amount withheld from \$350 per week		\$5.66
Amount withheld from \$325 per week	-	\$2.13
Additional source deduction of income tax	=	\$3.53
Income tax to withhold for the pay period		
Income tax to withhold on the retroactive payment of \$250: $\$3.53 \times 10$		\$35.30
Income tax to withhold on the wages of \$350 per week	+	\$5.66
Income tax to withhold for the pay period	=	\$40.96



APPENDIX 6

TREATMENT OF AMOUNTS PAID FOLLOWING AN INDUSTRIAL ACCIDENT

The table below summarizes how amounts paid following an industrial accident are to be treated. It shows which amounts are subject to source deductions and employer contributions.

If you are an employer that operates a railway transport or shipping business, see section 11.6.4 to find out how you should treat the amounts.

IMPORTANT

For information on how to report the amounts listed below, see section 5.2 of the *Guide to Filing the RL-1 Slip* (RL-1.G-V).

Before the CNESST's decision	How to treat the amounts paid	RL slip concerned	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
Day of the accident (100% of net salary or wages)	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
First 14 days following the day of the accident <ul style="list-style-type: none"> • 90% of net salary or wages • Excess amount 	Income replacement indemnity	RL-5 slip	No	No	No	No	No	No
	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
Beginning on the 15th day following the day of the accident to the day of the CNESST's decision <ul style="list-style-type: none"> • Advance of indemnities or loan (including interest accumulated) • Salary or wages • Wage loss replacement benefits <ul style="list-style-type: none"> – paid by the employer – paid by an insurer or a trustee 	None	N/A	No	No	No	No	No	No
	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
	Employment income ¹	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
	Wage loss replacement benefits ²	RL-1 slip	Yes	No ³	Yes/No ⁴	No	No	No



After the CNESST's decision	How to treat the amounts paid	RL slip concerned	Income tax	QPP	QPIP	Health services fund	Labour standards	WSDRF
If you pay a top-up amount	Employment income	RL-1 slip	Yes	Yes	No ⁵	Yes	Yes	Yes
If you receive a repayment or reimbursement <ul style="list-style-type: none"> • Advance of indemnities or loan • Salary or wages, or wage loss replacement benefits • Excess amount 	None	N/A	No	No	No	No	No	No
	Repayment of salary or wages, or wage loss replacement benefits	RL-1 slip	N/A	N/A	N/A	N/A	N/A	N/A
	Repayment of salary or wages	RL-1 slip	N/A	N/A	N/A	N/A	N/A	N/A
If you are not repaid or reimbursed <ul style="list-style-type: none"> • Advance of indemnities or loan <ul style="list-style-type: none"> – repaid by the employee in part – repaid by the employee using sick leave • Salary or wages, or wage loss replacement benefits 	Taxable benefit equal to the amount not repaid	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
	None	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amounts paid for the employee's care or rehabilitation <ul style="list-style-type: none"> • 100% of net salary or wages <ul style="list-style-type: none"> – reimbursed by the CNESST – not reimbursed by the CNESST (reimbursement not requested) • Excess amount 	Income replacement indemnity	RL-5 slip	No	No	No	No	No	No
	Other income	RL-1 slip	No	No	No	No	No	No
	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
Amount paid in order for an employee to undergo a medical test at your request (100% of net salary or wages)	Employment income	RL-1 slip	Yes	Yes	Yes	Yes	Yes	Yes
<ol style="list-style-type: none"> 1. If you are not an insurer and you pay amounts directly to the employee to compensate for the loss of all or part of his or her employment income, the amounts may be considered to be wage loss replacement benefits. See section 11.13. 2. Wage loss replacement benefits paid by an insurer under a wage loss replacement plan to which the employer contributed. See section 11.13. 3. The employee can make an optional contribution with respect to this amount when filing his or her income tax return. 4. Wage loss replacement benefits are not subject to QPIP premiums unless: <ul style="list-style-type: none"> • the employer pays the benefits directly to an employee under a plan funded in part by the employer; and • an employee receives the benefits from a third party under a plan funded in part by the employer and in respect of which the employer controls certain terms and conditions and determines, either directly or indirectly, eligibility for benefits. 5. This amount is not subject to QPIP premiums when it is paid following a favourable decision by the CNESST. 								



APPENDIX 7

REQUIREMENTS FOR CLAIMING THE DEDUCTION FOR FOREIGN EMPLOYEES

The table below lists the requirements for claiming the deduction for foreign employees and indicates which government body is responsible for issuing the certificate or qualification certificate.

Job title	Location or sector in which the employee works	Requirements	Issuer of the certificate or the qualification certificate
Specialist	Laval BDC	The employee took up employment duties after March 29, 2001, under a contract entered into after that date.	Investissement Québec
	Lévis BDC	The employee took up employment duties after July 11, 2002, under a contract entered into after that date.	Investissement Québec
	Sherbrooke and Saint-Hyacinthe BDCs	The employee took up employment duties after March 19, 2002, under a contract entered into after that date.	Investissement Québec
	IFC ¹	The employee took up employment duties with a corporation operating an IFC under an employment contract concluded with the corporation. The employee is specialized in the field of international financial transactions.	Ministère des Finances
	Financial services corporation	The employee took up employment duties after March 20, 2012, under a contract entered into after that date.	Ministère des Finances
Researcher on a post-doctoral internship	Eligible university entity or public research centre	The employee took up employment duties after March 31, 1998, under a contract entered into after that date, and the employee's duties are almost exclusively related to R&D.	Ministère de l'Éducation et de l'Enseignement supérieur
Researcher or expert	Business in Canada that carries out R&D or has R&D carried out on its behalf in Québec	<ul style="list-style-type: none"> • Researchers: The employee's duties are almost exclusively related to R&D. • Experts: <ul style="list-style-type: none"> – The employee took up employment duties after March 9, 1999, under a contract entered into after that date. – The employee's duties are carried out almost exclusively under an R&D project. 	Ministère de l'Économie et de l'Innovation
Professor	Québec university	The employee took up employment duties after June 29, 2000, under a contract entered into after that date.	Ministère de l'Éducation et de l'Enseignement supérieur

1. The exemption applies not only to the employee's salary or wages but to all income.



APPENDIX 8

DUE DATES BY REMITTANCE FREQUENCY

The table below shows the remittance due dates by remittance frequency. The example after the table illustrates the case of an employer that makes weekly remittances.

Remittance frequency	Remittance due date		Form to be used	Notes
Annual	The 15th of the month following the last month of the year in which remuneration was paid (January 15, in most cases)		TPZ-1015.R.14.1-V	N/A
Quarterly	Payment of remuneration	Due date	TPZ-1015.R.14.4-V	
	January, February and March	April 15		
	April, May and June	July 15		
	July, August and September	October 15		
	October, November and December	January 15		
Monthly	The 15th of each month for the remuneration paid during the previous month		TPZ-1015.R.14.1-V	Every three months, we will send you three copies of form TPZ-1015.R.14.1-V, along with a statement of the amounts remitted to date. In January, for example, you will receive your forms for January, February and March.
Twice-monthly ¹	Payment of remuneration	Due date	TPZ-1015.R.14.2-V	Each month, we will send you two copies of form TPZ-1015.R.14.2-V, along with a statement of the amounts remitted to date.
	From the 1st to the 15th of the month	The 25th of the month		
	From the 16th to the last day of the month	The 10th of the following month		
Weekly ¹	From the 1st to the 7th of the month	The 3rd working day after the 7th of the month	TPZ-1015.R.14.3-V	Each month, we will send you four copies of form TPZ-1015.R.14.3-V, along with a statement of the amounts remitted to date.
	From the 8th to the 14th of the month	The 3rd working day after the 14th of the month		
	From the 15th to the 21st of the month	The 3rd working day after the 21st of the month		
	From the 22nd to the last day of the month	The 3rd working day after the last day of the month		
<p>1. If you make a payment, other than in the course of regular and continuous employment, to a person (including a corporation) not resident in Canada for services the person performed for you in Québec, you must remit the source deductions of income tax (9% of the payment) by the 15th of the month following the payment.</p>				



Example

For 2019, an employer's remittance frequency is weekly. The employer pays its employees every two weeks. To meet the due dates shown in the table above, the employer must file form TPZ-1015.R.14.3-V by the dates indicated below.

Remuneration paid	No remuneration paid	Due date for filing form TPZ-1015.R.14.3-V and making the remittance	Due date for filing form TPZ-1015.R.14.3-V without making a remittance ¹
January 3, 2019		January 10, 2019	
	January 10, 2019		January 17, 2019
January 17, 2019		January 24, 2019	
	January 24, 2019		February 5, 2019
January 31, 2019		February 5, 2019	
	February 7, 2019		February 12, 2019
February 14, 2019		February 19, 2019	
	February 21, 2019		February 26, 2019

1. An employer does not have to file form TPZ-1015.R.14.3-V (without a remittance) if he or she has completed the *Application to Make Remittances of Source Deductions and Employer Contributions Based on Pay Periods* (form TPZ-1015.R.14.3D-V) and has received our authorization to file form TPZ-1015.R.14.3-V only for the periods in which he or she pays remuneration.



APPENDIX 9

DEADLINES FOR FILING DOCUMENTS IF YOU STOP MAKING REMITTANCES

See the table below to find out when you are required to file each form with us.

Documents to be filed	You continue to operate your business		You stop operating your business
	You temporarily stop making remittances (e.g., you operate a seasonal business)	You permanently stop making remittances (e.g., you no longer have employees)	
Remittance form (and your remittance)	Same due date as if you had continued to make remittances ¹	The 20th of the month after the month of your last remittance of source deductions and employer contributions	The 7th day after the day on which you stop operating your business
Temporary RL-1 slips (RL-1.T) and the temporary RL-1 summary (RLZ-1.ST-V) or RL-1 slips (RL-1) and the RL-1 summary (RLZ-1.S-V)	N/A	The 20th of the month after the month of your last remittance ²	The 30th day after the day on which you stop operating your business ²
	The last day of February of the following year		
RL-2 slips	The last day of February of the following year	The 20th of the month after the month of your last remittance ²	Le 30 ^e jour suivant celui où vous cessez d'exploiter votre entreprise ²
RL-25 slips	The last day of February of the following year	The 20th of the month after the month of your last remittance ²	The 30th day after the day on which you stop operating your business ²

1. See Appendix 8 for the due date. You must continue to file a remittance form for each period. If you inform us of the date on which you plan to start making source deductions again, we can authorize you not to file a remittance form for each period in which you do not make any source deductions.

2. By the same date, you must also give copy 2 of the RL slips to your former employees or to former beneficiaries, as applicable. For more information, refer to the *Guide to Filing the RL-1 Slip* (RL-1.G-V), the *Guide to Filing the RL-2 Slip* (RL-2.G-V) or the *Guide to Filing the RL-25 Slip* (RL-25.G-V).



TO CONTACT US

Online

revenuquebec.ca



By telephone

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City

418 659-6299

Montréal

514 864-6299

Elsewhere

1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

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

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

Québec City

418 659-4692

Montréal

514 873-4692

Elsewhere

1 800 567-4692 (toll-free)

Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

Québec City

418 652-6159

Elsewhere

1 800 827-6159 (toll-free)

Individuals with a hearing impairment

Montréal

514 873-4455

Elsewhere

1 800 361-3795 (toll-free)

By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des relations avec la clientèle des particuliers

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C. P. 3000, succursale Place-Desjardins

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Québec City and other regions

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