

REVENU

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NEW BUSINESSES AND TAXATION

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**AS AN ENTREPRENEUR,
YOU ACTIVELY CONTRIBUTE
TO QUÉBEC'S ECONOMY.**

This guide explains your fiscal obligations as a business operator.



This document was prepared in collaboration with the Canada Revenue Agency.



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This document is provided for information purposes only. It does not constitute a legal interpretation of the *Excise Tax Act*, the *Act respecting the Québec sales tax*, or any other legislation.

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INTRODUCTION

This document is intended for small and medium-sized businesses (SMBs). It can help answer your questions about the taxation of businesses if you want to start up a business in Québec or have recently done so.

It first discusses the steps you must take with the Registraire des entreprises, Revenu Québec and certain government departments and agencies to start up your business.

It then provides information about how to meet your obligations as a taxpayer, agent or employer with regard to the following:

- GST and QST;
- income tax;
- source deductions and contributions.

You'll also find information about the following:

- registers and supporting documents;
- your recourse options;
- Revenu Québec services.

Finally, it provides a table that summarizes the various filing deadlines.

This document does not address the special rules for large businesses, charities, non-profit organizations or public institutions such as hospitals or universities.



Abbreviations used in this document

CNESST	Commission des normes, de l'équité, de la santé et de la sécurité du travail
CPP	Canada Pension Plan
CRA	Canada Revenue Agency
GST	Goods and services tax
HST	Harmonized sales tax
ITC	Input tax credit
ITR	Input tax refund
NEQ	Québec enterprise number
QPIP	Québec parental insurance plan
QPP	Québec Pension Plan
QST	Québec sales tax
RRSP	Registered retirement savings plan
SBD	Small business deduction
SMB	Small and medium-sized business
WSDRF	Workforce Skills Development and Recognition Fund



REGISTERING A BUSINESS WITH THE REGISTRAIRE DES ENTREPRISES

Whether you are required to register your business with the Registraire des entreprises depends on its legal form. A registered business is automatically included in the enterprise register, making its existence a matter of public record.

There are various legal forms of business, such as:

- a **sole proprietorship**, which is a business made up of a single owner;
- a **partnership**, which is a business made up of at least two persons called “partners”; and
- a **corporation**, which is a business made up of one or more persons called “shareholders.” This legal form is also known as a “legal person,” “business corporation” or “company.” We use the term “corporation” in this document.

When you register your business with the Registraire des entreprises, it assigns a ten-digit Québec enterprise number (NEQ) that is used to confirm your identity when you contact Québec government departments or agencies.

IMPORTANT

Entreprises Québec has developed the **Démarrer une entreprise** online service to streamline the way new businesses deal with Québec government departments and agencies and to simplify access to all online government services. The service uses your answers to a questionnaire to provide tailored help with:

- registering a business in the enterprise register;
- registering with Revenu Québec;
- getting your permanent clicSÉCUR – Entreprises login credentials;
- registering for Zone entreprise; and
- registering with the Commission des normes, de l'équité, de la santé et de la sécurité du travail (if applicable).

If you haven't registered your business with the Registraire des entreprises, take advantage of the support the **Démarrer une entreprise** service offers.

For more information about the legal forms of businesses, the requirement to register a business in the enterprise register and the related deadlines, see the Registraire des entreprises website at registreentreprises.gouv.qc.ca.



REGISTERING WITH REVENU QUÉBEC

In most cases, businesses must be registered for one or more of the following:

- QST
- GST
- source deductions
- corporation income tax

Depending on your activities, you may also have to get a permit, licence, decal or registration certificate.

To determine whether you have to register, see IN-202-V, *Registering with Revenu Québec*.

To register for our files, you can use our online services or contact our client services. You can also complete form LM-1-V, *Application for Registration*, which is available on our website or by calling us.

GST and QST

A business must generally be registered for the GST and QST in the following situations:

- Its total taxable sales, including zero-rated sales, are over \$30,000 for a given calendar quarter or the four calendar quarters preceding that quarter.
- It operates a taxi or limousine business.

The term “taxi business” also encompasses a business that provides passenger transportation using a motor vehicle that is organized or coordinated through an electronic platform or system.

Even if a business is not required to register for the GST and QST, it can choose to do so to recover the taxes paid on the expenses it incurred in the course of its commercial activities.

For more information, see “GST and QST” on page 13.

Businesses registered for the GST are automatically registered for the harmonized sales tax (HST) and must collect HST on the sales they make in participating provinces (Prince Edward Island, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Ontario). For more information about the HST, see IN-203-V, *General Information Concerning the QST and the GST/HST*.

Since most businesses in Québec are not required to collect HST, we do not refer to HST elsewhere in this document. Note, however, that the HST rules are generally the same as the GST rules.

When you register your business for the GST and QST, you receive a registration certificate showing your QST registration number and a letter confirming your GST registration.



Source deductions

If you pay (or expect to pay) salaries or wages to one or more employees, you must register as an employer for source deductions. As an employer, you are required to:

- make source deductions of Québec income tax, Québec Pension Plan (QPP) contributions and Québec parental insurance plan (QPIP) premiums from the remuneration you pay your employees, and remit the amounts to us; and
- remit your employer contributions to the QPP and the health services fund, the contribution related to labour standards, the contribution to the Workforce Skills Development and Recognition Fund (WSDRF), if applicable, and your employer QPIP premiums.

Corporation income tax

Once the corporation is registered in the enterprise register, we assign a number for income tax purposes. This number facilitates the processing of the income tax return that all corporations with an establishment in Québec must file.

Consumption taxes and specific duties

You must generally collect taxes or duties and get a registration certificate, permit, licence or decal if you:

- sell insurance policies whose premiums are subject to the tax on insurance premiums;
- sell wine, beer, cider or any other alcoholic beverage;
- operate a business in the tobacco sector (see IN-219-V, *An Overview of the Tobacco Tax Act*);
- operate a business in the fuel sector (see IN-222-V, *An Overview of the Fuel Tax Act*);
- are an interjurisdictional carrier using a qualified motor vehicle;
- sell or lease new tires or road vehicles equipped with new tires;
- operate a sleeping-accommodation establishment (such as a hotel, motel or bed and breakfast) located in a tourism region in which the specific tax on lodging applies (see IN-260-V, *Tax on Lodging*); or
- sell telephone services in Québec (complete form FMZ-1-V, *Registration for the Municipal Tax for 9-1-1 Service*, available on our website).



OTHER ORGANIZATIONS

You may be required to open a corporate income tax or an import/export account with the Canada Revenue Agency (CRA). If you have employees, you will also have to open a source deductions account with the CRA.

You must register your business with the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) and periodically remit the occupational health and safety insurance premium to us at the same time as your source deductions and employer contributions. We will remit the amounts to the CNESST. For more information, see the CNESST website at cnesst.gouv.qc.ca.

You may also have to contact:

- the Ministère du Travail, de l'Emploi et de la Solidarité sociale, for collective agreement decrees; and
- certain Québec or federal departments or agencies, in order to get licences or permits.

For more information, go to entreprises.gouv.qc.ca.



GST AND QST

GST and QST apply to the supply of most property and services. GST is calculated on the selling price at the rate of 5%. QST is calculated on the selling price at the rate of 9.975%.

Example		
The taxes are calculated as follows on a taxable item with a selling price of \$100:		
Selling price		\$100.00
GST (\$100 × 5%)	+	\$5.00
QST (\$100 × 9.975%)	+	\$9.98
	Total =	\$114.98

IMPORTANT

Under an agreement between the federal and Québec governments, we are responsible for administering the GST in Québec. Individuals and businesses that are resident in Québec or have their head office in Québec must contact us to register for the GST and remit the amounts of tax collected.

The CRA administers the GST/HST and QST for selected listed financial institutions, which are listed financial institutions that have a permanent establishment in Québec and a permanent establishment in another province.

Various points relating to the administration of GST and QST are explained in the following pages. However, see document IN-203-V, *General Information Concerning the QST and the GST/HST*, for details on how to calculate, collect and remit the taxes. The document also discusses the application of GST and QST to various types of transactions, the use of coupons, meal and entertainment expenses, sales to foreign representatives or officials, and refund applications.

Types of sales

In this document, we generally use the word “sale” instead of “supply,” which is the term used in legislation. A sale also includes the rental of property and the delivery of services.

There are three types of sales: taxable sales, zero-rated sales and exempt sales.

To determine whether you, as an agent, are required to collect GST and QST, you must determine the type of sale you are making when you supply property or a service to a customer.

The type of sale you make also determines whether you are entitled to claim a refund of the taxes you paid on property and services acquired in the course of your commercial activities. GST is refunded to you in the form of an input tax credit (ITC), and QST is refunded to you in the form of an input tax refund (ITR).



Taxable sales

Taxable sales are supplies of property or services that are made in the course of a commercial activity and to which GST or QST apply. Taxable sales include zero-rated sales but not exempt sales.

You must collect 5% GST and 9.975% QST when you make taxable sales, unless they are zero-rated sales (taxable at 0%).

If you acquire taxable property or services for your commercial activities, you may be entitled to an ITC or ITR.

Supplies subject to 5% GST and 9.975% QST include the following:

- sales of tools to a business that specializes in small engine repair, as well as lawnmowers sold by the business;
- sales of moulds to a bakery;
- sales of computers to a law firm, as well as legal services provided by the firm;
- sales of new residential complexes;
- sales and rentals of commercial buildings;
- automobile rentals;
- sales of gasoline and automobile repair services;
- sales of soft drinks, candy and potato chips;
- sales of clothing and footwear; and
- barber and hairstylist services.

Zero-rated sales

Certain sales are zero-rated because they are taxable at the rate of 0%. You are not required to collect GST or QST on zero-rated sales.

Zero-rated property and services include the following:

- basic groceries;
- certain drugs, including prescription drugs;
- certain medical devices;
- certain property used in the farming and fishing sector;
- certain property and services exported from Canada (for GST/HST purposes) or shipped outside Québec (for QST purposes); and
- certain passenger and freight transportation services.

If you acquired zero-rated property or services, you cannot claim an ITC or ITR because you did not pay GST or QST on the property or services. However, you may be entitled to an ITC or ITR for taxable property or services you acquired to make zero-rated sales.

For more information, refer to:

- *The QST and the GST/HST: How They Apply to Medical and Assistive Devices and Drugs* (IN-211-V);
- *The QST and the GST/HST: How They Apply to Foods and Beverages* (IN-216-V); and
- *QST, GST/HST and Fuel Tax: How They Apply to Freight Carriers* (IN-218-V).



Exempt sales

Exempt sales are not taxable, and you are not required to collect GST or QST on such sales.

Exempt property and services include the following:

- sales of most residential complexes that are not new;
- the provision of most health, education, childcare and legal-aid services;
- the provision of certain services by public sector bodies (that is, governments and public service bodies); and
- the provision of most financial services.

Exempt sales do not entitle you to ITCs and ITRs.

Registering for the GST and QST

In general, you must register for the GST and QST if you carry on commercial activities in Québec.

Specifically, you must register for and collect the GST and the QST if **one** of the following situations applies to you:

- You are not considered a small supplier.
- You offer a taxi or limousine service.
- You are not resident in Québec but you charge admission directly to the public for activities or events you supply that take place in Québec.

If you are registered for (or have applied to be registered for) the GST, you must also register for the QST.

If you are registered for the GST, you are also registered for the HST.

If you are a member of a **partnership** that carries on commercial activities, only the partnership can register for the GST and QST for those activities.

Small suppliers

Small-supplier status is the basic criterion for determining whether you are required to register for the GST and QST.

If you anticipate that your total annual taxable sales (including zero-rated sales) will not exceed \$30,000 for a given calendar quarter or the four quarters preceding that calendar quarter, you will be considered a small supplier and will not be required to register for or collect GST and QST.

However, if your total annual taxable sales are over \$30,000, you must collect the taxes. Your deadline for registering will depend on whether your sales were over the \$30,000 threshold within the preceding four calendar quarters or within a single calendar quarter. (The quarters in question are the calendar quarters January to March, April to June, July to September, and October to December.)



In calculating your taxable sales, you must take into account:

- your taxable sales and zero-rated sales made worldwide, including sales made by your associates; and
- the taxable sales that you made to Indians.

IMPORTANT

You can register for the GST and QST even if you are considered a small supplier. If you do, you become a government agent and are required to collect the taxes on all taxable sales. However, you can claim ITCs and ITRs on purchases made for the purpose of making taxable or zero-rated sales. Small suppliers must maintain their registration for at least one year.

For more information, see IN-202-V, *Registering with Revenu Québec*.

Special rules

In certain situations, you may be required to register for the GST and QST, regardless of the amount of your taxable sales.

Whatever the amount of your taxable and zero-rated sales, and regardless of whether you are registered for the GST, you must register for the QST if you:

- sell tobacco at retail;
- sell fuel at retail;
- sell alcoholic beverages other than as a small supplier who holds a reunion permit under the *Act respecting liquor permits*;
- sell or lease new tires; or
- sell or lease new or used road vehicles (other than road vehicles that are capital property) for a period of 12 months or more.

For more information, see IN-202-V, *Registering with Revenu Québec*.

Applying for registration

QST

You must apply for registration under the QST system **before** you make your first taxable sale in Québec other than as a small supplier. You must collect the QST as of the date you register (or are required to be registered).

GST

You must apply for registration under the GST system before the 30th day following the day on which you make your first taxable sale in Canada other than as a small supplier. You must collect the GST as of the date you register (or are required to be registered).



Taxable sales over \$30,000

You must register for the QST and GST if your total taxable sales exceed \$30,000 for the last four calendar quarters. However, you will still be considered a small supplier for one month following the last quarter. Since you must collect the taxes beginning with the first taxable sale you make in the second month after the end of the four-quarter period, you must be registered by that time.

You must register if you anticipate that your total taxable sales will reach \$30,000 within a **single** calendar quarter. You are no longer considered to be a small supplier and must collect the taxes from the first taxable sale that equals or exceeds the \$30,000 threshold.

Example

Since she began operating her business, Ms. Smith has always been considered a small supplier. Since she did not register for the GST and QST, she has never been required to collect the taxes, even though she makes taxable sales.

At the beginning of July, she determined that her total taxable sales for the preceding four calendar quarters were over \$30,000. She must therefore register by August 1, because she must collect the taxes on the first taxable sale she makes on or after that date.

IMPORTANT

Even if you have not received your registration certificate, you must remit the taxes to us by the prescribed deadline.



GST and QST returns

Filing frequency

We assign you a filing frequency (monthly, quarterly or annual) when you register for the GST and QST based on the estimated amount of the total annual taxable sales made in Canada by you and your associates (if applicable). Your filing frequency will be shown on your registration certificate.

You must have the same fiscal year under the GST and QST systems so that your filing frequencies are identical for the two taxes. As a rule, the fiscal year is identical to the taxation year for income tax purposes

Changing your filing frequency

The table below shows the filing frequencies that are assigned, and the elections you can make to change the assigned frequency. The table does not apply to charities, which can choose their filing frequency regardless of the amount of their total annual sales, or to garment manufacturers, which are required to file monthly returns under the QST system.

Annual taxable sales	Assigned filing frequency	Other possible frequency
\$1,500,000 or less	Annual (with or without instalments)	Monthly or quarterly
\$1,500,001 to \$6,000,000	Quarterly	Monthly
More than \$6,000,000	Monthly	None

The beginning and end of your reporting period are determined by your fiscal year. For example, if your filing frequency is annual and your fiscal year ends on December 31, your reporting period will begin on January 1 and end on December 31. For your first year, your reporting period will begin on the date of registration and end on December 31.

If you expect to be entitled to refunds on a regular basis because of a negative amount of net tax (your ITCs and ITRs exceed the taxes collected and collectible), it may be to your advantage to file returns more often.

Please note that once you elect a particular filing frequency, you are generally not allowed to change it until your next fiscal year.

Filing the returns

You can file your GST/HST and QST returns using:

- our online services;
- software authorized by Revenu Québec; or
- the online payment service of a financial institution that lets you file your return and pay your balance in a single transaction.

You must file a return whether the amount payable is positive, negative or nil. We must receive your return no later than one month after the last day of the period covered if you have a monthly or quarterly filing frequency, and no later than three months following the end of your fiscal year if you have an annual filing frequency.



GST/HST and QST registrants (other than charities) whose total annual taxable sales in Canada are over \$1,500,000 for GST purposes must file their GST/HST and QST returns online. This requirement also applies to registrants that:

- are subject to the input tax credit recapture measure for the provincial portion of the HST paid on certain goods and services acquired in Ontario and Prince Edward Island; or
- are builders affected by the transitional provisions concerning new housing in British Columbia, Prince Edward Island, New Brunswick, Nova Scotia, Ontario and Newfoundland and Labrador.

See our website for more information.

Other registrants can elect to file their returns either online or by mail. When filing the return by mail, use the personalized form(s) we sent you.

You can also file your returns using form FPZ-500-V, *GST/HST – QST Return*. This form, with its detachable remittance slip, allows you to make your combined GST-QST remittance using a single cheque.

If you are an individual operating a business and you elect to use December 31 as the end date of your fiscal year, you have until **June 15** of the following year to file your return. However, you must remit any GST or QST payable **by April 30** or you will be charged interest.

Remitting the taxes payable and claiming refunds

At the end of each reporting period, you must remit the GST and QST you have collected. You can use our online services to do so. Any amount of tax collectible is deemed collected at the time you complete your GST and QST returns.

If the amount of tax collected or collectible on your sales is less than the amount of tax you paid on the property and services you purchased for the purpose of making taxable sales, you are probably entitled to claim a refund.

You can use the Quick Method of Accounting to calculate the amount of tax to be remitted. This method can be financially advantageous, particularly if you make very few taxable purchases in the course of your commercial activities.

Quick Method of Accounting

The Quick Method of Accounting may be used by most small businesses whose annual taxable and zero-rated sales made worldwide (including sales made by associates) do not exceed \$400,000 (GST and HST included) under the GST system, or \$418,952 (GST, HST and QST included) under the QST system.

When you use the Quick Method, you still charge GST at 5%, or HST at the rate applicable in the participating province, and QST at 9.975% on the taxable property or services that you supply. However, you remit only a portion of the taxes. The tax to be remitted is calculated using one of the Quick Method remittance rates. Normally, only one of these rates will apply to your business. To find out the remittance rates and the applicable HST rate for each province, go to our website.

When you use the Quick Method, you cannot claim ITCs or ITRs for most of your purchases, since the portion of the tax that you keep represents the approximate value of the ITCs and ITRs you could have claimed.

If you elect to use the Quick Method, you must complete form FP-2074-V, *Election or Revocation of Election Respecting the Quick Method of Accounting*. For more information, see IN-203-V, *General Information Concerning the QST and the GST/HST*.



Claiming ITCs and ITRs

If you are registered for the GST and QST, you can generally recover the amount of the taxes you have paid or must pay on property and services that you purchase in order to sell taxable and zero-rated property or services. GST is refunded as ITCs and QST is refunded as ITRs.

The term “inputs” refers to property or services used in the course of commercial activities, such as:

- raw materials;
- office furniture;
- computer systems;
- accountants’ fees;
- machine-repair costs; and
- promotional items.

To be entitled to ITCs or ITRs, you must be a registrant during the reporting period in which you are required to pay the taxes. You can claim your ITCs and ITRs when you file your GST and QST returns. However, you generally have up to four years to do so.

For more information, see IN-203-V, *General Information Concerning the QST and the GST/HST*.

IMPORTANT

If you are a small supplier, you can claim ITCs and ITRs only if you are a GST and QST registrant.

If you sell only tax-exempt property or services (such as medical care), you cannot claim ITCs or ITRs.

If you are an individual who operates a business, you can claim ITCs and ITRs for personal property that you transfer to your business. However, if the value of the property at the time of the transfer is less than its value at the time it was purchased, you may be entitled to recover only a portion of the taxes, since ITCs and ITRs must be calculated on the basis of the tax content of the property at the time of transfer. For most registrants, the tax content of a property at a specific time is equal to the tax that the person had to pay on the property and on any improvement made to it, from which any amount (other than an ITC or ITR) that the person may recover (a refund, payment, or other) is deducted. The depreciation of the property is also taken into account.

You cannot claim ITCs and ITRs for property and services purchased for personal use.

If you use the Quick Method of Accounting, you can claim ITCs and ITRs only for certain purchases related to your commercial activities (for example, purchases of capital property).



Instalment payments

If your filing frequency is annual, you must generally remit the GST and QST you collect in four quarterly instalments, using the form sent to you for each instalment. Instalments must be paid no later than one month after the last day of each fiscal quarter.

If the net amount of GST and QST that you paid for the previous year (or expect to pay for the current year) is under \$3,000, you are not required to pay in instalments. Simply file your return at the end of your fiscal period and remit the net amount of GST and QST payable, or claim a refund, as applicable.

The annual return you file at the end of your fiscal period enables you to determine the net amount of GST and QST you actually owe (or the refund you may claim) and to adjust your future quarterly instalments, as required.

NOTE

Since the QST rate is greater than the GST rate, you may have to pay QST instalments but not GST instalments. Contact us if this applies to you.

Preparing invoices

When you make a taxable sale, you must inform the customer that GST and QST are added to the selling price. Since there are no standard invoices required by law for this purpose—except if you operate a business in certain sectors, such as the restaurant sector (see IN-575-V, *Mandatory Billing Information: Bars and Restaurants*)—you must clearly indicate the amount of the taxes on the cash register receipt, sales invoice or sales contract given to the customer. Alternatively, you can post signs in your establishment that clearly state that the taxes are included in your prices.

Since your customers may also be entitled to ITCs and ITRs, you must provide them with the information they need to support their claims.



Justification of ITCs and ITRs by a registrant

Required information	Total value of the sale (including taxes)		
	Less than \$30	\$30 to \$149.99	\$150 or more
Supplier's name or business name, or the name of an intermediary ¹	×	×	×
Date of invoice or, if there is no invoice, the date on which the GST or QST were paid or payable	×	×	×
Total amount of the invoice	×	×	×
Amount of applicable tax ²	×	×	×
Supplier's GST and QST registration numbers		×	×
Purchaser's name or business name, or name of its agent or authorized representative			×
Terms of payment			×
Description of property or service	×	×	×
	QST only	QST only	
<p>1. An intermediary is a registrant that makes sales on behalf of a supplier for which the intermediary is the agent or with whom the intermediary has entered into an agreement, or that facilitates the making of the sale.</p> <p>2. In this note, GST does not mean the HST. If the amount of tax includes both the GST and QST, enter this amount for each taxable supply and specify that the GST and QST are included in the amount.</p>			

Guidelines for advertising

Businesses must avoid giving customers the false impression that their purchases are not subject to tax, if this is not the case.

The following examples of recommended and prohibited references to taxes in advertising will help you comply with this obligation.

The following references are **recommended**:

- Taxes included
- Including taxes
- GST and QST not included
- Plus taxes

The following references are **prohibited**:

- No GST or QST
- No sales tax
- No taxes
- Tax-free day



INCOME TAX

Even if you do not need to file an income tax return for some time, you must be aware of certain rules when you start a business as a sole proprietor, a shareholder in a corporation or a member of a partnership.

Sole proprietorship

The information in this section concerns you if you operate a sole proprietorship. It does not concern you if your income comes from farming, fishing, insurance, money lending, mining, logging or capital markets.

Fiscal period

The fiscal period of an individual normally corresponds to a period of no more than one year, at the end of which the person carrying on a business closes the books and prepares financial statements.

A fiscal period cannot be longer than 12 months, but can be shorter in the year in which a business begins or ceases its activities.

Normally, the fiscal period of a business must end on December 31 and the business income must be reported in the calendar year in which it was earned.

However, as of your first year of operation, you can elect to have your fiscal period end on a date other than December 31. You must use the same date for federal income tax purposes. You must also add to your income the estimated income for the period between the end date of the fiscal period and January 1 of the following year, in order to more accurately account for your income for the year.

Method of accounting

As a rule, you must calculate your net business income according to the accrual method of accounting. Consequently, you must:

- report your income for the fiscal period in which it was earned, regardless of whether it was actually paid to you during that period; and
- deduct your expenses for the fiscal period in which they were incurred, regardless of whether you actually paid them during that period.

If you are a **self-employed person** who receives commissions, you can use the cash method of accounting rather than the accrual method. In this case, you must:

- report your income for the fiscal period in which you received it; and
- deduct your expenses for the fiscal period in which you paid them.

If you practise a profession, your total income (professional fees) for your first year of operation is the aggregate of:

- all amounts received during the year for professional services that you rendered before or during the year (or will render after the end of the year); and
- all amounts receivable at the end of the year for services that you rendered during the year.

For subsequent years, you must subtract from the result all amounts that were owing to you at the end of the preceding year.



You must generally include in your professional income the value of work in progress at the end of the fiscal period and exclude the value of work in progress at the beginning of the fiscal period.

If you are an accountant, chiropractor, dentist, lawyer, notary, physician or veterinarian and your taxation year begins before March 22, 2017, you can exclude from your income the value of your work in progress.

If your taxation year begins after March 21, 2017, you must include in your income the value of your work in progress at the end of the fiscal period. However, if you elected to exclude from your income the value of work in progress at the end of the fiscal period, a transitional measure allows you to progressively include the value of that work in your income. For more information, see IN-155-V, *Business and Professional Income*.

Business income

Calculating income

You must include the following in the calculation of your business income:

- the proceeds of your sales (including commissions);
- the value of any property or service exchanged in a barter transaction (exchanging one property or service for another without the use of money);
- all amounts claimed in previous years as a reserve;
- all amounts or benefits received during the year:
 - the value of vacation trips or gifts offered as remuneration for work carried out in your business;
 - assistance, subsidies, grants or other financial incentives received from a government or from a government or non-government agency (except a prescribed amount, an amount already included in income or deducted in the calculation of a balance of expenses for the current or a previous taxation year, or an amount used to reduce the cost of property or the amount of an expense);
 - any interest considered to be business income.

Reporting income

You must report your business income by filing a personal income tax return and enclosing your financial statements. If you prefer, you can file form TP-80-V, *Business or Professional Income and Expenses*, instead of financial statements. Separate statements (or a separate form) must be filed for each business you operate.

You have to file your personal income tax return by April 30. However, you (and your spouse) have until June 15 to file the return if you operate a business. **Note that interest will be charged as of May 1 on any unpaid balance, whether the filing deadline is April 30 or June 15.**



Operating expenses

Deductible expenses

You can deduct any reasonable expense incurred to earn business income. Certain expenses are not deductible, such as:

- investments;
- capital expenditures and capital losses; and
- expenses incurred to establish a business, before operations actually began.

See IN-155-V, *Business and Professional Income*, for more information concerning allowable deductions, such as:

- the cost of goods sold;
- salaries and wages, benefits and employer contributions;
- business taxes and licence fees;
- the cost of labour and equipment required for the maintenance and repair of property used to earn business income;
- meals and entertainment expenses;
- motor-vehicle expenses (travel expenses, interest on the purchase of a motor vehicle, capital cost allowance, leasing expenses, etc.);
- the principal classes of property and their respective depreciation rates; and
- expenses related to a home office.

Salary or wages paid to a spouse or child

You can deduct a salary or wages paid to your spouse or child, provided:

- the work carried out was necessary to the business (that is, if you had not hired your spouse or child to do it, you would have hired someone else);
- the salary or wages were reasonable and were equivalent to the amount you would have paid a person who was not your spouse or child; and
- you actually paid the salary or wages.

You must keep all documents substantiating the salary or wages paid. If, instead of money, you paid your spouse or child with goods from your business, you can deduct the value of the goods in question as an operating expense. Your spouse or child must include the salary or wages paid (or the value of the goods given in lieu of a salary or wages) in his or her income. You must include the value of the goods given in lieu of a salary or wages in your gross sales.

A spouse or child who receives a salary or wages is considered to be your employee, and you must therefore make source deductions and employer contributions, just as you would for any other employee. For more information, see “Source deductions and employer contributions” on page 32.



Tax credits

You can claim certain refundable tax credits using prescribed forms that you must file with your income tax return. These tax credits include:

- the tax credit for an on-the-job training period;
- the tax credits for scientific research and experimental development (R&D);
- the tax credit for the reporting of tips; and
- the tax credits respecting the work premium.

Instalment payments

Throughout the year, individuals pay their income tax, QPP and health services fund contributions, and QPIP and Québec prescription drug insurance plan premiums by means of source deductions from their salaries or wages (or pension income), or by means of quarterly instalment payments.

You are required to pay income tax in instalments only if:

- your estimated net income tax for the current year is over \$1,800; and
- your net income tax payable for **one of the two** preceding years was over \$1,800.

Your **net income tax payable** is your income tax payable for the year minus the income tax deducted at source and the refundable tax credits you may claim for the same year.

Your instalment payments are due four times a year, on the following dates:

- March 15
- June 15
- September 15
- December 15

We send you form TPZ-1026.A-V, *Instalment Payments Made by an Individual*, twice a year:

- in February, so you can make your payments for March and June; and
- in August, so you can make your payments for September and December.

For more information about instalment payments, see IN-105-V, *Instalment Payments of Income Tax*.

For more information about income tax for an individual carrying on a sole proprietorship, see the guide to the personal income tax return (TP-1.G-V) and *Business and Professional Income* (IN-155-V).



Corporation income tax

A corporation that has an establishment in Québec at any time in a taxation year is subject to income tax and must file an income tax return at the end of that year. A corporation is a distinct legal entity, and the income it earns belongs to it and cannot be allocated to the corporation's shareholders other than by means of salaries or wages, professional fees, dividends or advances. In addition, the corporation's losses are not deductible from the income of individual shareholders, but may influence the value of their shares.

Fiscal period

A corporation's fiscal period corresponds to its taxation year and must not exceed 53 weeks. The fiscal period for Québec income tax purposes must be the same as the fiscal period for federal income tax purposes.

Calculating taxable income

The main components of a corporation's income are:

- its business income;
- its investment or property income; and
- its income from a personal services business.

Business income includes the corporation's sales, as well as fees received or receivable for services rendered, minus operating expenses.

You must generally calculate the corporation's income according to the accrual method, except in the case of a farming or fishing corporation.

A corporation's income tax is generally calculated by multiplying its taxable income by the general tax rate for corporations. However, the tax rate for a Canadian-controlled private corporation whose paid-up capital for the previous year is less than \$15 million can be **reduced**, subject to certain conditions. This small business deduction (SBD) applies to the first bracket of taxable income from an eligible business that the corporation carries on in Canada.

A corporation is entitled to the SBD if it meets one of the following conditions:

- During the taxation year, its employees performed over 5,000 hours of remunerated work.
- During the previous taxation year, the employees of the corporation and of its associated corporations performed over 5,000 hours of remunerated work.

The SBD rate will be reduced if the number of hours of remunerated work is less than 5,500.

A corporation in the primary or manufacturing sector that does not meet any of the above conditions can be entitled to the SBD if more than 25% of its activities are in the primary or manufacturing sector. The SBD rate will be reduced if the proportion is less than 50%.

If a corporation in the primary or manufacturing sector meets both the minimum proportion of activities (25%) and the number of remunerated hours of work (over 5,000 hours) requirements, the SBD is equal to the greater of the following: the rate calculated according to the number of hours of remunerated work and the rate calculated according to the proportion of activities.

A corporation in the primary or manufacturing sector can also receive an additional reduction of the tax rate on the portion of its income that gives entitlement to the SBD.



Tax credits

Like an individual in business, a corporation can claim the following tax credits:

- tax credit for an on-the-job training period;
- R&D tax credits;
- tax credit for the reporting of tips;
- tax credit for small and medium-sized businesses to foster the retention of experienced workers;
- tax credit for SMBs that employ persons with a severely limited capacity for employment.

It can also claim a number of other tax credits in the following sectors:

- technological adaptation
- farming
- e-commerce
- culture
- design
- training
- investment
- multimedia
- natural resources
- finance

Income tax return

Form CO-17, *Déclaration de revenus des sociétés*, must be filed with us within six months following the end of the corporation's taxation year, regardless of whether the corporation has income tax payable. The return must be accompanied by the related forms, schedules and financial statements and, if applicable, by the auditor's report. To avoid interest, any income tax payable must be remitted within two months after the end of the corporation's taxation year.

If the corporation's gross annual income is over \$1 million, the corporation income tax return must be filed online or the corporation may be charged a penalty. This does not apply to:

- non-resident corporations;
- insurance corporations;
- corporations that report the amounts in their income tax return in a currency other than Canadian dollars; or
- corporations that are exempt from income tax under Book VIII of Part 1 of the *Taxation Act*.

You can use commercial software or a person accredited by Revenu Québec to file the corporation income tax return online. If you use software, the corporation must be registered for clicSÉCUR.

See our website for more information.



Instalment payments

Corporations must make instalment payments if the aggregate of their income tax and tax on capital payable for the current taxation year or the preceding year is over **\$3,000**. The compensation tax for financial institutions must not be included in the calculation.

Instalment payments must be made **monthly** by the last day of the month. They can also be made **quarterly** on the last day of each three-month period if the corporation meets **all** of the following conditions:

- The corporation is a Canadian-controlled private corporation.
- The corporation's taxable income, including the taxable income of associated corporations, for the current taxation year or the previous taxation year does not exceed \$500,000.
- The corporation has income from an eligible business it carried on in Canada during the current taxation year or had such income during the previous taxation year.
- The corporation's paid-up capital, including the paid-up capital of associated corporations, for the current taxation year or the previous taxation year does not exceed \$10 million.
- The corporation met its tax obligations in the last 12 months.

Instalment payments can be calculated on form CO-1027, *Calcul des acomptes provisionnels des sociétés*.

Use the form we sent you to remit instalment payments. You can also remit your instalments online using the services offered by certain financial institutions.

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

Members of a partnership

Members of a partnership must include in their income tax return their share of the partnership's income or loss for the partnership's fiscal period ending in its taxation year.

A partnership is not subject to income tax like a corporation since it is not considered a separate legal person. In certain cases, however, the partnership may be required to file an information return.

Calculating income (or loss)

The partnership's income (or loss) must be identical to the amount shown on its financial statements. However, as with a sole proprietorship and a corporation, the net income (or net loss) for income tax purposes may differ, particularly where a given type of income or expense is treated differently for accounting purposes than it is for income tax purposes, as in the case of:

- expenses relating to a home office;
- entertainment expenses;
- capital cost allowance (CCA) of property;
- charitable donations;
- the cost of goods intended for sale but consumed by a partner or by members of the partner's family; and
- expenses relating to the use of an automobile.



Information return

The following types of partnerships must file the *Partnership Information Return* (form TP-600-V) for every fiscal period:

- a partnership that carries on a business:
 - in Québec, or
 - in Canada, outside Québec, where one of its members is an individual (including a trust) that is resident in Québec or a corporation that has an establishment in Québec;
- a Canadian partnership or specified investment flow-through (SIFT) partnership of which one of the members is an individual (including a trust) that is resident in Québec or a corporation that has an establishment in Québec;
- a partnership that owns a specified immovable, where one of the members is a specified trust.

Where a partnership is required to file an information return, each member of the partnership is responsible for making sure that the information return is filed for each of the partnership's fiscal periods. A partnership information return filed by one member is deemed to have been filed by all members.

Notwithstanding the rules above, a Revenu Québec administrative policy exempts a partnership from filing an information return if it meets **all** of the following conditions:

- at the end of its fiscal period,
 - the total absolute value of its revenue and expenses was less than \$2 million,
 - the value of its assets was less than \$5 million;
- throughout the fiscal period,
 - it had no more than five members that were not partnerships, trusts or corporations,
 - it was not an interposed partnership (that is, it was neither itself a member of another partnership nor were any of its members partnerships),
 - no exploration or development expenses were renounced in favour of the partnership, and no amounts of assistance were allocated to the partnership (the partnership must in turn allocate these amounts and expenses to its members) because the partnership invested in flow-through shares,
 - it was not a specified investment flow-through (SIFT) partnership having an establishment in Québec.

If you have to file a partnership information return, see our website for key information about:

- filing methods;
- filing deadlines;
- documents to enclose with the return; and
- penalties for late filing or failure to file the return.





RL-15 slips

The information return must include the RL-15 slips the partnership uses to inform its members about its operating results, specifically its income, losses and other amounts allocated to them for the fiscal period. The members can use this information to file their income tax return.

For more information, see the *Guide to Filing the RL-15 Slip* (RL-15.G-V).

Partnerships exempted from filing a partnership information return

If a partnership is **not** required to file the partnership information return, each individual who is a member of the partnership must complete Schedule L of the personal income tax return and enclose that schedule with his or her return. Each individual must also enclose:

- the partnership's financial statements for the fiscal period (or a copy of form TP-80-V, *Business or Professional Income and Expenses*); and
- the particulars concerning the amounts allocated.

For more information, see *Business and Professional Income* (IN-155-V).

Tax credits

Members of a partnership—whether individuals or corporations—can claim a tax credit in their income tax return for their share of certain eligible expenses the partnership incurred.

For more information about partnerships, see the *Guide to Filing the Partnership Information Return* (TP-600.G-V).



SOURCE DEDUCTIONS AND EMPLOYER CONTRIBUTIONS

If you are an employer, you are required to make regular source deductions of income tax and employee contributions from the remuneration you pay your employees. You are also required to make certain employer contributions. However, the status of the person you hire must be determined so that you know whether or not you must make source deductions.

For more information, see the *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V).

Salaried employee or self-employed person

A **self-employed person** is a person who, under a verbal or written agreement, carries out physical or intellectual work for another person (the client) or provides a service for a price that the client agrees to pay. A self-employed person may also own a business or be paid on a commission basis.

There is no relationship of subordination between a self-employed person and the person's client. This means that there is no employer-employee relationship, contrary to the situation of a salaried employee. As a rule, self-employed persons pay their own expenses, assume the financial risks associated with their work and use their own equipment, but do not have to do the work themselves. They can have employees or hire other self-employed persons to do the work. They determine their work schedules and where the work is to be done. In short, self-employed persons are independent.

A **salaried employee** is a person who, under a verbal or written agreement, carries out work for an employer on a full-time or part-time basis for a limited or undetermined period of time for a salary or wages. In such a relationship, the employer controls certain aspects of the employee's activities, such as work schedules and where the work is to be done. The employer may suggest that the employee participate in training or development activities. The employee usually receives certain benefits, such as paid vacations and group insurance.

For more information, see IN-301-V, *Employee or Self-Employed Person?*.

If you still have doubts about the status of the person you are hiring, see interpretation bulletin RRQ. 1-1, *Status of Workers*. It explains the six main criteria used to determine a worker's status.

If the worker and work provider do not agree on the worker's status, an application for a decision may be filed with us. You must complete:

- form RR-65-V, *Application for Determination of Status as an Employee or a Self-Employed Person*; and
- form RR-65.A-V, *Questionnaire for Determination of Status as an Employee or a Self-Employed Person*.

Special rules apply to performing, recording and film artists. For more information, see interpretation bulletin IMP803, *The fiscal status of an artist working in one of the fields of artistic endeavour covered by the Act respecting the professional status and conditions of engagement of performing, recording and film artists*.



Employee remuneration

Remuneration paid to employees includes salaries, wages, commissions, allowances and tips, as well as employee benefits.

Taxable benefits

The most commonly granted benefits are:

- gifts;
- payment of meals and accommodation;
- payment of moving expenses;
- payment of professional membership dues;
- costs related to the personal use of a motor vehicle; and
- stock options.

For more information, see IN-253-V, *Taxable Benefits*.

Tips

To calculate source deductions, you must add to the employees' regular salary or wages:

- the tips reported by the employees, that is, tips related to sales or received in the course of employment as a hotel valet, porter, doorman or cloakroom attendant;
- the tips not reported by the employees because they constitute service charges added to the customer's bill; and
- the tips allocated by you to the employees, in cases where the amount of tips reported by them is less than 8% of their sales.

The method for calculating source deductions is not the same for federal and Québec income tax purposes.

See IN-250-V, *Tax Measures Respecting Tips*, for more information on the reporting of tips, the tip-allocation mechanism, and the refundable tax credit for the reporting of tips that may be claimed by employers. You can also see IN-252-V, *Questions About Tips: Employers*.

We have also prepared document IN-251-V, *Questions About Tips: Employees*, for employees in the hotel and restaurant sector. You may wish to provide copies of this document to your employees.

Source deductions

You must deduct Québec income tax, QPP contributions and QPIP premiums from the remuneration you pay your employees and remit the amounts to us. Federal income tax and employment insurance premiums must also be deducted, but these amounts must be remitted to the Receiver General for Canada.



Hiring employees

When you hire employees, you must get their social insurance number and have them complete a copy of form TP-1015.3-V, *Source Deductions Return*. This form lists certain tax deductions and tax credits they can claim for the year, such as:

- the amount transferred from one spouse to the other;
- the amount for dependants;
- the amount for a severe and prolonged impairment in mental or physical functions;
- the age amount, the amount for a person living alone and the amount for retirement income;
- the housing deduction for residents of designated remote areas; and
- deductible support payments.

The information provided on the form is used to calculate the amount of income tax to be withheld. If an employee does not complete the form, income tax will be withheld on the basis of the basic amount indicated on the form.

If an employee is entitled to tax deductions or tax credits that are not listed above, you can ask the employee to complete form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax*, and send it to us so that we can authorize you to reduce the income tax you withhold.

Québec income tax

To calculate the amount of Québec income tax to be withheld from an employee's remuneration, you can use:

- the *Source Deduction Table for Québec Income Tax* (TP-1015.TI-V);
- the formulas in guide TP-1015.F-V, *Formulas to Calculate Source Deductions and Contributions*; or
- the WebRas or WinRas tools for calculating source deductions and employer contributions, which are available on our website.

Employee QPP contributions

The QPP provides basic financial protection to workers who retire (provided they are at least 60 years old) or become disabled, and to the families of deceased workers. The QPP is the Québec equivalent of the Canada Pension Plan (CPP).

All workers aged 18 or older must pay QPP contributions. This applies even to employees who receive a QPP or CPP retirement pension, or are aged 70 or older.

To calculate employee QPP contributions, you must use:

- the WebRas or WinRas tools for calculating source deductions and employer contributions;
- the *Source Deduction Tables for QPP Contributions* (TP-1015.TR-V or TP-1015.TR.12-V); or
- the formulas in guide TP-1015.F.V, *Formulas to Calculate Source Deductions and Contributions*.



Employee QPIP premiums

The QPIP pays benefits to employees on maternity, paternity, parental or adoption leave during which the employee receives no remuneration.

Employees must pay QPIP premiums regardless of their age and, as a rule, their place of residence, and whether or not they will benefit from the plan.

To calculate an employee's QPIP premium, you must use:

- the WebRas or WinRas tools for calculating source deductions and employer contributions;
- the *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V); or
- the formulas in guide TP-1015.F.-V, *Formulas to Calculate Source Deductions and Contributions*.

Employer contributions

As an employer, you are required to pay QPP and health services fund contributions, and QPIP premiums, on a regular basis and remit them to us with your source deductions. Once a year, you must also pay a contribution related to labour standards and, if applicable, a contribution to the WSDRF.

QPP contribution

As an employer, you must pay a QPP contribution equal to the aggregate of the QPP contributions withheld from the remuneration of your employees.

QPIP premium

As an employer, you must:

- withhold QPIP premiums from the salary or wages you pay your employees; and
- remit the employee and employer QPIP premiums to us at the same time.

To calculate the employer QPIP premium, you must use:

- the *Table for Québec Parental Insurance Plan Premiums* (TP-1015.TA-V);
- the formulas in guide TP-1015.F.-V, *Formulas to Calculate Source Deductions and Contributions*; or
- the WebRas or WinRas tools for calculating source deductions and employer contributions.

For more information, see the *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V).



Contribution to the health services fund

In addition to remitting source deductions, you must pay a contribution to the health services fund based on your total payroll, that is, the aggregate of the salaries and wages paid to your employees, including vacation pay, tips and taxable benefits.

If your total payroll is \$1 million or less, you contribute to the health services fund at the lowest rate. The rate varies if your total payroll is between \$1 million and the total payroll threshold. If your total payroll is equal to or greater than this threshold, you contribute at the maximum rate. The total payroll threshold for the 2021 calendar year is \$6.5 million.

If your total payroll is less than the total payroll threshold, you can receive an additional reduction of the health services fund contribution rate for small and medium-sized businesses in the primary and manufacturing sectors. You must meet certain conditions. To calculate the contribution to the health services fund, you can use:

- the WebRas or WinRas tools for calculating source deductions and employer contributions;
- the formulas in guide TP-1015.F.-V, *Formulas to Calculate Source Deductions and Contributions*.

For more information, contact us or see the *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V).

Contribution related to labour standards

You must generally pay a contribution related to labour standards. (A few businesses, such as daycare centres, are exempt.)

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

The contribution for the year must normally be paid by the last day of February of the following year.

For information about labour standards, contact the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST).

Contribution to the WSDRF

If your total payroll is over \$2 million, you are required to participate in the development of worker training by allotting at least 1% of your payroll to training expenditures. In general, total payroll means the aggregate of the salaries and wages paid (and benefits granted) to your employees.

The contribution to the WSDRF for the year must normally be paid by the last day of February of the following year.



Remitting source deductions and contributions

You must periodically remit all source deductions of Québec income tax, employee and employer QPP contributions and QPIP premiums, and the contribution to the health services fund. You must also pay your contribution related to labour standards and, where applicable, your contribution to the WSDRF once a year.

New employer

If you are a new employer, you can 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.

Frequency of remittances

For the current year, you can make your remittances:

- annually, if the total of your source deductions and employer contributions for the previous year did not exceed \$2,400 or we estimate that to be the case for the current year;
- quarterly, if:
 - your average monthly remittance for each of the preceding two years did not exceed \$3,000 and you have fulfilled your fiscal obligations over the last 12 months, or
 - 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 above conditions, you must make your remittances:

- monthly, if your average monthly remittance for the second preceding year was less than \$25,000;
- twice-monthly, if your average monthly remittance for the second preceding year was at least \$25,000 but less than \$100,000;
- weekly, if your average monthly remittance for the second preceding year was \$100,000 or more.

Determining 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 the previous year.



Due dates

See the table below for the remittance due dates based on your remittance frequency.

Remittance frequency	Remittance due date		Form to use	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>				



First remittance

If you are remitting source deductions and your employer contributions for the first time, and you do not have a remittance form, 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.

IMPORTANT

Every amount you withhold or collect as an employer pursuant to a fiscal law is deemed to be held in trust for the government until you remit it to the government in accordance with the prescribed procedures and deadlines. To facilitate the administration of these amounts, we recommend that you keep them in a separate account.

Summary of Source Deductions and Employer Contributions

On or before the last day of February of each year, you must file the RL-1 summary (RLZ-1.S-V, *Summary of Source Deductions and Employer Contributions*) for the preceding year to inform us of the amounts you remitted. These amounts are:

- the total Québec income tax, QPP contributions and QPIP premiums withheld from the remuneration paid to your employees;
- your employer QPP contribution and QPIP premium;
- your contribution to the health services fund;
- your contribution related to labour standards; and
- your contribution to the WSDRF, if applicable.

You can file the RL-1 summary using our online services.

IMPORTANT

As a new employer, you must remit any balance payable with regard to Québec income tax, QPP and health services fund contributions, and QPIP premiums when you make your last remittance for the month of December, and not when you file your RL-1 summary. We must also receive your contribution related to labour standards and to the WSDRF by the last day of February. You may be subject to interest and a penalty if you do not pay your balance on time.

You may also be subject to a penalty if you do not file the RL-1 summary by the prescribed deadline.



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 the *Guide for Employers: Source Deductions and Contributions* (TP-1015.G-V) and the CNESST website at cnesst.gouv.qc.ca.

Filing RL-1 slips

The **RL-1 slip** is used to report salaries, wages, taxable benefits, tips, commissions and any other remuneration paid to a shareholder or an employee (even if the person is your spouse). The slip is also used to report amounts deducted at source from these types of remuneration.

Copy 1 of each RL-1 slip must be sent to us with the RL-1 summary by the last day of February. Copy 2 must be sent to employees by the same date. You can complete and file your RL-1 slips using our online services.

For more information, see the *Guide to Filing the RL-1 Slip* (RL-1.G-V), which is updated annually.

Mandatory online filing of RL-1 slips

If you file more than 50 RL-1 slips for a calendar year, your business’s RL-slip data must be filed online in an XML file using one of the following methods:

- our online services;
- an accredited tax preparer such as your accountant or a payroll service, either of whom can file the RL-1 slip data with us on your behalf;
- authorized software (You must get a transmitter number from the Division de l’acquisition des données électroniques to file the RL-1 slip data yourself. For more information, see the *Tax Preparers’ Guide: RL Slips* [ED-425-V]).

For more information about source deductions and employer contributions, see guide TP-1015.G-V.



REGISTERS AND SUPPORTING DOCUMENTS

If you operate a business in Québec, you must keep registers. Registers must contain the information we need to verify your business income and expenses in order to determine any amount payable.

Registers must also contain the information we need to verify the GST and QST amounts collected or collectible by you and remitted or remittable by you (if you are claiming ITCs or ITRs), as well as the information used to calculate your source deductions and employer contributions.

Keeping documents

You must keep supporting documents, such as:

- a daily statement of your income, along with invoices and cash register tape;
- a daily statement of your operating expenses, along with your cancelled cheques, voided cheques and receipts (To substantiate your ITC and ITR claims, you must ensure that certain information is included on your invoices [see the table on page 22]);
- a statement of kilometres travelled, for each automobile used for both business and personal purposes;
- documents substantiating trips;
- documents substantiating capital expenditures;
- your credit card bills and monthly statements; and
- registers indicating your employees' names, their salaries and wages, and the amounts withheld from the remuneration you pay them.

You must keep your registers and supporting documents (either on paper or on electronic media) at your place of business, your home, or any other place that we designate. In the event of an audit, you must make these records available to our employees within a reasonable time.

As a rule, your registers and supporting documents (including those on electronic media) must be kept for at least **six years** after the last taxation year to which they apply. The taxation year for a sole proprietorship or a partnership is the calendar year. The taxation year for a corporation is its fiscal period.

However, if you file certain documents late for a given year, you must keep the registers and supporting documents for that year for **six years** after the date on which you filed the documents. This is the case if, for example, you file any of the following documents late:

- the corporation income tax return (form CO-17);
- the personal income tax return (form TP-1-V);
- the RL-1 summary, which must be filed annually by every financial institution that is not a corporation, because of the compensation tax (1.5%) it is required to pay.

You may also have to keep your documents for more than six years if you file a notice of objection or you appeal to the courts.



YOUR OPTIONS FOR RECOURSE

We are committed to offering you high-quality service that meets the service standards set out in our service statement. That's why we adopted the *Charter of Taxpayers' and Mandataries' Rights* to strengthen your trust in us and ensure that all our decisions are in keeping with our duty to act fairly.

Accordingly, you have the right to know the reasons behind any decision that concerns you and to have them explained to you if you are not satisfied with the way your file was handled or with the service you received. You also have the right to be heard and to explain your point of view.

Your options for recourse are explained below.

Contact us

More often than not, disagreements are the result of miscommunication or a lack of information. Therefore, before going any further, we encourage you to contact our client services or the Revenu Québec employee whose name is given on the communication you received so that we can try to resolve the issue.



File a notice of objection

If, after contacting us, you are still dissatisfied with the way your file was handled, you can file a notice of objection to contest a notice of assessment or a notice of determination (in respect of a loss, the solidarity tax credit, etc.). You can also file a notice of objection for a refund application that has gone without reply.

File a contestation

If you are dissatisfied with our decision regarding your notice of objection, you can file a contestation with the civil or small claims division of the Court of Québec or bring an appeal before the Tax Court of Canada (for matters concerning GST) or the Superior Court of Québec (for support payments).

Contact the Bureau de la protection des droits de la clientèle

If you have exhausted the recommended avenues for recourse, you can contact the Bureau de la protection des droits de la clientèle to request that they intervene in the matter. You can contact the Bureau by telephone, by mail, through our website, by fax or in person (by appointment).

Bureau de la protection des droits de la clientèle
3800, rue de Marly, secteur 3-4-5
Québec (Québec) G1X 4A5

Telephone: 418 652-6159
1 800 827-6159 (toll-free)

Fax: 418 577-5053
1 866 680-1860 (toll-free)

Website: revenuquebec.ca

Apply for the cancellation or waiver of interest, penalties or charges

In certain very specific situations, you can apply to have us cancel or waive the interest, penalties or charges that you owe under a tax law. For more information, see the latest version of interpretation bulletin LAF. 94.1-1, *Waiver or Cancellation of Interest, Penalties or Charges*.



REVENU QUÉBEC SERVICES

Client services

For information or an explanation concerning your file, or a correction to it, you can call, write or visit one of our offices. Our contact information is given on back of this document and on our website.

NetFile Québec

If you use software to complete your income tax return, you can file the return online using NetFile Québec.

If you have a balance of income tax due, you can pay it online, provided you have an account at a financial institution that offers this payment service. If you are entitled to a refund, you can have it deposited directly in your bank account.

If you file your return online, you do not need to mail us a paper copy of your return or any supporting documents. However, you must keep all documents for at least six years after the taxation year to which they apply or, if the tax return is filed late, six years after the date on which it was filed.

My Account for businesses

If you are an individual in business (self-employed), a corporation, a partnership or any other legal entity, you can register for My Account for businesses, which gives you fast and secure access to your tax file and lets you:

- report your source deductions and employer contributions and file your consumption tax returns, RL-1 slips and the RL-1 summary;
- make your remittances;
- authorize an accountant to consult your tax file and conduct transactions on your behalf through a power of attorney; or
- use a number of other services.



Payment methods

Online

You can use the payment code we provided to make a payment on the website of a participating financial institution. To make a payment:

- go to your financial institution's website;
- in your account, add "Revenu Québec – Code de paiement" as a payee;
- enter your payment code and make the payment.

Some financial institutions let you pay a balance or make instalment payments online without a payment code.

If we provided you with a reference number when you filed your return using our online services, you can use it to make your payment on the website of a participating financial institution.

To make a payment:

- go to your financial institution's website;
- in your account, add "Revenu Québec – Services Clic Revenu" as a payee;
- enter your reference number and make the payment.

Other methods

You can also remit income tax, consumption taxes, source deductions and instalment payments by:

- mailing us a cheque or money order payable to the Minister of Revenue of Québec;
- paying through your financial institution; or
- making a payment at one of our offices (cheques and debit cards accepted).

Documents

This document was designed to provide you with general information on new businesses and taxation. For more detailed information on the various subjects discussed, see the documents and guides mentioned throughout this document. You can consult or order them on our website at revenuquebec.ca. They are also available at our offices.

Tax News

Tax News is an electronic bulletin that discusses changes to tax laws and how those laws apply in certain situations. It concerns:

- QST and GST;
- other consumption taxes;
- corporation income tax; and
- texts from the CRA's quarterly bulletin that are adapted for QST purposes.

Subscribe to our RSS feed to be notified when a *Tax News* article is posted. You can also sign up for the *Tax News* distribution list to receive a monthly email notifying you of new articles.



FILING DEADLINES

Income tax and source deductions – Sole proprietorships

The table below does not apply to you if your income comes from farming, fishing, insurance, money lending, mining, logging or capital markets.

If your remittance frequency is twice-monthly or weekly, the table does not provide the filing deadlines for remittances of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums. For more information, see “Due dates” on page 38.

The 15th of each month	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous month (if the remittance frequency is monthly)
January 15	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums: <ul style="list-style-type: none"> • for the previous year, if your remittance frequency is annual; • for the last quarter of the previous year, if your remittance frequency is quarterly.
The last day of February	Deadline for filing RL-1 slips and the RL-1 summary for the previous year Deadline for distributing copies 2 and 3 of the RL-1 slips to your employees Deadline for paying your contribution related to labour standards and your contribution to the WSDRF, if applicable
March 15	Deadline for the first instalment payment of income tax
April 15	Deadline for the first remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
April 30	Deadline for remitting the income tax payable by an individual
June 15	Deadline for filing your income tax return (This extension applies to both you and your spouse, in view of the fact that you operate a business.) Deadline for the second instalment payment of income tax
July 15	Deadline for the second remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
September 15	Deadline for the third instalment payment of income tax Deadline for the first instalment payment of income tax, if this is the first year in which you are making instalment payments
October 15	Deadline for the third remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
December 15	Deadline for the fourth instalment payment of income tax Deadline for the second instalment payment of income tax, if this is the first year in which you are making instalment payments



Income tax and source deductions – Corporations

If your remittance frequency is twice-monthly or weekly, the table below does not provide the filing deadlines for remittances of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums. For more information, see “Due dates” on page 38.

The 15th of each month	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous month (if your remittance frequency is monthly)
The last day of each month	Deadline for instalment payments of income tax for the current year (if your remittance frequency is monthly)
The last day of each three-month period	Deadline for instalment payments of income tax for the current year (if your remittance frequency is quarterly)
January 15	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums: <ul style="list-style-type: none"> • for the previous year, if your remittance frequency is annual; • for the last quarter of the previous year, if your remittance frequency is quarterly.
The last day of February	Deadline for filing RL-1 slips and the RL-1 summary for the previous year Deadline for distributing copy 2 of the RL-1 slips to your employees Deadline for paying your contribution related to labour standards and your contribution to the WSDRF, if applicable
April 15	Deadline for the first remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
July 15	Deadline for the second remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
October 15	Deadline for the third remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
Two months after the end of the corporation’s taxation year	Deadline for remitting the income tax payable
Six months after the end of the corporation’s taxation year	Deadline for filing form CO-17, <i>Déclaration de revenus des sociétés</i>



Information return and source deductions – Partnerships

If your remittance frequency is twice-monthly or weekly, the table below does not provide the filing deadlines for remittances of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums. For more information, see “Due dates” on page 38.

The 15th of each month	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous month (if your remittance frequency is monthly)
January 15	Deadline for remitting source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums: <ul style="list-style-type: none"> • for the previous year, if your remittance frequency is annual; • for the last quarter of the previous year, if your remittance frequency is quarterly.
The last day of February	Deadline for filing RL-1 slips and the RL-1 summary for the previous year Deadline for distributing copy 2 of the RL-1 slips to your employees Deadline for paying your contribution related to labour standards and your contribution to the WSDRF, if applicable
March 31	Deadline for filing the information return for a fiscal period ending in the previous calendar year if: <ul style="list-style-type: none"> • throughout the period, all members of the partnership (or all members of a tiered partnership structure that includes the partnership) were individuals (including a trust); • the information return is filed by an investment club.
April 15	Deadline for the first remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
July 15	Deadline for the second remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
October 15	Deadline for the third remittance of source deductions, your employer QPP and health services fund contributions, and your employer QPIP premiums for the previous quarter (if your remittance frequency is quarterly)
Five months after the end of the partnership’s fiscal period	Deadline for filing the information return for the fiscal period if, throughout the period, all members of the partnership were corporations

In general, if the filing deadlines in the table above do not apply to the partnership, it must file its return by the earlier of:

- March 31 of the calendar year following the year in which the partnership’s fiscal period ended; or
- the last day of the fifth month following the end of the partnership’s fiscal period.



Consumption taxes – Sole proprietorships, corporations and partnerships

One month after the last day of your reporting period Monthly or quarterly remittance frequency	Deadline for filing your GST and QST returns
Three months after the last day of your reporting period Annual remittance frequency	Deadline for filing your GST and QST returns
The last day of the month following the end of each quarter in your fiscal period Annual remittance frequency	Deadline for instalment payments, if you are required to pay instalments of GST and QST
April 30 For sole proprietorships Annual remittance frequency	Deadline for remitting GST and QST, if your fiscal period ends on December 31
June 15 For sole proprietorships Annual remittance frequency	Deadline for filing your GST and QST returns, if your fiscal period ends on December 31



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

Revenu Québec

C. P. 3000, succursale Place-Desjardins

Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations
avec la clientèle des particuliers

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3800, rue de Marly

Québec (Québec) G1X 4A5

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Direction principale des relations
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