

# Consumption **TAXES**

STUDENT WORKBOOK

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QUÉBEC





*This workbook was prepared by Revenu Québec with participation from the Chaire de recherche en fiscalité et en finances publiques.*

Cette publication est également disponible en français et s'intitule *Les taxes à la consommation – Cahier de l'élève* (IN-471).

ISBN 978-2-550-90987-3, Teacher's Guide (PDF version)  
ISBN 978-2-550-90985-9, Student Workbook (PDF version)

Legal deposit – Bibliothèque et Archives nationales du Québec, 2022

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# *The what and why of* **CONSUMPTION TAXES**

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**LOOK AT THE RECEIPTS IN THE APPENDIX  
AND ANSWER THE FOLLOWING QUESTIONS:**

 What do you notice about the taxes?

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 Why do we have to pay tax on these purchases?

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 How would you define "consumption taxes"?

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Are all merchants and suppliers required to collect the GST and QST?

Four horizontal lines for writing an answer to the question above.

### NOTES

Eleven horizontal lines for taking notes.

# Consumption TAXES

TABLE 1 – Main consumption taxes

	Tax	What is taxed
<b>Sales taxes</b>	<b>GST/HST (goods and services tax or harmonized sales tax)</b>	Most goods and services supplied in Canada
	<b>QST (Québec sales tax)</b>	Most goods and services supplied in Québec
<b>Specific taxes</b>	<b>Tobacco tax</b>	Tobacco products
	<b>Fuel tax</b>	Fuel for motor vehicles
	<b>Specific tax on alcoholic beverages</b>	Alcoholic beverages purchased in Québec
	<b>Tax on lodging</b>	Stays of fewer than 32 consecutive days at a sleeping-accommodation establishment (hotel, motel, inn, etc.) in one of Québec's tourist regions
	<b>Tax on insurance premiums</b>	Automobile insurance Home insurance Etc.

**EXERCISE 1: CALCULATING THE GST AND QST**

**INSTRUCTIONS:** a) Use the receipts in the appendix to answer the questions below.

b) If necessary, use the GST/HST calculator on the Government of Canada website. Note the tool can also be used to calculate the QST.

**Q** What are the rates of the GST and QST?

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**Q** Based on the current tax rate, how much is the GST on the pack of gum listed at \$0.99?  
How much is the QST?

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**Q** What is the total amount that you have to pay for the pack of gum?

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**EXERCISE 2: WHAT'S TAXABLE?**

**INSTRUCTIONS:** Use Table 2 to answer the questions on page 8.

*TABLE 2 – Taxable versus non-taxable goods and services\**

Expense category	Good or service	Taxable (GST and QST) or non-taxable
<b>Food</b>	Food purchased at a store	Non-taxable: <ul style="list-style-type: none"> <li>• Basic groceries (meat, fish, fruit, vegetables, grains, bread, eggs and dairy products)</li> <li>• Other groceries sold in certain packages and quantities (for example, a 6-pack of muffins or a container holding 600 mL or more of a fruit beverage)</li> </ul> <hr/> Taxable: <ul style="list-style-type: none"> <li>• Prepared food</li> <li>• Alcoholic beverages, coffee, tea (including herbal tea), soft drinks, candy and snacks</li> </ul>
	Food purchased at a restaurant	Taxable
<b>Lodging</b>	Rental housing	Non-taxable
	Heating and electricity	Taxable
	Purchase of a new home	Taxable
	Purchase of an existing home (not new and has not undergone substantial renovations)	Non-taxable
<b>Furniture and appliances</b>		Taxable
<b>Clothing and accessories</b>		Taxable
<b>Transportation</b>	Private transportation: motor vehicles and the products needed to run them	Taxable
	Public transportation by: <ul style="list-style-type: none"> <li>• Subway and city bus</li> </ul>	Non-taxable
	<ul style="list-style-type: none"> <li>• Taxi, plane, train and inter-city bus</li> </ul>	Taxable



Expense category	Good or service	Taxable (GST and QST) or non-taxable
<b>Healthcare</b>	Drugs and other pharmaceuticals <ul style="list-style-type: none"> <li>• Prescription</li> </ul>	Non-taxable
	<ul style="list-style-type: none"> <li>• Over-the-counter</li> </ul>	Taxable
	Healthcare services (for example, those provided by a physiotherapist, a psychologist, an optometrist or a dentist)	Non-taxable
<b>Personal care</b>	Soap, shampoo, hairdressing services, etc.	Taxable
<b>Leisure</b>	Recreation items (for example, sports equipment, games and toys) and related services	Taxable
	Home-entertainment equipment and services (for example, audiovisual equipment and repair services)	Taxable
	Entertainment (for example, movie and show tickets)	Taxable
<b>Education</b>	Tuition	Non-taxable
	School supplies	Taxable
	Textbooks	Non-taxable (QST) Taxable (GST)
<b>Reading and other printed materials</b>	Books and magazines (printed and electronic)	Taxable <b>Exception:</b> The QST does not apply to printed books.
<b>Tobacco products</b>		Non-taxable (QST) Taxable (GST)
<b>Alcoholic beverages</b>		Taxable
<b>Goods and services sold by an individual</b>	Goods and services sold occasionally by an individual who is not a merchant and does not intend to make a profit (for example, goods sold at a garage sale)	Non-taxable
<b>Other expenses</b>	Communications, expenses for pets, gardening supplies, etc.	Taxable
	Professional services (for example, those provided by a lawyer, a notary or an accountant)	Taxable
	Childcare expenses	Non-taxable

\* This table is not exhaustive. It lists only the most common goods and services and whether they are taxable or non-taxable.

Note that non-taxable goods and services can generally be classified as either **zero-rated** (taxed at a rate of 0%) or **tax-exempt** (not taxed) depending on the intent of the law.

**Q** True or false: Most goods sold and services rendered in Québec are subject to the GST and QST.

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**Q** True or false: The GST and QST do not apply to the categories of goods and services below.

- Basic groceries
- Lodging
- Healthcare
- Education

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**Q** Why do you think that certain categories of goods and services are subject to consumption taxes while others are not?

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**EXERCISE 3: MY DAY OFF**

**INSTRUCTIONS:** Read the situation below. Then, use Table 2 to determine whether consumption taxes were applied to the expenses mentioned. For each expense in Table 3, check “No tax” if taxes were not applied but “GST” and/or “QST” if they were applied. Explain your answers.

**My day off**

Today I didn't have school. So, I got up around ten o'clock and went for brunch with a friend at Morning Eats. To help us digest our meal, we decided to go for a walk. That's when we came across a garage sale where I bought a record player as a birthday present for my dad. Later, we took the bus to the movie theatre. While waiting for our movie to start, my friend popped into a bookstore to buy a novel that her uncle recommended.

After the movie, I went to the dentist for a check-up while my mom went next door to the hairdresser for a haircut. Finally, I tagged along with my mom to grocery store. We bought ground beef, hamburger buns and my favourite, a triple-chocolate muffin.

**TABLE 3 – Expenses incurred during my day off**

What?	Which taxes were applied to the goods and services?			Why?
	GST	QST	No tax	
Meal at Morning Eats				
Garage sale record player				
Bus fare for public transit				
Movie ticket				
Novel				
Dental check-up				
Haircut				
Ground beef and hamburger buns from the grocery store				
Muffin from the grocery store				

**EXERCISE 4: DEBATE – SHOULD THERE BE A JUNK FOOD TAX?**

- INSTRUCTIONS:**
- a) *Read the following articles to familiarize yourself with the topic:  
Fat Taxes a Naïve Prescription for Canadian Health  
Junk Food Tax Considered, Ruled Out Says Cathy Bennet*
  - b) *Work as a team to discuss and prepare arguments.*
  - c) *Name a speaker. This person will present your team's arguments and counterarguments during the debate.*

**NOTES**

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## NOTES

A large rectangular area containing 20 horizontal lines for taking notes.

# APPENDIX

## Receipts

**Magasin YU**  
**123, route Beauchamps**  
**410 111-1111**

Date : 2021-04-19      Heure : 16 :45 :39  
 Caissier : Annie

=====

Shampoing ( <i>shampoo</i> )	4,00 \$	FP
Œufs Gros ( <i>large eggs</i> )	3,49 \$	
PEPSI Boisson ( <i>PEPSI beverage</i> )	6,48 \$	FP
Chandail ( <i>sweater</i> )	14,99 \$	FP
Tabac ( <i>tobacco</i> )	9,75 \$	F
Pomme ( <i>apple</i> )	1,50 \$	
Gomme ( <i>gum</i> )	0,99 \$	FP

=====

Sous-Total ( <i>Subtotal</i> )	41,20 \$	
TPS ( <i>GST</i> ) 5 %	1,81 \$	
TVQ ( <i>QST</i> ) 9,975 %	2,64 \$	
<b>Total :</b>	<b>45,65 \$</b>	

**Interac**  
**0000000000G000**  
**APPROUVÉ**

F : TPS (*GST*) #101010101  
 P : TVQ (*QST*) #2121212121

Merci et revenez nous voir!

**CARBURANT EXTRA****35, rue Descars****310 222-3333****2021-05-30**

=====  
 N° Trans. : 000000  
 Station : XXXXXX  
 N° TPS (GST No.) : 000000000  
 N° TVQ (QST No.) : 1111111111  
 =====

Ordinaire ( <i>regular</i> )	28,00 \$
22.506L à ( <i>at</i> )	1,244/L
CARBURANT INCLUS TPS ( <i>GAS INCLUDES GST</i> )	1,22 \$
CARBURANT INCLUS TVQ ( <i>GAS INCLUDES QST</i> )	2,43 \$
<b>TOTAL</b>	<b>28,00\$</b>

Type d'achat

Carte de débit \*\*\*\*\*00  
 APPROUVÉ

Merci et à bientôt

**Les vins du goulot****1000, rue du Goulot****513 300-4000****Caisse 4**

=====  
 Succursale : 35  
 Date : 2021-06-04  
 N° TPS (GST No.) : 000000000  
 N° TVQ (QST No.) : 1111111111  
 =====

Articles ( <i>item</i> )	Montant ( <i>amount</i> )
Vin rouge ( <i>red wine</i> )	17,80 \$
Rosé	17,75 \$
<b>Total</b>	<b>35,55 \$</b>
TPS (GST) (incl.)	1,55 \$
TVQ (QST) (incl.)	3,08 \$
Achat comptant	35,55 \$

Taxe spécifique sur les boissons  
 alcooliques incluse  
 (*Specific tax on alcoholic beverages included*)

**Copie du client**

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