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REVENU QUÉBEC

BUSINESS AND PROFESSIONAL INCOME 2013

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AS THE SOLE PROPRIETOR OF A BUSINESS OR A MEMBER OF A PARTNERSHIP, YOU PLAY A VITAL ROLE IN QUÉBEC’S ECONOMY.

Consult this brochure to properly calculate the income you must report in your income tax return and to claim all the deductions to which you are entitled.
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The information in this brochure does not constitute a legal interpretation of the *Taxation Act* or any other legislation. For further information, contact us at one of the numbers or addresses given at the end of this brochure.
1 GENERAL INFORMATION

1.1 Is this brochure for you?

If you carry on a business as a sole proprietor or as a member of a partnership, this brochure will help you calculate the business income to be entered in your income tax return.

You are considered to be carrying on a business if you are engaged in an activity with a view to making a profit such as, for example, if you

- engage in commercial activities;
- carry on e-commerce (business transactions conducted over the Internet, by telephone or fax, or using any other electronic device);
- operate a manufacturing or service business;
- exercise a trade;
- practise a profession;
- are a self-employed person who works on a commission basis;
- dispose of property that is produced or acquired solely in order to make a profit from its sale or resale;
- are engaged in an adventure or concern in the nature of trade, undertaken for the sole purpose of making a profit;
- provide childcare services (see brochure IN-189-V, Home Childcare Providers, which is available on our website);
- practise hunting and trapping;
- actively engage in speculation in the stock market;
- repeatedly sell your personal residences.

To understand the distinction between business income, property income and capital gains, see Part 2.

The expression “carry on a business” is used for all situations covered in this brochure. The expression “practise a profession” is used in more specific contexts.

This brochure is not intended for individuals whose business income is derived from farming, fishing, insurance, lending money, logging or mining operations, or (financial) market making.

1.2 Documents to be enclosed with the income tax return

1.2.1 You are a sole proprietor

If you are reporting business income in your income tax return, you must enclose with your return either your financial statements or form TP-80-V, Business or Professional Income and Expenses. Separate financial statements (or a separate copy of form TP-80-V) must be filed for each business and, where applicable, for each fiscal period ended in 2013.

You must also enclose form TP-80.1-V, Calculation of Business or Professional Income, Adjusted to December 31, if,

- in 2013, the fiscal period of the business you carried on ended on a date other than December 31; or
- in 2013, you began carrying on a business and the first fiscal period for which you earn income from the business ends in 2014.

1.2.2 You are a member of a partnership

If you are a member of a partnership (other than a limited or silent partner), you can use form TP-80-V to calculate your income and expenses. However, the documents you are required to enclose with your income tax return and how you complete the form will vary according to whether or not you received an RL-15 slip from the partnership.

You will receive an RL-15 slip if the partnership of which you are a member is required to file the Partnership Information Return (form TP-600-V) for the fiscal period concerned. For more information about the filing requirement for this return, refer to the Guide to Filing the Partnership Information Return (TP-600.G-V).

If you received an RL-15 slip, you are generally not required to enclose form TP-80-V or the partnership’s financial statements with your income tax return. You must report in your return the partnership’s gross income and your share of the net income (or net loss) indicated on the RL-15 slip.

However, if you are deducting expenses that you incurred to earn partnership income (and that were not reimbursed to you by the partnership), enclose form TP-80-V with your return. Complete form TP-80-V as follows:

- Complete Part 1 of the form.
- Enter on line 252 the amount indicated in box 1 of the RL-15 slip.
- Complete Part 7 and, if applicable, Part 8.
- Calculate your net income (or net loss) for the fiscal period.
If you did not receive an RL-15 slip and you are not submitting your financial statements with your income tax return, enclose form TP-80-V with your return. In this case, complete form TP-80-V as follows:

- Complete Part 1 of the form.
- Enter in Part 2 the additional information about the partnership.
- In Part 3, calculate the partnership’s income and expenses and your net income (or net loss) for the fiscal period.
- Complete Part 6 and any other parts of the form that apply to your situation.

1.3 List of useful documents

The following is a complete list of the documents that are referred to in this brochure and that you may find useful.

To obtain one of these documents, contact us or visit our website at www.revenuquebec.ca.

Forms

LM-53-V Insurable Earnings Under the QPIP and Pensionable Earnings Under the QPP of a Person Responsible for a Family-Type Resource or an Intermediate Resource

TP-1.R-V Request for an Adjustment to an Income Tax Return

TP-80-V Business or Professional Income and Expenses

TP-80.1-V Calculation of Business or Professional Income, Adjusted to December 31

TP-157-V Eligibility Certificate for Renovation or Alteration Expenses

TP-358.0.1-V Disability Supports Deduction

TP-726.30-V Income-Averaging for Forest Producers

TP-1012.A-V Carry-Back of a Loss

TP-1026-V Calculation of Instalment Payments to Be Made by Individuals

TP-1079.6-V Statement of Losses, Deductions and Tax Credits Respecting a Tax Shelter

TP-1086.R.23.12-V Costs Incurred for Work on an Immovable

Other publications

IN-105-V Instalment Payments of Income Tax

IN-117-V Guide to Filing the Income Tax Return of a Deceased Person

IN-120-V Capital Gains and Losses

IN-189-V Home Childcare Providers


1.4 List of abbreviations used

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACB</td>
<td>Adjusted cost base</td>
</tr>
<tr>
<td>CCA</td>
<td>Capital cost allowance</td>
</tr>
<tr>
<td>CNT</td>
<td>Commission des normes du travail</td>
</tr>
<tr>
<td>CRA</td>
<td>Canada Revenue Agency</td>
</tr>
<tr>
<td>CSST</td>
<td>Commission de la santé et de la sécurité du travail</td>
</tr>
<tr>
<td>FMV</td>
<td>Fair market value</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and services tax</td>
</tr>
<tr>
<td>HST</td>
<td>Harmonized sales tax</td>
</tr>
<tr>
<td>ITC</td>
<td>Input tax credit</td>
</tr>
<tr>
<td>ITR</td>
<td>Input tax refund</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied natural gas</td>
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<tr>
<td>NEQ</td>
<td>Québec enterprise number</td>
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<tr>
<td>QPIP</td>
<td>Québec parental insurance plan</td>
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<tr>
<td>QPP</td>
<td>Québec Pension Plan</td>
</tr>
<tr>
<td>QST</td>
<td>Québec sales tax</td>
</tr>
<tr>
<td>UCC</td>
<td>Undepreciated capital cost</td>
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</table>
2 DISTINCTION BETWEEN BUSINESS INCOME, PROPERTY INCOME AND CAPITAL GAINS

The distinction between business income, property income and capital gains is important, as each is subject to different tax benefits (deductible expenses, deductions, exemptions, etc.) and taxation rules.

2.1 Business income and property income

As a rule, business income is earned when you devote time and effort to carrying on an activity, whereas property income is derived from earnings on invested capital. The most common types of property income are interest, dividends, royalties and rental income.

Note

Business income does not include income from an office or employment.

Deducting a loss

Before deducting a business or property loss, you must consider whether the business or property income is derived from an activity sufficiently commercial to be considered a source of income. You can deduct a loss only if it is related to an activity that is a source of income.

An activity is commercial if you or persons related to you do not carry on the activity for personal or recreational purposes. If a portion of the activity is carried on for personal or recreational purposes, you must demonstrate that the commercial portion of the activity is predominant, with reference to all of the following criteria:

- the profit and loss situation in past years;
- your training;
- your intended course of action;
- the capacity of the business as capitalized to show a profit;
- your anticipated capital gain (not merely the potential capital gain);
- the reasonable expectation of profit.

To determine whether there is a reasonable expectation of profit, you must take into account the following criteria:

- the increase in expenses and decrease in income in the course of the relevant periods;
- the persistence of the factors causing the losses;
- the absence of planning;
- inappropriate business conduct;
- the scale of the activities;
- the persons involved;
- the context.

2.2 Capital gain

As a rule, a capital gain is the proceeds of disposition (for example, the proceeds of a sale) of capital property minus the ACB of the property and any expenses incurred to dispose of it. Capital property is property not usually sold in the course of a business’s activities (for example, land, buildings, equipment, debts or shares). The ACB of a property is, in general, its purchase price and the expenses incurred to purchase it. Only a portion of the capital gain must be included when calculating income. For further information, consult the brochure Capital Gains and Losses (IN-120-V).

In general, where an individual habitually carries on activities that require time or effort, the income or loss that results is considered business income or a business loss, not a capital gain or loss. Likewise, where an individual carries on such an activity infrequently, or even only once, if it can be shown that the individual is carrying on an adventure or concern in the nature of trade, the income or loss that results is considered business income or a business loss, not a capital gain or loss.

We use the same criteria as those set forth by the CRA in order to determine whether a transaction is an adventure or concern in the nature of trade. These criteria, which are grouped under three main headings (the taxpayer’s conduct, the nature of the property and the taxpayer’s intention), are presented in the Income Tax Interpretation Bulletin IT-459, Adventure or Concern in the Nature of Trade, which is available on the CRA website at www.cra-arc.gc.ca.
3.1 Fiscal period

Fiscal period
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.

Note
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 you must report your business income in the calendar year in which you earned it (see section 3.2). This rule applies to businesses operated by individuals or by partnerships whose members include an individual or another partnership to which this rule applies.

You cannot, for the purposes of your Québec income tax return, elect a date other than December 31 as the end date of your fiscal period. However, if you elect to have a fiscal period end on a date other than December 31 for the purposes of your federal income tax return, such an election will also apply with respect to your Québec return, given that the end date of a fiscal period used for Québec income tax purposes must be the same as that used for federal income tax purposes.

Note
A change in the end date of your fiscal period may lead to a change in your QST reporting periods, filing deadlines and remittance dates.

3.1.1 Conversion to a fiscal period ending on December 31

The rules in this section apply only if, in 2012, you carried on a business whose fiscal period ended on a date other than December 31 and if, in 2013, you wish to cancel this election for the purposes of your federal income tax return. An election made for federal income tax purposes automatically applies for Québec income tax purposes.

If you change your fiscal period so that it ends on December 31, 2013, your income and expenses for this fiscal period are calculated in the same way as your income and expenses for the previous fiscal period ending in 2013. However, please note the following points:

• The income for the fiscal period ending on December 31, 2013, includes all the reserves you claimed for the previous fiscal period ending in 2013.

• Your opening inventory for the fiscal period ending on December 31, 2013, is the same as your closing inventory for the previous fiscal period ending in 2013. Similarly, your closing inventory for the fiscal period ending on December 31, 2013, is the same as your opening inventory for the fiscal period that begins in 2014.

• The value of your work in progress at the beginning of the fiscal period ending on December 31, 2013, is the same as its value at the end of the previous fiscal period ending in 2013.

• The UCC of the business’s depreciable property at the beginning of the fiscal period ending on December 31, 2013, is the same as the UCC of this property at the end of the previous fiscal period ending in 2013. The maximum CCA that can be claimed for the second fiscal period is pro-rated according to the ratio between the number of days in the period and 365.

• For your fiscal period ending on December 31, 2013, you can claim all allowable expenses related to the business use of your home that you were unable to deduct for the previous fiscal period ending in 2013. Any allowable expenses of this type that you are unable to claim for the fiscal period ending on December 31, 2013, can be carried forward to the fiscal period ending on December 31, 2014.

Documents to be submitted
If, in 2013, you elect to change the end date of your fiscal period, you must provide separate financial statements or a separate copy of form TP-80-V for each fiscal period ended in 2013. You must also provide form TP-80.1-V to make adjustments for the fiscal period ended in 2013 on a date other than December 31, as well as a copy of form T1139, Reconciliation of Business Income for Tax Purposes, which you filed with the CRA.

3.1.2 Fiscal period ending on a date other than December 31

If, in 2012, the fiscal period of your business did not end on December 31, and you keep the same end date in 2013, the business income you must report for 2013 is the net income (or loss) adjusted to December 31, 2013, using the following calculation, found in form TP-80.1-V:

Net income (or net loss) for the fiscal period(s) ending in 2013 on a date other than December 31 + Estimated additional income for the remainder of the year (to January 1, 2014) - Estimated additional income reported for 2012
Calculate the estimated additional income for 2013 using the following formula:

\[(A - B) \times C \div D,\]

where

A is your net income for the fiscal period(s) ending in 2013 on a date other than December 31 (if you are a member of a partnership, take into account any amounts deductible in the year from your share of the partnership’s income);

B is the lesser of the following amounts:
  – the portion of amount A that is considered to be a taxable capital gain for the purposes of the capital gains deduction, or
  – the capital gains deduction claimed in 2013;

C is the number of days you carried on the business in 2013, after the fiscal period(s) ending in 2013;

D is the number of days you carried on the business in the fiscal period(s) ending in 2013.

If you began carrying on your business in 2013, and the first fiscal period for which you earned income ended before December 31, 2013, the adjustment consists only in adding the estimated additional income for the remainder of the year (to December 31, 2013).

If you began carrying on the business in 2013 and the first fiscal period for which you earn income ends in 2014, you can elect to include an amount of estimated additional income in your business income for 2013. The amount so included must not exceed the result of the following calculation, found in form TP-80.1-V:

\[(A - B) \times C \div D,\]

where

A is your net business income for the first fiscal period ending in 2014 (see the note below);

B is the lesser of the following amounts (see the note below):
  – the portion of amount A that is considered to be a taxable capital gain for the purposes of the capital gains deduction, or
  – the capital gains deduction claimed in 2014;

C is the number of days you carried on the business in 2013 that are included in the fiscal period ending in 2014;

D is the number of days you carried on the business in the fiscal period ending in 2014.

Note

If you do not know what these amounts are, use estimates. Once you know the amounts, redo your calculations. If you obtain an amount that is not more than the amount already reported in your 2013 income tax return, amend your return using form TP-1.R-V, Request for an Adjustment to an Income Tax Return.

A negative result produced by either of the above calculations is considered to be equal to zero. Estimated additional income that is reported for a given year can be subtracted from business income for the following year.

Documents to be filed

If, for the purposes of your federal income tax return, you elect to have a fiscal period end on a date other than December 31, you must complete and submit form TP-80.1-V, along with a copy of the T1139 form filed for that purpose with your federal income tax return.

If you are a member of a partnership that makes such an election, you must complete form TP-80.1-V every year to calculate your net income (or net loss) adjusted to December 31. You must enclose with your Québec income tax return form TP-80.1-V and a copy of the T1139 form you filed with the CRA.

If the partnership’s members include a testamentary trust, you must submit form TP-80.1-V and a copy of form T1139 to Revenu Québec no later than the earliest date on which a member of the partnership is required to file an income tax return.

If you are completing the return of a person who died in 2013, and that person carried on a business whose fiscal period ended on a date other than December 31, refer to the Guide to Filing the Income Tax Return of a Deceased Person (IN-117-V).

3.2 Method of accounting

You must use the accrual method of accounting to report your business income. This method consists in

• reporting all income in the fiscal period during which it was earned, regardless of whether you have actually received the income;
• deducting all expenses in the fiscal period during which they were incurred, regardless of whether you have actually paid the expenses.

Note

If you are a self-employed person who works on a commission basis, you can use the cash method of accounting to report your income and expenses, provided this method gives an accurate account of your income for the year. This method consists in

• reporting all income in the fiscal period during which you received it;
• deducting all expenses in the fiscal period during which you paid them.

3.3 GST/HST and QST

Do not include in your gross income the GST/HST or the QST you collected.

If you are registered for the GST/HST and the QST, you can claim input tax credits (ITCs) and input tax refunds (ITRs). The amounts paid or credited to you as ITCs and ITRs reduce the amount of the expense, or the capital cost of the property, on which you paid the tax.

If you are not registered for the GST/HST and the QST, and your gross income reached $30,000 during the past 12 months, contact us.
4 CARRYING ON A BUSINESS

4.1 Income

4.1.1 Sales
You must include in your business income the proceeds (including commissions) of all your sales, whether payment was made in money or an equivalent form (for example, points that have monetary value), or in property or services (as in a barter transaction). The value of the exchanged property or services must be included in your income if the exchange relates to the activity of your business.

Barter
The exchange of property or services for other property or services, without the use of money.

4.1.2 Reserves claimed in the previous year
Your income for the year must also include any reserves you claimed in the previous year, such as
- reserves for doubtful debts;
- reasonable reserves for property to be delivered or services to be rendered after the end of the fiscal period;
- reserves for warranties given to customers, if the amount of each warranty does not exceed the amount paid by the customer in advance;
- amounts receivable under an insurance policy or from any other source, as compensation for damage done to your depreciable property, if the amounts are used to repair the damage;
- reserves for deposits received in advance as rent or remuneration for the possession or use of property;
- reserves for deposits received on returnable containers (other than bottles);
- reserves for accounts receivable, if all or part of the outstanding amount is not payable in the two years following the date of sale.

4.1.3 Other income
In the calculation of your business income, you must also take into account all amounts or benefits you received during the year, including
- the value of vacation trips or gifts offered as incentives or as remuneration for work carried out by your business;
- the assistance, grants, subsidies or other financial incentives that you received from a government, a government agency or a non-government agency, except
  - an amount that you already included in your income or deducted in the calculation of a balance of expenses for the current taxation year or a previous taxation year,
  - an amount used to reduce the cost of property or the amount of an expense;
- amounts recovered in the year that were deducted as bad debts for a previous year;
- grants received in the year under a prescribed home insulation or energy conversion program;
- interest.

You must also include, in calculating your business income using the applicable method of accounting (see section 3.2), any amounts received from a Quebec government department, agency or enterprise as a contract payment or as a grant or subsidy. Such amounts received during the calendar year are indicated in boxes A and B of the RL-27 slip, Paiements du gouvernement. Include the amount from box B only if it represents business income.

Note
If you normally deduct returns from your sales as soon as the articles are returned, and normally deduct discounts from your sales as soon as you give the discounts, you can enter the amount of net sales. Otherwise, you must enter returns and discounts separately.

4.1.4 Income derived from artistic activities
If you are a recognized artist, that is, a professional artist within the meaning of the Act respecting the professional status of artists in the visual arts, arts and crafts and literature, and their contracts with promoters, or an artist within the meaning of the Act respecting the professional status and conditions of engagement of performing, recording and film artists, you may be entitled to a deduction for copyright income (line 297 of the income tax return) and to a deduction for the purchase of an income-averaging annuity for artists (line 250).
Deduction for copyright income

In order for your copyright income to be eligible for the deduction, you must be the first owner of the copyright. Copyright income includes public lending rights received from a federal program administered by the Public Lending Right Commission; you can include them in the calculation of the deduction for copyright income.

Furthermore, if you are a **performing artist**, the following income is eligible for the deduction for copyright income:
- income derived from your copyright in your performance;
- income derived from your right to equitable remuneration for a sound recording; and
- income derived from your right to remuneration for the private copying of sound recordings.

To calculate the deduction, you must take into account copyright income that is eligible for the deduction and included in your business income, or shown in box H of your RL-3 slip, and subtract any expenses incurred to collect that income.

The deduction, which cannot be more than $15,000, is applicable only if the amount of copyright income is not more than $60,000. The deduction is equal to the lesser of A and B, where
- \( A \) is the copyright income eligible for the deduction (minus any expenses incurred to collect the income);
- \( B \) is the result of the following calculation:
  \[
  15000 - [0.5 \times (A - 30000)]
  \]

To calculate the deduction, use Work chart 297 in the “Forms” booklet of the income tax return.

Deduction for the purchase of an income-averaging annuity for artists

If you are a recognized artist, you can deduct, on line 250 of your income tax return, an income-averaging annuity acquired during the year or the first 60 days of the following year. The income eligible for averaging is the portion of your income derived from artistic activities that is more than the total of the following amounts:
- $25,000;
- the deduction for copyright income to which you are entitled in the year.

Your annuity payments, which may be spread over a period of no more than seven years, are income that must be included on line 154 of your return. Furthermore, these payments are subject to a special tax of 24% to be withheld at source. However, if you are resident in Québec at the end of the year, you are entitled to claim, on line 462 of your return, a refundable tax credit equal to the amount of this special tax.

4.1.5 Family-type lodging resources

In the health and social services sector, there are various types of non-institutional living environments.

Some of these resources operate in a family (or similar) setting. These include foster families (which take in children), foster homes (which take in adults or elderly persons), foster homes for adult offenders (which take in offenders to enable them to devote themselves to activities intended for their social rehabilitation), and lodging resources recognized as intermediate resources under the Act respecting health services and social services.

If you operate such a lodging resource, you are not required to include the following amounts in the calculation of your income:
- an amount you received in accordance with the rates or the scale of rates of compensation determined under the Act respecting health services and social services or an Order in Council made under the Act respecting health services and social services for Cree Native persons, if
  - you are recognized as an intermediate resource or family-type resource by a local health and social services network development agency, or you act as a foster family within the meaning of the Act respecting health services and social services for Cree Native persons, and
  - throughout the period for which you receive the amount, you take in at your principal place of residence a maximum of nine persons referred to you by a public institution within the meaning of the Act respecting health services and social services or entrusted to you through a social service centre within the meaning of the Act respecting health services and social services for Cree Native persons, or you maintain your principal place of residence to be used as the residence of such persons;
- an amount you received under a service contract entered into with the Minister of Public Security to establish a foster home and facilitate the social rehabilitation of the persons required to live there, if
  - you maintain the foster home in your principal place of residence, and
  - a maximum of nine persons live there.

Note

You cannot deduct, from your income, expenses incurred to receive amounts that you are not required to include in your income.
Insurable earnings under the QPIP and pensionable earnings under the QPP of a family-type resource or an intermediate resource

If you receive an RL-29 slip, enter on line 40 of Schedule L of your income tax return the amount of your insurable earnings and pensionable earnings that you calculated on form LM-53-V, Insurable Earnings Under the QPIP and Pensionable Earnings Under the QPP of a Person Responsible for a Family-Type Resource or an Intermediate Resource. You will not be required to pay income tax on this amount, as it is tax-exempt. You will, however, use the amount to calculate your Québec Pension Plan (QPP) contribution and Québec parental insurance plan (QPIP) premium on income from self-employment.

4.1.6 Recognized forest producers

If you are a recognized forest producer or a member of a partnership that is a recognized forest producer and, in 2006, 2007, 2008 or 2009, you requested the averaging of your net income resulting from the sale of timber (line 297 of your income tax return), you must include all or a portion of the amount deducted for that year in your taxable income (line 276 of your income tax return) for one or more of the four years following the year of the deduction. The total amount deducted must be included in your taxable income no later than the fourth year.

Accordingly, if, in your 2009 income tax return, you requested the averaging of a portion of your net income derived from the sale of timber (line 297 of your income tax return), you must include in your taxable income for 2013 (line 276 of your income tax return) the portion of the amount deducted in 2009 that you did not include in your taxable income for 2010, 2011 or 2012.

You must, in the year in which you dispose of the private woodlot or cease to be a member of the partnership, or in the year that includes the end date of the fiscal period in which the partnership disposes of the private woodlot, include in your taxable income the portion of the deduction that was not included in your taxable income for a previous year.

To calculate the amount to include in your taxable income for 2013, complete form TP-726.30-V, Income-Averaging for Forest Producers. Complete one form for each woodlot.

4.2 Cost of goods sold

If you carry on a business that manufactures goods for sale, or purchases goods for resale, you must deduct the cost of these goods in the fiscal period in which you sold or resold them.

To calculate the amount you can deduct respecting the cost of goods sold, you need to know

- the value of your inventory at the beginning of the fiscal period (opening inventory, corresponding to the value of your inventory at the end of the previous fiscal period);
- the value of your inventory at the end of the fiscal period (closing inventory);
- the total cost of your purchases for the year (including GST/HST and QST, unless the taxes have been paid or credited to you as ITCs and ITRs).

Both the opening inventory and the closing inventory of a business that manufactures goods must include raw materials, goods in process and finished goods.

4.3 Inventory

4.3.1 Taking inventory

You must take inventory at the end of each fiscal period, unless you use a perpetual inventory system and periodically verify inventory.

You must also maintain an inventory record and keep it with your other books and records.

4.3.2 Inventory valuation methods

You can determine the value of your inventory using either of the following methods:

- You can value the entire inventory based on its fair market value (FMV).
- You can value individual items or groups of items based on their cost or FMV, whichever is less.

Fair market value (FMV) of an item

The amount it would cost to replace an item, or the amount the owner would receive if he or she sold the item in an ordinary commercial transaction.

Cost of an item

The price paid or billed for an item, plus any costs incurred to take the item to its current location and put it into its current condition.
For the first year in which you carry on your business, you can choose either of the aforementioned inventory valuation methods. You cannot change the method chosen in a subsequent fiscal period unless circumstances require that you do so. The value of inventory at the beginning of a given fiscal period must be the same as its value at the end of the previous fiscal period. Note that you are not required to report an opening inventory in your first year of business.

If your business is an adventure or concern in the nature of trade, you cannot use these inventory valuation methods. Instead, you must determine the value of the items in your inventory on the basis of their acquisition cost.

### 4.3.3 Self-employed artists

If you are a self-employed artist who creates paintings, prints, etchings, drawings, sculptures or similar works of art, and you elect to value your year-end inventory at nil for the purposes of your federal income tax return, your election will automatically apply for Québec income tax purposes.

Such an election remains in effect for all subsequent years, unless you revoke it. You must indicate that you have made or revoked such an election in a letter (or in your financial statements) enclosed with your Québec income tax return.

### 4.4 Purchases

The cost of goods purchased for resale or for use in manufacturing other goods intended for sale includes the cost of delivery, freight and messenger services. The amount of the net purchases is the amount of your purchases, minus returns and any discounts or rebates you received.

If you make personal use of goods purchased by the business, you must subtract the full cost of the goods from the amount of your purchases.

### 4.5 Subcontracting costs

The cost of goods intended for resale includes costs incurred to have a third party carry out, in accordance with the instructions received, work related to the manufacture of the goods.

### 4.6 Direct labour costs

In the case of a business that manufactures goods intended for sale, the cost of the goods must include direct labour costs (that is, the remuneration paid to employees who work directly in the manufacture of the goods). However, the cost of the goods does not include indirect labour costs, the salary of the owners or members of a partnership, or withdrawals of money or goods made by the owners or members of a partnership.
5 PRACTISING A PROFESSION

5.1 Income

In general, you must calculate professional income according to the rules that apply to any other business (see section 4.1). A separate income statement must be prepared for each profession you practise.

Your total professional income for the current year is equal to
• all amounts received during the current year for professional services, whether the services were provided before or during the current year, or are to be provided after the current year;
  plus
• all amounts receivable at the end of the current year for professional services provided during the current year;
  minus
• all amounts that were receivable at the end of the previous year.

If your income includes an amount received during the current year for services to be provided after the end of the year, you can deduct a reasonable amount as a reserve for these services.

Your professional income includes all your professional fees, whether you receive payment in money or an equivalent form, or in property or services as in a barter transaction (see the definition of “barter” in section 4.1.1). Your income for the year must include any reserves you claimed in the previous year.

5.2 Work in progress

As a rule, you must include in your 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.

The value of work in progress is equal to
• the amount that would have been charged for the services if the services had been billed; or
• the expenses incurred for the services provided.

If you are an accountant, chiropractor, dentist, lawyer, notary, physician or veterinarian, and you elect to exclude the value of your work in progress from your income for the purposes of the federal income tax return, your election will automatically apply for the purposes of your Québec income tax return.

The election allows you to write off the cost of work in progress, even if the related income is included in income only at the time of billing.

If you elect to exclude the value of your work in progress, enclose with your Québec income tax return a copy of the letter sent to the CRA indicating your election. In the case of a partnership, you must be a member authorized to make the election on behalf of all members. The election to exclude the value of work in progress remains in effect for all subsequent years, unless you revoke it for federal income tax purposes.
6 DEDUCTIONS

6.1 Expenses qualifying for a deduction

As a rule, if you carry on a business, you can deduct any reasonable expense incurred to earn business income for the taxation year, unless the expense does not qualify for a deduction under the Taxation Act.

The following are non-deductible expenses:

- investments
- capital expenditures or capital losses
- reserves (also called “contingent accounts” or “sinking funds”), unless their deduction is expressly permitted under the Taxation Act
- expenses incurred to establish a business before operations actually begin

You cannot deduct personal expenses. If an expense is incurred for both personal and business purposes, you must make a reasonable allocation between personal use and business use. Only the portion used for business purposes can be deducted.

6.2 Advertising

You can generally deduct advertising expenses such as

- the cost of radio, television and newspaper ads;
- the cost of business cards.

6.3 Bad debts

You can deduct the amount of a debt only if

- you included the amount in your income for the current year or a previous taxation year; and
- you have determined that the amount is a bad debt for the current year.

A debt is considered a bad debt when all prescribed collection measures have been used without success.

6.4 Business taxes and licences

You can deduct the fees paid for licences and permits required to carry on your business or professional practice.

However, you cannot deduct your contribution to the Office des professions du Québec, annual dues paid to a professional association for the purposes of maintaining a recognized professional status (except the portion that covers professional liability insurance), annual membership dues paid to a recognized artistic association, or dues paid to an association of home childcare providers recognized under the Act respecting the representation of certain home childcare providers and the negotiation process for their group agreements. These contributions and dues entitle you to non-refundable tax credits, which reduce the amount of income tax payable (line 373 of the income tax return). Amounts paid to a professional association for a purpose other than that of maintaining a legally recognized professional status remain deductible.

If the partnership of which you are a member pays the above-mentioned contributions or dues on your behalf, the share of the contributions or dues paid on your behalf is considered to be an amount incurred by you in the year in which the fiscal period of the partnership ended and entitles you to a non-refundable tax credit. The partnership cannot deduct the contributions or dues from its income. It can, however, deduct any portion of the professional dues that covers professional liability insurance.

6.5 Delivery, freight and messenger services

You can deduct all expenses for delivery, freight and messenger services that you paid in order to earn business income.

6.6 Fuel and oil (not used in motor vehicles)

You can deduct all costs incurred for fuels and lubricants required to operate your business’s equipment, such as gasoline, diesel fuel, propane or motor oil. For information on motor vehicle expenses, see section 6.12.

6.7 Insurance premiums

You can deduct all ordinary commercial insurance premiums respecting the buildings, machinery and equipment used in your business. You can also deduct premiums on a term life insurance policy assigned to a lender as collateral on a loan contracted for business purposes.
6.8 Interest

As a rule, you can deduct interest that you are required to pay when you borrow money in order to carry on a business or in order to purchase property to be used in the business. For further information about interest on the purchase of a motor vehicle, see section 6.12.2.

You can deduct the interest that you paid on a loan granted against an insurance policy, provided the interest was not added to the adjusted cost base of the policy.

6.9 Maintenance and repairs

You can deduct the cost of labour and equipment required for the maintenance and repair of property used to earn business income. However, you cannot deduct the value of work you do yourself.

You cannot deduct the cost of repairs carried out for the purpose of making an addition or improvement to property. Such costs are not considered deductible expenses in the calculation of business income. Instead, they must be added to the cost of the property. Each year you can claim capital cost allowance for a portion of the cost of the property (see section 6.22).

6.9.1 Renovation or alteration of a building to meet the needs of mobility-impaired or physically-impaired persons

You can deduct (rather than add to capital cost) any amount paid in the year for eligible renovations or alterations of a building primarily used for earning business or property income, if the renovations or alterations ensure that persons with a mobility impairment have access to the building or that such persons are able to move about inside the building. The following are eligible renovations or alterations:

- installation of hand-activated power door openers, as well as indoor and outdoor ramps;
- alterations to washrooms and widening of elevators and doorways, to facilitate their use by persons in wheelchairs;
- renovations or alterations for which you hold an eligibility certificate (form TP-157-V) signed by an architect, an engineer or a professional technologist certifying that the renovations or alterations comply with the barrier-free design standards set out in the Construction Code of Québec. The expenses incurred for these renovations or alterations must have been incurred after March 23, 2006.

The eligibility certificate must also specify the types of specialized or adapted equipment installed during such renovations or alterations (for example, a specialized sign device, adapted seating or a telecommunications system) and the portion, indicated as a percentage, of the renovations or alterations made to the building that is reasonably attributable to the execution of the barrier-free design (for example, to adapt the height of switches or widen access points).

You can also deduct any amount paid in the year to acquire or install the following eligible devices and equipment that meet the needs of persons who have a physical impairment:

- elevator car-position indicators (such as braille panels and audio indicators)
- visual fire alarm indicators
- telephone devices designed for persons with a hearing impairment

6.9.2 Work on an immovable

If you incurred labour costs (other than salaries or wages paid to your employees) to renovate, improve, maintain or repair a building, structure or land located in Québec and used to carry on a business, you must complete form TP-1086.R.23.12-V, Costs Incurred for Work on an Immovable. On the form, you must identify the person (other than an employee) who carried out the work, and enter the amounts this person billed. You are liable to a penalty if you do not complete the form.

If the labour costs were incurred by a partnership of which you are the designated member, you must complete the form on behalf of the partnership.

6.10 Management and administration fees

You can deduct management and administration fees, as well as bank charges, that you incurred to carry on your business. These costs do not include salaries or wages paid to employees, property taxes or rent.

6.11 Meal and entertainment expenses

You can deduct meal and entertainment expenses that you incurred to earn business income.

Meal expenses include costs incurred for food and beverages. Entertainment expenses include the cost of tickets or admission fees to a show or sporting event, gratuities and the cost of rooms rented for entertainment purposes (such as private boxes at sports facilities or hospitality suites).
### 6.11.1 Deductible amount

The deduction you can claim for meal and entertainment expenses is **limited** to the lesser of the following amounts:

- 50% of the amount actually incurred and reasonable under the circumstances (hereinafter the “50% limit”). For meals purchased by certain truck drivers, the 50% limit is replaced by a specified percentage (see “Meal expenses of truck drivers” in this section);
- the ceiling based on the business’s sales.

These limits also apply to the cost of meals taken while traveling to attend a convention (see section 6.14), seminar or other similar meeting.

However,
- in some cases, the deductible amount is not subject to the ceiling based on sales (see section 6.11.2); and
- in other cases, the deductible amount is not subject to the 50% limit (or specified percentage) nor to the ceiling based on the business’s sales (see section 6.11.3).

**Note**

If you are a member of a partnership and you incurred entertainment expenses in the course of the partnership’s business, you cannot deduct these expenses if they are subject to the 50% limit (or the specified percentage).

The ceiling applicable to entertainment expenses is based on the business’s annual sales. If you carry on more than one business, calculate the ceiling separately for each one.

**Sales** correspond to all revenues attributable to the business, other than capital gains. However, if your business is a sales agency or similar business (that is, a business whose sole activity is the sale of goods in inventory in exchange for a commission), the sales concerning the portion of the income that consists of commissions is calculated as follows:

<table>
<thead>
<tr>
<th>Amount of the commission</th>
<th>Percentage of the commission</th>
</tr>
</thead>
</table>

The ceiling based on sales corresponds to either a percentage of the annual sales or to a fixed amount of $650, as indicated in the table below.

<table>
<thead>
<tr>
<th>Annual sales</th>
<th>Ceiling</th>
</tr>
</thead>
<tbody>
<tr>
<td>$32,500 or less</td>
<td>2%</td>
</tr>
<tr>
<td>More than $32,500 but less than $52,000</td>
<td>$650</td>
</tr>
<tr>
<td>$52,000 or more</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

**Example**

A business’s fiscal period is from January 1, 2013, through December 31, 2013. Its sales total $50,000. The 50% limit applies to entertainment expenses of $2,000. The deductible amount for entertainment expenses is calculated as follows:

- 50% limit: $2,000 x 50% = $1,000
- ceiling that corresponds to the sales, determined using the table above: $650

The amount that can be claimed for this period is the lesser of the following amounts:

- the 50% limit: $1,000;
- the ceiling based on sales: $650.

The deductible amount for the fiscal period (from January 1, 2013, through December 31, 2013) is $650.

Since you determine the ceiling on the basis of your annual sales, if your fiscal period is **shorter than 365 or 366 days**, as applicable, you must first calculate your sales on an annual basis. Once that calculation is done, determine the corresponding ceiling. If the ceiling is a percentage, multiply the actual sales by the percentage. If the ceiling is $650, prorate this amount on the basis of the number of days in the fiscal period.

**Example**

A business’s fiscal period is from December 1, 2012, through June 30, 2013 (212 days). Its actual sales for this period total $32,000. The 50% limit applies to entertainment expenses of $2,000. The deductible amount for entertainment expenses is calculated as follows:

- 50% limit: $2,000 x 50% = $1,000
- amount of sales on an annual basis: $32,000 x (365 ÷ 212) = $55,094
- ceiling that corresponds to these sales, determined using the table above: 1.25%
- ceiling as determined by the actual sales: 1.25% x $32,000 = $400

The amount that can be claimed is the lesser of the following amounts:

- the 50% limit: $1,000;
- the ceiling based on sales: $400.

The deductible amount for the fiscal period (from December 1, 2012, through June 30, 2013) is $400.
Meal expenses of truck drivers

In general, the amount that can be deducted for meal expenses (food and beverages) incurred to earn business income, including meal expenses incurred by truck drivers, cannot be more than the lesser of the following amounts: the 50% limit and the ceiling based on sales.

However, if you are a long-haul truck driver, the 50% limit does not apply to the amount that you can claim for meal expenses incurred to earn business income during eligible periods of travel. A higher specified percentage applies as follows:

• 65%, for expenses incurred in 2008
• 70%, for expenses incurred in 2009
• 75%, for expenses incurred in 2010
• 80%, for expenses incurred in or after 2011

Long-haul truck driver
An individual whose principal business is to drive long-haul trucks for the purpose of transporting goods.

Long-haul truck
A truck or tractor that
• is designed for hauling freight;
• is primarily used to earn income from hauling freight;
• has a gross vehicle weight rating (as specified by the manufacturer to be the loaded weight of the vehicle) that is over 11,788 kg.

Eligible periods of travel
A period of at least 24 hours during which the following conditions apply:
• the long-haul truck driver is away from the municipality where he or she resides; and
• the driver’s trip is for the purpose of transporting goods to, or from, a location outside a radius of at least 160 kilometres from the driver’s residence.

6.11.2 Deductible amount not subject to the ceiling based on sales

The deduction of meal expenses you incurred in the course of activities related to your business is subject to the 50% limit (or the specified percentage), but not to the ceiling based on sales if the activities take place at least 40 kilometres away from your place of business and are usually (that is, on a regular and ongoing basis) carried on at such a distance from your place of business.

6.11.3 Deductible amount not subject to the set limits

Neither the 50% limit (or specified percentage) nor the ceiling based on sales applies to the deduction of your meal and entertainment expenses if

• you incurred the expenses in the ordinary course of your business, which consists in providing food, beverages or entertainment to customers for consideration (if you are in the restaurant or hotel business);
• you billed the expenses to a customer, as shown on the customer’s bill;
• you included the expenses in one of your employees’ salary or wages, or, if you did not include them, the employee worked at a special work site or at a location so remote that the employee could not reasonably be expected to establish his or her home there (in this case, the expenses do not constitute a taxable benefit). The work site must be located in Canada, at least 30 kilometres from an urban area with a population of 40,000 or more.

If you are a producer in the cultural field and you pay an allowance for meal expenses to an artist who is self-employed, the latter will be considered an employee for the purposes of the deduction for entertainment expenses (but only regarding you). Consequently, if, as an employee, the artist had to report the value of the benefit represented by the allowance as taxable income (or did not have to report it because he or she had to work at a special work site or at a remote location), no limit would apply to the amount you can deduct. However, this exception will apply only where the allowance is paid under a group or individual agreement binding an artist and a producer. The agreement must be entered into in compliance with the Act respecting the professional status and conditions of engagement of performing, recording and film artists.

The rules concerning the deductibility of entertainment expenses remain unchanged for an artist who receives an allowance from a producer;
• you incurred the expenses to provide meals to an employee housed at a work camp so remote that the employee cannot reasonably be expected to return home daily. The camp must be temporary and must have been constructed or installed for the purpose of providing meals and accommodation to employees working at a construction site;
• you incurred the expenses to celebrate Christmas or a similar event, and all of your employees who work at a particular place of business were invited to the celebration. You cannot deduct expenses for more than six such events in a calendar year;
• you incurred the expenses in connection with an activity organized principally for the benefit of a registered charity;
• you incurred the expenses for the purchase of a subscription or for the bulk purchase of tickets to
  — concerts of a symphony orchestra or a classical music or jazz ensemble,
  — opera performances,
− concerts of a vocal artist (excluding concerts that take place in a venue normally used for sports),
− dance performances,
− plays,
− various types of performing arts (for example, comedy shows and musical comedies),
− museum exhibits.

The subscription must include at least three different performances that take place in Québec, and the cost must not include expenses for food or beverages. As well, tickets purchased in bulk must represent all or almost all of the tickets for a performance.

6.11.4 Use of recreational property

Unless the purpose of your business is to supply recreational property, you cannot deduct expenses incurred for the use or maintenance of the following property:

• a pleasure craft (such as a yacht)
• a lodge
• a hunting or fishing camp
• a golf course
• a recreational facility

You cannot deduct membership dues or initiation fees paid to a club whose main purpose is to offer its members dining, recreational or sporting facilities.

However, the membership dues or initiation fees paid to a club are deductible and not subject to the 50% limit or the ceiling based on sales if they are offered to an employee

• for a special occasion (such as Christmas, a birthday, a wedding or a similar occasion); or
• in recognition of certain accomplishments (such as reaching a certain number of years of service).

These gifts and rewards are taxable benefits that qualify for a $500 exemption.

6.12 Motor vehicle expenses

You can deduct certain expenses related to a motor vehicle used for business purposes. However, if the vehicle you use is classed as an automobile, a limit may apply to the amounts you can deduct as interest, leasing expenses and capital cost allowance (see sections 6.12.2, 6.12.6 and 6.12.7). It is therefore important to determine the type of vehicle for which you are claiming a deduction. See the definitions listed in this section.

Motor vehicle

An automotive vehicle designed or adapted for use on highways and streets.

Automobile

A motor vehicle that is used to carry individuals and that has a seating capacity for not more than the driver and eight passengers.

The following vehicles are not considered to be automobiles:

• an ambulance;
• a clearly marked emergency medical response vehicle used to carry paramedics and their emergency medical equipment;
• a motor vehicle acquired or leased for use primarily (more than 50%) as a taxi;
• a bus used in a business of transporting passengers;
• a hearse used in a funeral home business;
• a motor vehicle used to transport passengers in a funeral home business;
• a motor vehicle acquired or leased to be sold or leased in a business that sells or leases motor vehicles;
• a pickup truck, van or similar vehicle that, in the taxation year in which it is acquired, is used entirely or almost entirely (90% or more) to transport goods, equipment or passengers in order to earn or produce income;
• a pickup truck, van or similar vehicle that has a seating capacity for not more than the driver and two passengers and that, in the taxation year in which it is acquired, is used primarily (more than 50%) to transport goods or equipment in order to earn or produce income;
• an extended cab pickup truck that
  − has a seating capacity for the driver and more than two passengers,
  − in the taxation year in which it is acquired or leased, is used primarily (more than 50%) to transport goods, equipment or passengers in the course of earning or producing income at one or more places in Canada, and
  − is used to transport at least one passenger who works at a special work site where he or she performs temporary duties, or at a location so remote that he or she cannot reasonably be expected to establish his or her home there (the work site or remote location must be at least 30 kilometres from an urban area with a population of 40,000 or more).
Deductible motor vehicle expenses include:

- registration fees;
- the cost of a driver’s licence;
- insurance premiums;
- interest (see section 6.12.2);
- fuel costs;
- the cost of upkeep (for example, car wash, lubrication or tune-ups);
- repair costs (see section 6.12.3);
- parking fees (see section 6.12.4);
- supplementary insurance premiums (see section 6.12.5);
- leasing expenses (see section 6.12.6);
- capital cost allowance (see section 6.12.7).

If you use more than one motor vehicle to earn business income, the expenses for each vehicle must be calculated separately. You must also determine the percentage of business use for each vehicle. This percentage is determined on the basis of the ratio between the number of kilometres travelled for business purposes in your fiscal period and the total kilometres travelled in that fiscal period.

To help you make these calculations, you can keep a logbook containing the details of all travel during the year (date, destination, purpose, distance travelled).

**Simplified logbook**

To make it easier to compile motor vehicle expenses, you can keep a logbook for each vehicle for a sample period of at least three consecutive months (known as the “sample period for the year”) from which you can then extrapolate the percentage of business use for the entire year. A simplified logbook can be used where the following conditions are met:

- You kept a comprehensive logbook of your motor vehicle use over a typical 12-month period starting in 2009 or later (known as the “base year”), which has since served as a reference period for subsequent years. This period is not required to correspond to a calendar year.
- The percentage of business use for the sample period for the year is within 10 percentage points of that determined for the same period in the base year (known as the “period in the base year”).
- The percentage of business use for the year is within 10 percentage points of that determined for the base year.

The percentage of business use for the year is determined using the following formula:

\[
\text{Percentage of business use for the year} = \left( \frac{\text{Percentage of business use (sample period for the year)}}{\text{Percentage of business use (period in the base year)}} \right) \times \text{Percentage of business use determined for the base year}
\]

**Example**

You use an automobile for both business and personal purposes. You kept a logbook of your motor vehicle use over a 12-month period in 2012 (the base year) and determined that you used the automobile for business purposes 60% of the time during that year.

In 2013, you kept a logbook during a three-month sample period (July, August and September), which revealed that you used the automobile for business purposes 65% of the time during that period. For the same three-month period in the base year, the automobile was used for business purposes 57% of the time. The percentage of business use for the sample period (65%) is therefore within 10 percentage points (not less than 47% and not more than 67%) of the percentage of business use determined for the period in the base year (57%).

The percentage of business use for the automobile for 2013 is determined using the formula provided above:

\[
(65\% \div 57\%) \times 60\% = 68\%.
\]

The percentage of business use (68%) is acceptable because it lies within 10 percentage points (not less than 50% and not more than 70%) of the percentage of business use determined for the base year (60%).

**6.12.1 Expenses for travel between your home and your place of business**

You can deduct your travel expenses for motor vehicle travel between your various premises or places of business. However, you cannot deduct the expenses incurred to travel between your home and your various places of business, unless your principal place of business is your home. If you have a fixed office or place of business other than your home, your home is not usually considered your principal place of business.

**Your home** may be considered your principal place of business if you are in a situation similar to the following:

- You are an anesthetist and you use your home to receive all work-related telephone calls and do all clerical work connected with your profession. You do not have an office or other premises in a hospital or elsewhere, and you provide your services to patients in one or more hospitals.
• You are an independent real estate agent and you maintain an office in your home. You do not have any other business premises, and you provide your services to clients in their own homes or at the sites of listed real estate.

• You are a plumber, electrician or painter, you have an office in your home and you keep all your equipment in your home. You do not have any other business premises, and you carry out your work at different locations where customers require your services.

Your expenses for travel between an establishment of a business you operate and an establishment of another business that you also operate are personal expenses and do not qualify for a deduction.

6.12.2 Interest respecting the purchase of a motor vehicle
You can deduct the interest on a loan contracted to purchase a motor vehicle that you use to earn business income. However, in the case of an **automobile** (see the definition in section 6.12), the deduction of interest on the loan is limited according to the date of purchase. If you purchased an automobile after 1996 but before 2001, the amount you deduct cannot be more than $8.33 multiplied by the number of days for which interest was paid or payable. The limit is $10 per day for an automobile purchased after 2000.

**Note**
To calculate the amount of interest you can deduct, you must take into account the percentage of use of the motor vehicle for business purposes.

6.12.3 Repair costs following an accident
Repair costs incurred following an accident, whether to repair damage to the vehicle you were driving or to the property of another person, are entirely deductible if the vehicle was being used for business purposes at the time of the accident. Repair costs do not include costs for which you were reimbursed or are entitled to be reimbursed pursuant to an insurance claim or a claim in damages, unless the amount of the reimbursement is included in your income.

Repair costs are **not deductible** if the vehicle was being used for personal purposes at the time of the accident.

6.12.4 Parking fees
Fees paid during a fiscal period to park or store an automobile used for business purposes are deductible for that period.

**Note**
Parking fees at your place of residence are considered a personal expense and are therefore not deductible, unless your residence is the main location at which you carry on your business.

6.12.5 Supplementary insurance premiums
You can deduct the entire cost of supplementary insurance premiums for the motor vehicle you use for business purposes.

6.12.6 Leasing expenses
You can deduct the cost of leasing a motor vehicle that you use to earn business income. However, if you lease an **automobile** (see the definition in section 6.12), the leasing expenses you can deduct are limited. To determine the amount of eligible leasing expenses, complete the work chart on the next page for each automobile.

When calculating the deductible portion of eligible automobile leasing expenses, you must take into account the proportion in which the vehicle is used for business purposes.
**Work chart  Eligible automobile leasing expenses**

Amount of daily leasing expenses for the automobile\(^1\)  
Number of days the vehicle was leased, from the date the contract took effect \(\times\)  
Multiply line 1 by line 2.  

Total leasing expenses deducted for previous fiscal periods  
Total interest considered to have been earned, concerning a refundable amount, from the date the contract took effect\(^2\)  
Total refunds of leasing expenses (other than GST/HST or QST rebates) to which you have been entitled, from the date the contract took effect  
Add lines 4 through 6.  
Subtract line 7 from line 3.  

Leasing expenses incurred for the automobile during the fiscal period\(^3\)  
Manufacturer’s suggested retail price\(^4\) for the automobile (not including taxes) \(\div\)  
Divide line 9 by line 10.  
Maximum price for the automobile\(^5\)  
Multiply line 11 by line 12.  
Enter the amount from line 9 or 13, whichever is **less**.  
Total interest considered to have been earned during the fiscal period, concerning a refundable amount\(^6\)  
Total refunds of leasing expenses (other than GST/HST or QST rebates) to which you are entitled for the fiscal period  
Add lines 15 and 16.  
Subtract line 17 from line 14.  
Enter the amount from line 8 or 18, whichever is **less**.  

---

1. Add sales taxes to one of the following amounts and enter the result on line 1:
   - $23.33, for a leasing contract signed in 2000;
   - $26.67, for a leasing contract signed after 2000.
   Sales taxes include GST/HST and QST (or any other provincial sales tax) calculated on the monthly payment at the rate in effect at the time the monthly payment is made.

2. Enter the amount of interest that would be earned on refundable amounts, except on the first refundable $1,000, if the interest was payable at a prescribed rate. The refundable amounts must be paid for leasing the automobile. They include all amounts that the lessor is required to repay you under the leasing contract (for example, a deposit that lowered the lease payments), but do not include GST/HST or QST rebates.
   To determine the amount of interest to enter on lines 5 and 15, calculate the interest at the prescribed rate (see the following list of rates for 2012 and 2013), either for all fiscal periods ended since the amount became refundable (line 5) or for the fiscal period concerned (line 15). To find out the interest rates in effect before January 1, 2012, contact us.

3. Leasing expenses include taxes, insurance premiums and maintenance costs incurred during the fiscal period under the leasing contract.

4. If the amount on line 10 is equal to or less than the maximum price for the automobile (see note 5), carry the amount from line 9 directly to line 14. Otherwise, complete lines 11 through 13.

5. Add sales taxes to one of the following amounts to obtain the maximum price for the leased automobile:
   - $31,765, for a leasing contract signed in 2000;
   - $35,294, for a leasing contract signed after 2000.
   Sales taxes include GST/HST and QST (or any other provincial sales tax) calculated on the amount at the rate in effect at the time the leasing contract was entered into.

6.12.7 Capital cost allowance (CCA) of a motor vehicle

As with all other durable goods, you cannot deduct the cost of a motor vehicle used to earn business income in the year of purchase. However, given that motor vehicles depreciate over the years, you can claim an amount as capital cost allowance (CCA) each year (the general rules regarding CCA are explained in section 6.22).

The capital cost of a motor vehicle is generally the total purchase price, which includes
- the trade-in amount granted by the vendor for a used vehicle;
- the cost of all accessories and equipment installed before or after delivery of the vehicle;
- the GST/HST and the QST (or any other provincial sales tax) paid on the vehicle, minus any input tax credits (ITCs) and input tax refunds (ITRs) paid or credited to you.

If, during the year, you began to use, for business purposes, a motor vehicle that you previously used only for personal purposes, the capital cost of the vehicle corresponds to the lesser of the following amounts:
- its fair market value at the time you began to use it for business purposes;
- its original cost.

Note
If you use a motor vehicle less than 90% of the time for business purposes, you must calculate the ITCs and ITRs on the basis of the CCA for the motor vehicle and subtract them from the undepreciated capital cost (UCC) at the beginning of the taxation year following the year for which CCA is being claimed.

Class 10 and class 10.1 property—30% rate

Under the Regulation respecting the Taxation Act, all motor vehicles must be included in either class 10 or class 10.1, with the exception of taxis, vehicles rented on a daily basis and heavy trucks, which are class 16 property.

As a rule, all the depreciable property in a particular class must be grouped together. However, class 10.1 cannot include more than one vehicle. Therefore, if you have two or more vehicles to be included in this class, you must create a separate class 10.1 for each one.

Include in separate class 10.1 each automobile purchased
- in 2000, at a cost of over $27,000;
- after 2000, at a cost of over $30,000.

In determining whether an automobile belongs to class 10.1, you must take into account the purchase cost, excluding sales taxes (GST/HST and QST or any other provincial sales tax).

Furthermore, the capital cost that you use to calculate the CCA of a class 10.1 automobile must not exceed the total of the amount referred to above ($27,000 or $30,000, as applicable) and the non-refundable portion of sales taxes (GST/HST and QST or any other provincial sales tax) related to that amount.

Example
In 2012 or 2013, you purchased an automobile that cost $43,000. The capital cost that you take into account is limited to $30,000, plus the non-refundable taxes calculated on the $30,000.

If you sell a class 10.1 automobile that you owned at the end of the previous fiscal period, you can claim, for the fiscal period in which you make the sale, 50% of the CCA to which you would have been entitled had you not sold the automobile. Do not include in your business income an amount of CCA recapture and do not deduct from your business income a terminal loss. The rules pertaining to the recapture of CCA and terminal losses do not apply to class 10.1 motor vehicles (see sections 6.22.4 and 6.22.5).

Include in class 10 all motor vehicles, other than class 10.1 automobiles, taxis, vehicles rented on a daily basis and heavy trucks.

If you buy a class 10 vehicle, the CCA for the fiscal period during which the purchase was made is limited to 30% of half the capital cost. For subsequent fiscal periods, the CCA is limited to 30% of the undepreciated capital cost (UCC) of the vehicle.

If you change your vehicle in a fiscal period and replace it with another class 10 vehicle, the CCA you can claim for the new vehicle in the year you acquire it equals the result of the following calculation:

\[
\text{Capital cost of the vehicle that you acquired} - \text{Proceeds of disposition of the vehicle that you disposed of} \times 50\% \times 30\%
\]

As regards the vehicle you disposed of, the CCA you can claim is equal to 30% of its UCC at the start of the fiscal period.

If, at the end of the fiscal period, you have no other class 10 property and
- the value of the UCC is negative, see section 6.22.4;
- the value of the UCC is positive, see section 6.22.5.
Vehicle used for both business and personal purposes

If you use a vehicle for both business and personal purposes, the base amount used to calculate the CCA must include both the business portion and the personal portion of the capital cost or UCC, as applicable. The CCA that can be claimed generally corresponds to the ratio between the distance travelled for business purposes in the fiscal period and the total distance travelled in that period.

Example

You operate a furniture-making business.

At the end of the fiscal period ended on December 31, 2012, the UCC of class 10 property (a truck used solely for business purposes) amounted to $17,850.

In 2013, you bought an automobile at the price of $23,500 (including taxes) that you used for business purposes 40% of the time (10,800 km for business purposes out of a total 27,000 km).

The base amount used in calculating the CCA that can be claimed for the year of purchase is reduced by half, in accordance with the half-year rule (see section 6.22).

For 2013, the CCA can be calculated as follows:

| CCA for the automobile ($23,500 ÷ 2) x 30% | $3,525 |
| CCA for the truck ($17,850 x 30%) | + $5,355 |
| Total CCA | = $8,880 |
| Portion of CCA related to personal use of the automobile ($3,525 x 60%) | – $2,115 |
| CCA for 2013 | = $6,765 |

The UCC at the end of 2013 is calculated as follows:

| Automobile portion of the UCC ($23,500 – $3,525) | $19,975 |
| Truck portion of the UCC ($17,850 – $5,355) | + $12,495 |
| UCC at the end of 2013 | = $32,470 |

6.12.8 Joint ownership or lease

If you and one or more other persons jointly own or lease a vehicle, the amount of CCA, interest and leasing expenses deducted by all the owners or lessees cannot be more than the maximum that one person owning or leasing the vehicle could deduct.

6.13 Office expenses

You can deduct the cost of your office supplies (for example, stationery, stamps, directories and magazines). Office supplies do not include articles such as calculators, filing cabinets and chairs. These are considered capital expenditures and are therefore not deductible in the year in which you purchase them (see section 6.22). Office expenses do not include expenses related to the use of your home for business purposes (see section 6.27).

6.14 Convention expenses

You can deduct the cost (registration fees, living and travel expenses) of attending a maximum of two conventions during the year, provided the conventions

- relate to your business; and
- are held by a business or professional organization at a place that can reasonably be considered to be in the geographical area in which the organization conducts its business.

The second condition does not apply if the convention is sponsored by an organization based in a country other than Canada and is related to your business or profession.

If convention expenses include food, beverages or entertainment, and the cost of these is not indicated separately on your supporting documents, subtract $50 from the convention expenses for each day these items were provided.

The daily amount of $50 can be deducted as meal and entertainment expenses, subject to the limits described in section 6.11.

6.15 Supplies

You can deduct the cost of items, products and materials used indirectly in the production of goods and services. For example, a veterinarian can deduct expenditures for medicine, syringes and other supplies, whereas an actor can deduct the cost of materials used to assist him or her in playing a role.

Note that if you are a self-employed performing artist, you can deduct the cost of clothing purchased for public performances. You can deduct 50% of the cost of such clothing that may be worn for other purposes than performing and 100% of the cost of clothing that cannot be worn for other purposes than performing.
If you are not a performing artist, as a rule you are not permitted to deduct the cost of clothing that you are required to wear for the purposes of making business income. However, you can deduct from your business income the cost of clothing that cannot be worn for purposes other than making business income, or for purposes of making business income and income from another source.

6.16 Legal and accounting fees

You can deduct the fees you paid to an outside firm (such as a legal, accounting or architectural firm) for advice, services or assistance relating to your business.

Accounting or auditing fees paid to have your financial statements prepared or certified are deductible. You can also deduct legal, accounting or other fees incurred to have legislation reviewed or an objection or appeal prepared against a notice of assessment regarding QST, income tax payable, Employment Insurance or QPIP premiums, or contributions to the Canada Pension Plan, the QPP, the health services fund, or the financing of the CNT.

Legal fees are deductible, provided you incurred them to earn business income. Legal fees include amounts paid to have contracts prepared for the purpose of obtaining guarantees, and expenses incurred to recover accounts receivable or to prepare financial documents.

You cannot deduct legal fees and other expenses incurred to acquire capital property. Instead, add these expenses to the cost of the property.

6.17 Property taxes (municipal and school taxes)

You can deduct property taxes relating to property (land and buildings) used to carry on your business. Property taxes include municipal taxes and school taxes, minus any refundable portion of the taxes. Municipal taxes include:

- taxes for water, sewers, garbage collection and upkeep of roads and streets;
- taxes for a specific sector to cover public services and facilities; and
- financing taxes levied by municipalities and urban communities.

However, municipal taxes do not include transfer duties.

6.18 Rent

You can deduct rent relating to property (land and buildings) used to carry on your business. A partnership that uses an individual’s home to carry on a business can also deduct as rent the expenses attributable to the use of the individual’s home, subject to the limits applicable to an individual who is deducting an expense related to the business use of his or her home.

If you are the sole proprietor, your rent does not include expenses related to the use of your home for business purposes (see section 6.27).

6.19 Salaries or wages, benefits and employer contributions

You can deduct salaries or wages (including commissions) paid to employees, as well as your share, as an employer, of Employment Insurance or QPIP premiums, contributions to the QPP and the health services fund, the contribution to the financing of the CNT, and payments to the CSST.

However, if you carry on a manufacturing business, do not include the remuneration paid to employees who work directly in the manufacture of goods (that is, direct labour costs); such remuneration must be included in the cost of goods sold.

You can also deduct premiums paid on behalf of your employees for a plan providing health insurance, accident insurance, disability insurance or wage loss insurance.

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

- you actually paid the salary or wages;
- the work done by your child was necessary for you to earn business income (you would have had to hire someone else had you not hired your child); and
- the salary or wages were reasonable, given the age of your child, and represent the amount you would have paid someone else.

You must keep all documents substantiating the salary or wages paid to your child. If you paid by cheque, keep the cancelled cheques. If you paid in cash, ask your child for a receipt.

If you paid your child with a product from the business rather than in cash, you can deduct as an expense the value of the product that replaced your child’s salary or wages. In this case, your child is required to include the value of the product in his or her income, and you must add the same amount to your income.

The salary or wages paid to your spouse are also deductible. The rules applicable to salary or wages paid to a child also apply to salary or wages paid to a spouse.
You must report the salary or wages paid to your child or spouse on an RL-1 slip, as you would for any other employee. However, you cannot deduct the value of meals or accommodation you provided to your child or spouse.

You cannot deduct any remuneration you paid to yourself. Such remuneration constitutes a withdrawal by the owner and is not a deductible expense.

For further information about your responsibilities as an employer, see the Guide for Employers: Source Deductions and Contributions (TP-1015.G-V).

Transit passes for employees
As a rule, benefits granted to your employees are deductible in calculating your business income. You can deduct the amount you reimbursed your employees for expenses they incurred to use a public transit service to travel to their workplace or the cost of providing them with transit passes.

You can deduct from your business income an additional amount equal to 100% of

• an amount granted to one of your employees as a total or partial reimbursement of the cost of an eligible transit pass taking the form of a subscription for a period of at least one month or the cost of an eligible paratransit pass, if the employee purchased the pass to travel between his or her residence and workplace;

• the cost for you of an eligible transit pass or paratransit pass, if the pass is provided to one of your employees primarily to travel between his or her residence and workplace.

Public transportation organized by employers
Under a measure that came into effect in 2012, if you are an employer that organizes, alone or jointly with other employers, a public transportation service for employees who live outside the local municipal territory where the establishment they normally work at is located, you can deduct, in calculating your income from a business for a given taxation year, an additional amount equal to 100% of the amount otherwise deductible for the setting up and operation of such a service, if you meet the following conditions:

• You provide the transportation service at least five days a week, except during holidays or a slowdown in the business’s activities.

• You transport the employees in a vehicle with a design capacity of at least 15 people (coach, minibus or van).

• The employees can get on and off the vehicle only at predetermined places.

If you are an employer that owns the vehicle used to provide the intermunicipal transportation service to your employees, the portion of the additional amount of the deduction that is attributable to an amount deducted as depreciation of the vehicle will not be recaptured following the disposition of the property.

In addition, your employees will not be required to include, in calculating their income from an office or employment, the value of the benefits relating to the use of an intermunicipal transportation service organized by you, where the service gives entitlement to the additional deduction of 100%.

6.20 Travel expenses (other than motor vehicle expenses)
You can deduct travel expenses (including the cost of meals, accommodation and public transportation) incurred to earn business income.

The amount you deduct for expenses incurred for food, beverages and entertainment is generally subject to limits (for more information on these limits, see section 6.11).

However, these limits do not apply if you travel by plane, train or bus to earn business income and the food, beverages and entertainment provided on board are included in the price of the ticket. You can include the full price of the ticket in your travel expenses.

Eligible transit pass
A transit pass that allows the use of a public transit service, other than a paratransit service, provided by a public entity authorized by Québec law to organize such a service.*

Eligible paratransit pass
A transit pass that allows the use of a paratransit service provided by a public entity authorized by Québec law to organize such a service.*

* Public entities authorized by Québec law include municipal bodies, intermunicipal transit bodies, the Agence métropolitaine de transport and the authorities referred to in the Act respecting public transit authorities, such as the transit authorities of Laval, Lévis, Longueuil (RTL), Montréal, Outaouais, Québec (RTC), Saguenay, Sherbrooke and Trois-Rivières.

Note
An individual does not have to include the value of the benefit related to transit passes described above in calculating his or her income from an office or employment, provided the benefit was received because of or in the course of that office or employment.
6.21 Telephone, electricity, heat and water

You can deduct expenses for telephone services and utilities (such as electricity, heat and water) incurred to earn business income.

6.22 Capital cost allowance

You cannot deduct the cost of property that is furniture, equipment, a building or a motor vehicle in the year of purchase. However, as such property wears out or becomes obsolete over time, you can deduct a portion of its cost each year (generally for as long as you own the property). This deduction is called capital cost allowance (CCA).

The amount on which you can initially (in the first year) claim CCA is called the “capital cost of the property.” It includes the purchase price of the property, the legal and other fees related to the purchase of the property, the transportation costs, the GST/HST and the QST, minus the ITCs and ITRs received or credited. The result obtained when the CCA claimed is subtracted from the capital cost of the property constitutes the “undepreciated capital cost” (UCC).

Property on which you can claim CCA is called “depreciable property.” Depreciable property is normally grouped into classes, and a specific CCA rate generally applies to each class. For information on the principal classes of depreciable property, see section 6.22.6.

You should also keep the following points in mind:

- You do not have to claim the maximum amount of CCA to which you are entitled in a given year. You can claim any amount up to the maximum amount allowed.
- For most classes of property, CCA is generally calculated according to the declining balance method. This simply means that it is calculated on the UCC, which decreases over the years as CCA is claimed at the end of each fiscal period.
- As a rule, if you claim CCA in the year the property was purchased, you can calculate the CCA only on 50% of the capital cost of the property. This limit is called the “half-year rule.”
- If your fiscal period is less than 12 months, the CCA claimed must be prorated to the length of the fiscal period.
- You cannot claim CCA with respect to land, plants (trees, shrubs, etc.) or animals. The only exception to this rule is that CCA can be claimed on timber limits, cutting rights and timber resource property.

Note

For information about claiming CCA on a motor vehicle, see section 6.12.7.

6.22.1 Grants and subsidies

If you receive or are entitled to receive a grant, subsidy or other form of assistance from a government or a government agency for property you purchased, you must subtract the assistance, grant or subsidy from the capital cost of the property before calculating CCA.

If you receive an inducement or incentive from a non-government agency for the purchase of depreciable property, you must either include the amount in your income or subtract it from the capital cost of the property.

If you receive or are entitled to receive government assistance or a federal investment tax credit for property that belongs to a given class and that was disposed of in a previous year, recapture of CCA may occur (see section 6.22.4).

6.22.2 The available-for-use rule

Generally, you can claim CCA on property only when the property is considered available for use, that is, ready to be used to earn business or property income.

Property (other than an immovable) is generally considered to be available for use at the earliest of the following times:

- the time at which you first use the property to earn income;
- the beginning of the second taxation year following the taxation year in which you acquired the property (for example, in 2013, if you acquired the property in 2011);
- the time immediately prior to the time at which you dispose of the property;
- the time at which the property is delivered to you or placed at your disposal, provided it can be used to produce goods or supply a marketable service.

A building is generally considered to be available for use at the earliest of the following times:

- the time at which you begin to use all or substantially all (90% or more) of the building for the purposes for which it was acquired;
- the beginning of the second taxation year following the taxation year in which you acquired the property (for example, in 2013, if you acquired the property in 2011);
- the time at which construction of the building is completed;
- the time immediately before the time at which you dispose of the property.

Note

Where the available-for-use rule applies, a renovation, alteration or addition to a building is considered to be a separate property.
The half-year rule (see section 6.22) does not apply in the calculation of CCA if, because of the available-for-use rule, you cannot claim CCA before the second taxation year following the taxation year in which you acquired the property (for example, if you acquired the property in 2011 but were unable to use it to earn income until 2013).

### 6.22.3 Non-arm’s-length transactions

A non-arm’s-length transaction includes a transaction between members of the same family (between spouses or de facto spouses, between a parent and a child, etc.) or between a shareholder and a corporation controlled by the shareholder. When you purchase property in a non-arm’s-length transaction, special rules apply to the calculation of the capital cost of the property. For more information on how to calculate capital cost in such cases, contact us.

### 6.22.4 Recapture of CCA

Generally, recapture of CCA occurs if the value of the UCC (after purchases and dispositions for the fiscal period) is negative. You must include the recapture of CCA in your business income.

Recapture of CCA can occur if the proceeds from the disposition of depreciable property exceed the sum of

- the UCC of the class of property at the beginning of the fiscal period; plus
- the capital cost of acquisitions during the fiscal period.

Recapture of CCA can also occur if you receive or are entitled to receive government assistance or a federal investment tax credit for the property and if the amount of the assistance or tax credit received exceeds the total of the two above-mentioned amounts.

This rule does not apply to class 10.1 motor vehicles as there is no recapture of CCA for this type of property (see section 6.12.7).

### 6.22.5 Terminal loss

A terminal loss occurs if, at the end of a fiscal period, you have no more property in a given class, but an amount remains for which you have not claimed CCA. You can deduct the terminal loss from your business income.

This rule does not apply to class 10.1 motor vehicles as there is no terminal loss for this type of property (see section 6.12.7).

### 6.22.6 Description of certain classes of property

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4%</td>
</tr>
</tbody>
</table>

Class 1 property includes most buildings acquired after 1987, including component parts such as electrical wiring, lighting fixtures, plumbing, sprinkler systems, heating and air-conditioning equipment, elevators and escalators.

### Supplementary deduction

Class 1 buildings acquired after March 18, 2007 (including a new building if any portion of it was acquired after that date, where the building was under construction on March 19, 2007), and not used or acquired for use before that date, qualify for a supplementary deduction if

- the building is a non-residential building, that is, at least 90% of the building (in surface area) is used for non-residential purposes at the end of the taxation year; and
- the building is included in a separate class.

The supplementary deduction is

- 6% for a building where at least 90% (in surface area) is used for manufacturing or processing, in Canada, goods for sale or lease;
- 2% for other non-residential buildings.

Therefore, the total deduction rate is 10% for buildings used for manufacturing or processing and 6% for other non-residential buildings.

To be entitled to the supplementary deduction, you must also include the building in a separate class; otherwise, only the 4% CCA rate will apply.

The half-year rule applies to the supplementary deduction. This rule stipulates that CCA can be calculated only on one-half of the capital cost of a property in the year it is acquired.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
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<td>5%</td>
</tr>
</tbody>
</table>

Class 3 property includes most buildings acquired after 1978 but before 1988, except those specifically included in another class. Also included are the component parts of these buildings: electrical wiring, lighting fixtures, plumbing, sprinkler systems, heating and air-conditioning equipment, elevators and escalators. Certain additions made after 1987 must be included in class 1.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>10%</td>
</tr>
</tbody>
</table>

Class 6 property includes buildings of frame, log, stucco on frame, galvanized sheet metal or corrugated metal, and their component parts, if the buildings were

- acquired before 1979; or
- built without footings or other base support below ground level.
However, certain additions or alterations made to class 6 buildings after 1978 may be included in class 3 rather than class 6. If you acquired a building before 1979, you can include in class 6 the first $100,000 of the cost of additions and alterations made after 1978, and any amount in excess of the first $100,000 in class 3.

If the building has no footings or other base support below ground level, include the total cost of the additions and alterations in class 6.

Class 7 property includes canoes, rowboats and most other vessels, as well as the equipment attached to the property.

Class 8 includes property not included in any other class, for example, furniture, appliances, telephones, calculators, tools costing $500 or more ($200 or more if they were purchased before May 2, 2006), fixtures, advertising poster panels, bulletin boards, electric advertising signs, machinery and equipment (including data network infrastructure equipment acquired before March 23, 2004). Certain property may be included in a separate class 8 (see section 6.22.7).

Note

Data network infrastructure equipment acquired after March 22, 2004, must be included in class 46.

If, after April 21, 2005, you purchased, for display at a place of business, a work of art by an artist who was Canadian at the time he or she created the work, you must include the work of art in class 8.1.

Class 8.1 property includes property acquired after April 21, 2005, for display at a place of business, where such property consists of drawings, prints, etchings, sculptures, paintings or any other work of art of a similar nature created by an artist who was Canadian at the time he or she created the work of art.

Class 10 includes property not included in any other class, for example, motor vehicles (see section 6.12.7) and automotive equipment, as well as general-purpose electronic data processing equipment (including computers), systems software (operating systems) and ancillary data processing equipment acquired before March 23, 2004 (or acquired after March 22, 2004, and before January 1, 2005, if you elected to include it in a separate class 10; see section 6.22.7).

Note

General-purpose electronic data processing equipment, systems software (operating systems) and ancillary data processing equipment acquired after March 22, 2004, but before March 19, 2007 (other than property acquired before 2005 that you elected to include in a separate class 10), must be included in class 45.

Such property acquired after March 18, 2007, but before January 28, 2009, or acquired after January 31, 2011, must be included in class 50. If acquired after January 27, 2009, but before February 1, 2011, such property must be included in class 52.

Class 10.1 includes motor vehicles that are classed as automobiles and whose cost exceeds a maximum amount, for example, $30,000 if they were acquired after 2000 (see section 6.12.7).

Class 12 includes property not included in any other class, for example,

(a) software (other than operating systems) acquired after May 25, 1976;

(b) kitchen utensils, medical or dental instruments, and tools (except for electronic communication devices and electronic data processing equipment), if the cost is less than $500 (less than $200 if they were purchased before May 2, 2006);

(c) linen, uniforms, apparel and costumes;

(d) certain new property acquired after May 12, 1988, but before June 13, 2003, or no later than June 12, 2004, if

• you acquired the property further to a written obligation entered into no later than June 12, 2003; or

• the property was built by you or by a partnership of which you are a member, or it was built on your behalf or on the partnership’s behalf, and construction began no later than June 12, 2003.

The property in question includes manufacturing and processing equipment, general-purpose electronic data processing equipment (including computers), systems software (operating systems) and ancillary data processing equipment, if the property is used

• within a reasonable time after being acquired;

• only in Québec (or mainly in Québec, in the case of general-purpose electronic data processing equipment acquired after March 14, 2000, and installed in Québec), for a minimum period of 730 consecutive days after the first day of use; and

• primarily in the course of carrying on a business;

(e) incorporeal property such as patents, licences, permits, know-how or trade secrets acquired after May 16, 1989, but no later than June 12, 2003 (or no later than June 12, 2004, if you acquired the property in the circumstances described.
in point (d)), as part of a technology transfer, if the property is used only in Québec and within a reasonable time after being acquired. The property must also be used primarily in the course of carrying on a business, and for at least the entire time required to implement the innovation or invention related to the technology transfer.

The half-year rule does not apply to CCA claimed with respect to class 12 property listed in points (b), (c), (d) and (e).

**Supplementary and additional deductions**

Property listed in points (d) and (e) above, if it is purchased after March 25, 1997, qualifies for a supplementary deduction equal to 25% of the CCA claimed for the property for the year. The total deduction is therefore 125% of the acquisition cost of the property. If you leased the property, and the lessor and you both consider it to be leased property, only you can claim the supplementary deduction. The supplementary deduction is not subject to recapture of CCA when the property is disposed of (for example, by way of sale).

If you carry on your business partly outside Québec during the year, you can
- claim an additional deduction calculated as follows:
  - the CCA claimed in the year for the property x 20% (25% for property acquired before March 26, 1997, and 35% for property acquired before July 8, 1992) x A ÷ B, where
    - A is the income you earned outside Québec,
    - B is the income you earned in Québec;
- increase the amount of the supplementary deduction, using the following calculation: the supplementary deduction x C ÷ B, where
  - C is the total income you earned in Québec and elsewhere,
  - B is the income you earned in Québec.

**Example**

If the income you earned in Québec for a taxation year is $600 and the total income you earned in Québec and elsewhere is $1,000, the CCA claimed in the year on the property acquired is $100 and the supplementary deduction is $25 ($100 x 25%). The supplementary deduction after the increase is calculated as follows:

$100 x 25% x ($1,000 ÷ $600) = $41.67.

Since the income taxable in Québec corresponds to 60% of the total income earned in Québec and elsewhere ($600 ÷ $1,000), the increase of the supplementary deduction allows you to take full advantage of the $25 deduction ($41.67 x 60%).

**Adjustment to the supplementary deduction**

You may have to include in your income an amount recovered with respect to the supplementary deduction claimed in a previous year on class 12 depreciable property.

You must include such an amount if, in calculating for 2013 the capital cost of the property or its UCC, you take into account an amount of government assistance received late or a federal investment tax credit that you deducted with respect to the property.

In this case, you must include in your income for 2013 an amount equal to 25% of the lesser of the following amounts:
- the amount of the government assistance or the federal tax credit that you obtained with respect to the property;
- the amount of recaptured CCA that must be included in your income for 2013 with respect to the property.

**Amended income tax return**

In order to claim 100% CCA (without the half-year rule applying), as well as the supplementary and additional deductions to which the class 12 property described in points (d) and (e) above gives entitlement, you must use the property solely in Québec (or mainly in Québec, in the case of general-purpose electronic data processing equipment purchased after March 14, 2000, and installed in Québec) for a minimum period of time. If you claim the deduction for a taxation year ending before the end of the minimum period of use, you must assume that this condition will be met. If, subsequently, the condition is not met, you must file an amended income tax return for the year in question.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>—</td>
</tr>
</tbody>
</table>

Class 13 includes the capital cost of improvements to leased property, that is, the capital cost that a tenant incurs in order to make improvements or alterations to leased property.

However, class 13 does not include the cost of alterations made to a leased building or structure that substantially changed the nature of the property, the cost of a building or structure built on leased land, or the cost of an addition to a leased building or structure. This type of cost constitutes property that must be included in class 1, 3 or 6 as a building or structure.

The capital cost of improvements incurred in a particular year with respect to a particular leased property is considered to be a unit of capital cost. The capital cost incurred in a subsequent year with respect to the same property represents another unit of capital cost. The CCA for each unit must be calculated separately. Furthermore, costs incurred in the same year must also be calculated separately with respect to each property.
The maximum amount of CCA in a year for each unit of capital cost is equal to the lesser of the following amounts:

- $\frac{1}{5}$ of the unit of capital cost;
- the amount determined by dividing the unit of capital cost by the number of 12-month periods (not more than 40 periods) in the period commencing at the beginning of the year in which the capital cost was incurred and ending on the day on which the lease is to end (or if the tenant has the right to renew the lease, the day on which the first renewal period ends).

Under the half-year rule, only 50% of the unit of capital cost is to be taken into account in the calculation of CCA for the year in which the improvements to leased property are made.

### Class Rate

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>8%</td>
</tr>
</tbody>
</table>

Class 14 includes patents, franchises, concessions or licences of limited duration, but does not include:

- a concession or licence in respect of minerals, petroleum, natural gas, other related hydrocarbons or timber and related property;
- a leasehold interest in leased corporeal property;
- property included in either class 12 or class 44;
- a licence to use computer software.

The maximum amount of CCA in the year is equal to the lesser of the following amounts:

- the capital cost of the property spread out over the life of the property;
- the UCC of the property in the class at the end of the fiscal period.

The half-year rule does not apply to class 14 property.

### Class Rate

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>60%</td>
</tr>
</tbody>
</table>

Class 16 includes, for example:

- taxis and vehicles for lease or rent, if the lease provided for a same lessee is not more than 30 days within a 12-month period;
- coin-operated video games or pinball machines;
- trucks or tractors acquired after December 6, 1991, that are designed and used to haul freight and whose gross vehicle weight is more than 11,788 kilograms. Such vehicles, if acquired after March 30, 2010, and if new at the time they are acquired, must be included in class 18.

### Class Rate

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>8%</td>
</tr>
</tbody>
</table>

Class 17 includes sidewalks and parking areas acquired after May 25, 1976.

### Class Rate

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>60%</td>
</tr>
</tbody>
</table>

Class 18 includes trucks and tractors designed and used for hauling freight and whose gross vehicle weight is more than 11,788 kilograms, provided that they are acquired after March 30, 2010, and are new at the time they are acquired. Class 18 also includes additions and modifications made to such a truck or tractor to enable it to run on liquefied natural gas (LNG).

The half-year rule applies to class 18 property.

#### Additional deduction

Trucks and tractors that are eligible for the 60% CCA rate and run on LNG are also eligible for an additional deduction, equal to 85% of the amount of CCA claimed for the year, provided the following conditions are met:

- The vehicle is acquired after March 30, 2010, but before January 1, 2016.
- The vehicle is fuelled by LNG at the time it is acquired, or additions or modifications are made to the vehicle to enable it to run on LNG within 12 months following its acquisition.
- For a period of 730 consecutive days following the day it is first used, the taxpayer or a person with whom the taxpayer does not deal at arm’s length uses the vehicle mainly for hauling freight, except in the case of loss or involuntary destruction of the property by, for example, an accident or theft, or in the case of a major breakdown of the property.

Additions or modifications made to such a truck or tractor to enable it to run on LNG are eligible for the additional deduction only if the vehicle itself is eligible for the additional deduction.

A taxpayer cannot, however, claim the additional 85% deduction in the case of eligible property acquired from a person or partnership with whom the taxpayer is not dealing at arm’s length at the time the property is acquired, if the additional deduction has already been claimed with respect to the property.

All property belonging to a taxpayer and giving entitlement to the additional deduction must be included in a separate class 18.

The additional deduction is not subject to recapture of CCA following the disposition (for example, the sale) of the property. However, a truck or tractor that is not fuelled by LNG at the end of the 12-month period following its acquisition will be deemed to have never been included in the separate class 18. The same applies to a truck or tractor that does not meet the requirements pertaining to the 730-day minimum period of use.
<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>25%</td>
</tr>
</tbody>
</table>

Class 44 includes patents and rights to use patented information for a limited or unlimited period, other than property included in class 12.

You can, however, elect to include the property in class 14 if the period is limited or to treat it as incorporeal capital property if the period is unlimited.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>45%</td>
</tr>
</tbody>
</table>

Class 45 includes general-purpose electronic data processing equipment (such as computers), related systems software and ancillary data processing equipment acquired after March 22, 2004, but before March 19, 2007, other than property you acquired before 2005, if you elected to include it in a separate class 10 (see section 6.22.7). Property acquired after March 18, 2007, must be included in class 50 or 52.

However, class 45 does not include property that is principally (or is used principally as)
- electronic process control or monitoring equipment, or systems software for such equipment;
- electronic communications control equipment, or systems software for such equipment;
- data handling equipment, unless it is ancillary to general-purpose electronic data processing equipment.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>46</td>
<td>30%</td>
</tr>
</tbody>
</table>

Class 46 includes data network infrastructure equipment that controls, transfers, modulates or directs data, and that operates in support of advanced telecommunications applications, such as email, Web searching and Web hosting, instant messaging, and audio- and video-over-Internet Protocol, if such property is acquired after March 22, 2004. If such property is acquired before March 23, 2004, it must be included in class 8.

This equipment includes data switches, multiplexers, routers, hubs, modems and domain name servers used to control, transfer, modulate or direct data.

Not included are telephones, cellular telephones, fax machines, equipment such as Web servers that are actually considered to be computers, wires, cables and structures.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>55%</td>
</tr>
</tbody>
</table>

Class 50 includes general-purpose electronic data processing equipment (such as computers), related systems software, and ancillary data processing equipment acquired after March 18, 2007, with the exception of property included in class 52 (property acquired after January 27, 2009, but before February 1, 2011), and property that is principally (or is used principally as)
- electronic process control or monitoring equipment, or systems software for such equipment;
- electronic communications control equipment, or systems software for such equipment;
- data handling equipment, unless it is ancillary to general-purpose electronic data processing equipment.

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>100%</td>
</tr>
</tbody>
</table>

Class 52 includes general-purpose electronic data processing equipment (such as computers), related systems software, and ancillary data processing equipment acquired after January 27, 2009, but before February 1, 2011, where such property
- is located in Canada;
- was not previously used, or acquired for use, for any purpose whatsoever before being acquired by you;
- is acquired by you either
  - for use in a business that you carry on in Canada or to earn income from property located in Canada, or
  - for lease by you to a lessee who uses it in a business operated by the lessee in Canada or to earn income from property located in Canada.

Class 52 does not include property that is principally (or is used principally as)
- electronic process control or monitoring equipment, or systems software for such equipment;
- electronic communications control equipment, or systems software for such equipment;
- data handling equipment, unless it is ancillary to general-purpose electronic data processing equipment.

The half-year rule does not apply to the calculation of CCA for class 52 property.
6.22.7 Election to have property included in a separate class

You may elect to include in a separate class certain class 8 and class 10 property such as photocopiers, fax machines and telephone equipment, provided the unit cost of the property is at least $400.

The election also applies to general-purpose electronic data processing equipment, systems software and ancillary data processing equipment acquired before March 23, 2004 (or after March 22, 2004, but before January 1, 2005, if you elected to include the property in class 10, instead of in class 45).

The creation of a separate class does not change the CCA rate applicable to the property in question, but it allows you to do a separate CCA calculation for the property belonging to that class over a period of no more than five taxation years. In this way, when the property is sold, the UCC of the class to which it belongs is fully deductible as a terminal loss.

Moreover, the half-year rule does not apply to property that you elected to include in a separate class. Such an election therefore allows you to increase the CCA claimed on the property for the year in which it is acquired.

To make the election, enclose a letter to that effect with your income tax return for the year in which the property is acquired.

Note

If you still have the property in question at the beginning of the sixth taxation year, you must transfer the UCC to the class in which the property would normally have been included.

6.23 Deduction respecting incorporeal capital property

Incorporeal capital property includes incorporeal property such as trademarks, patents, franchises, concessions or licences of unlimited duration, goodwill, customer lists and farm quotas. It is important to distinguish between incorporeal capital property and incorporeal property that is depreciable property (see section 6.22) with a CCA rate of 25% (class 44), such as a patent, franchise, concession or licence of limited duration.

The acquisition cost of incorporeal capital property is not considered a capital expenditure and does not qualify for CCA. Nor is the acquisition cost deductible, like a current expense, in the year in which it is incurred. However, you can include the acquisition cost in an eligible incorporeal capital amount and claim an annual deduction of up to 7% of this amount. A separate calculation must be done with regard to each business for which you have such property. If the fiscal period of the business is shorter than 365 days, calculate the deduction on the basis of the ratio between the number of days in the fiscal period and 365.
6.23.1 Calculation of the deductible amount

To calculate the deductible amount respecting incorporeal capital property for a given fiscal period, complete the work chart below.

<table>
<thead>
<tr>
<th>Work chart</th>
<th>Eligible incorporeal capital amount at the end of the fiscal period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible incorporeal capital amount at the beginning of the fiscal period (line 11 of the work chart for the preceding fiscal period)</td>
<td></td>
</tr>
<tr>
<td>Cost of incorporeal capital property acquired during the fiscal period</td>
<td>( \times 75% )</td>
</tr>
<tr>
<td>Add lines 1 and 2.</td>
<td>=</td>
</tr>
<tr>
<td>Proceeds from any disposition of incorporeal capital property that took place during the fiscal period (minus expenses incurred for the disposition)</td>
<td>4</td>
</tr>
<tr>
<td>Reduction resulting from forgiveness of debts, designated under section 485.7 of the Taxation Act</td>
<td>+</td>
</tr>
<tr>
<td>Add lines 4 and 5.</td>
<td>=</td>
</tr>
<tr>
<td>Multiply line 6 by 75%.</td>
<td>( \times 75% )</td>
</tr>
<tr>
<td>Subtract line 7 from line 3. If the result is negative, enter it, preceded by a minus sign (-), in parentheses on line 8, and enter 0 on line 11 (see section 6.23.2). If the result is positive, continue the calculation to line 11.</td>
<td>=</td>
</tr>
<tr>
<td>Amount from line 8 (if positive) ( \times 7% )</td>
<td>Enter the deduction claimed, which must not exceed the amount entered on line 9. If the fiscal period of the business is shorter than 365 days, calculate the deduction on the basis of the ratio between the number of days in the fiscal period and 365. <strong>Deduction for the fiscal period</strong></td>
</tr>
<tr>
<td>Subtract line 10 from line 8.</td>
<td></td>
</tr>
</tbody>
</table>

1 This amount must be reduced if you and the person from whom you purchased the incorporeal capital property are not dealing at arm's length. For further information, see the brochure Capital Gains and Losses (IN-120-V).

6.23.2 Disposition of incorporeal capital property

If you disposed of incorporeal capital property (by way of sale, for example) and, as a result, the eligible incorporeal capital amount is negative (line 8 of the work chart above), the following rules apply:

- You must include the amount in your business income (line 128 of form TP-80-V), up to an amount equal to the total annual deductions claimed for previous years.
- If the amount exceeds the total annual deductions claimed for previous years, you must also include two thirds of the excess amount in your business income. However, in a case of incorporeal capital property that is qualified farm property or qualified fishing property, the excess amount may qualify for a capital gains deduction (see brochure IN-120-V, Capital Gains and Losses). If you elected to report, for 1994, a capital gain deemed to have been realized on February 22, 1994, respecting your interest in the partnership, the ACB of your interest does not change. However, the gain creates an exempt capital gains balance that will reduce your share of the partnership’s business income from dispositions of incorporeal capital property (the exempt capital gains balance cannot be used to reduce income derived from the recovery of annual deductions claimed for previous years). The balance is valid for taxation years that end before January 1, 2005. For taxation years that end on or after that date, the unused portion of the exempt capital gains balance is added to the ACB of your interest in the partnership.

A partnership that disposes of incorporeal capital property must subtract a portion of the proceeds of disposition from its eligible incorporeal capital amount. If, after the subtraction, the eligible incorporeal capital amount is a negative amount, the partnership must include this amount (or a portion thereof) in the calculation of its business income.

If you elected to report, for 1994, a capital gain deemed to have been realized on February 22, 1994, respecting your interest in the partnership, the ACB of your interest does not change. However, the gain creates an exempt capital gains balance that will reduce your share of the partnership’s business income from dispositions of incorporeal capital property (the exempt capital gains balance cannot be used to reduce income derived from the recovery of annual deductions claimed for previous years). The balance is valid for taxation years that end before January 1, 2005. For taxation years that end on or after that date, the unused portion of the exempt capital gains balance is added to the ACB of your interest in the partnership.

For further information concerning the amount to be included in income where the eligible incorporeal capital amount is negative at the end of the fiscal period, refer to section 4.7 of the brochure Capital Gains and Losses (IN-120-V).
6.24 Other expenses

The most common types of expenses qualifying for a deduction in calculating business income are described in the preceding pages and listed on form TP-80-V. On line 246 of the form, you can enter other deductions to which you are entitled, provided you did not deduct them elsewhere.

Other deductions include, for example, reserves pertaining to amounts included in business income that can be regarded as unearned income or future liabilities. However, any reserves deducted in the year must be added to your income for the following year. For more information on reserves, see section 4.1.2.

6.25 GST/HST or QST rebate received as a member of a partnership

If during the year you received a GST/HST or QST rebate with respect to expenses you incurred personally in order to earn income from a partnership of which you are a member, you must include in your business income (line 253 of form TP-80-V) the portion of the rebate that pertains to expenses other than CCA. The portion of the rebate that pertains to the CCA of property must be subtracted from the UCC of the property in question as determined at the beginning of the year in which the rebate was received.

6.26 Expenses incurred to earn partnership income

You can deduct from your share of the partnership’s income (or loss) the expenses you incurred with respect to that income (or loss), provided the expenses are not included in the partnership’s expenses, are deductible only by you, and are not reimbursed to you. You cannot deduct entertainment expenses that you incurred if they are subject to the 50% limit or the specified percentage (see section 6.11).

6.27 Expenses related to the business use of your home

You can deduct expenses relating to the business use of a portion of your home, provided one of the following conditions is met:
- That portion of your home is your principal place of business.
- You use that portion of your home only to earn business income, and you meet clients, customers or patients there on a regular and ongoing basis.

These expenses are divided into general expenses, which apply to the entire home, and expenses related only to the portion of the home used for business purposes (referred to as the “office” in the sections below).

6.27.1 General expenses

These expenses, which apply to both the office and the other portion of your home, include:
- heating;
- lighting;
- insurance premiums;
- maintenance and repairs;
- mortgage interest, property taxes and CCA related to the home, if you own or co-own the home;
- rent, if you rent the home.

Only the portion of the general expenses that relates to the office is deductible.

Percentage of your home used as an office

To determine the deductible portion of an expense, you must determine the first portion of the expense that is for the office portion of your home. This must be done using a reasonable basis, such as the percentage of the total surface area occupied by the office. For instance, if your office occupies 20% of the surface area of your home, you can base the deduction for rent (or, if you own your home, the deduction for your property taxes and mortgage interest) on that percentage. However, your basis of calculation must take into account that your office (if it is your principal place of business) may be used for other purposes, such as personal purposes or the purposes of carrying out of another business.

You must then multiply the percentage so determined by 50% in the case of insurance premiums, expenses for maintenance and repair, mortgage interest, property taxes and rent. This is because, to a large extent, these expenses are incurred for personal purposes. In the case of expenses that are specifically related to the use of the office (in particular, the cost of heating and lighting), the 50% limit does not apply.

Capital cost allowance

If you own or co-own your home, you cannot deduct an amount with respect to the rental value of the office, since only expenses actually incurred are deductible. An expense related to the cost of your home (excluding the land) is referred to as a capital expenditure, and qualifies for CCA.

Note

If you claim CCA on the office portion of your home, that portion is no longer considered part of your principal residence. When you sell your home, the capital gain realized on that portion of the home will be subject to income tax, and the rules respecting recapture of CCA will apply.
To determine the capital cost deemed related to your office, you must first determine the percentage of your home used as your office, using a reasonable basis of calculation (such as the surface area). The amount of capital expenditures qualifying for CCA is determined based on this percentage. However, capital expenditures that relate to both the office and the other portion of your home must be further reduced by half (the 50% reduction does not apply if the expenditures relate only to the office).

The capital cost for the office is considered equal to the result of the following formula:

\[(A \times 50\%) + B,\]

where

- \(A\) is the amount of capital expenditures qualifying for CCA and relating to both the office and the other portion of the home;
- \(B\) is the amount of capital expenditures qualifying for CCA and relating exclusively to the office.

**Example**

An office occupies 25% of the surface area of a home that was acquired at a cost of $100,000 (excluding the land). The office is used exclusively (100%) for business purposes. Improvements were made only to the office at a cost of $4,000.

<table>
<thead>
<tr>
<th>Amount of capital expenditures qualifying for CCA and relating to both the office and the other portion of the home:</th>
<th>$100,000 x 25%</th>
<th>$25,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$A$</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td>Amount A multiplied by 50%</td>
<td>(A \times 50%)</td>
<td>$12,500</td>
</tr>
<tr>
<td>Amount of capital expenditures qualifying for CCA and relating exclusively to the office:</td>
<td>$4,000 x 25%</td>
<td>$1,000</td>
</tr>
<tr>
<td>$B$</td>
<td>$1,000</td>
<td></td>
</tr>
<tr>
<td>Capital cost considered related to the office</td>
<td>(A + B)</td>
<td>$13,500</td>
</tr>
</tbody>
</table>

If you claimed CCA and later sold the home, the portion of the selling price used to calculate recapture of CCA is reduced by 50%, and takes into account the ratio between the amount of capital expenditures that qualify for CCA and relate to both the office and the other portion of the home, and the total amount of capital expenditures that qualify for CCA.

The proceeds of disposition considered related to the office are calculated as follows:

\[(C \times 50\%) + D,\]

where

- \(C\) is the portion of the proceeds of disposition related to the office multiplied by the result of the following calculation: \(A \div (A + B)\), where \(A\) and \(B\) are as defined in the above formula for determining the capital cost for the office. The calculation is thus made by dividing the amount of capital expenditures qualifying for CCA (and relating to both the office and the other portion of the home) by the total amount of capital expenditures qualifying for CCA.
- \(D\) is the portion of the proceeds of disposition related to the office multiplied by the result of the following calculation: \(B \div (A + B)\), where \(A\) and \(B\) are as defined in the above formula for determining the capital cost for the office. The calculation is thus made by dividing the amount of capital expenditures qualifying for CCA (and relating exclusively to the office) by the total amount of capital expenditures qualifying for CCA.

**Note**

The proceeds of disposition obtained in the above calculation must not be used to calculate the capital gain resulting from a disposition.

**Example (continued)**

<table>
<thead>
<tr>
<th>Proceeds of disposition of the home</th>
<th>$102,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portion of the proceeds of disposition related to the office ((102,000 \times 25%))</td>
<td>$25,500</td>
</tr>
<tr>
<td>Accumulated CCA at the time of sale</td>
<td>$540</td>
</tr>
<tr>
<td>Portion of the proceeds of disposition related to the office, multiplied by the result of (A \div (A + B)):</td>
<td>$24,520</td>
</tr>
<tr>
<td>(A \div (A + B)): $25,000 \div $25,000 + $26,000</td>
<td>(C)</td>
</tr>
<tr>
<td>Amount C multiplied by 50%</td>
<td>(C \times 50%)</td>
</tr>
<tr>
<td>Portion of the proceeds of disposition related to the office, multiplied by the result of (B \div (A + B)):</td>
<td>$981</td>
</tr>
<tr>
<td>(B \div (A + B)): $25,000 \div $26,000</td>
<td>(D)</td>
</tr>
<tr>
<td>Proceeds of disposition considered related to the office</td>
<td>$13,241</td>
</tr>
<tr>
<td>Capital cost considered related to the office</td>
<td>$13,500</td>
</tr>
<tr>
<td>Accumulated CCA</td>
<td>$540</td>
</tr>
<tr>
<td>Undepreciated capital cost (UCC)</td>
<td>$12,960</td>
</tr>
<tr>
<td>Proceeds of disposition considered related to the office</td>
<td>$13,241</td>
</tr>
<tr>
<td>Recapture of CCA related to the office</td>
<td>$281</td>
</tr>
</tbody>
</table>
The above-mentioned 50% limit on current and capital expenditures applies to taxation years or fiscal periods that began after May 9, 1996. However, the limit does not apply if

- you use a portion of your home as a private residential home (since 2005, this type of residence is no longer subject to the 50% limit); or
- you use a portion of your home to operate a tourist home, a bed and breakfast establishment, or a participating establishment in a hospitality village, and either you hold a classification certificate of the appropriate class, issued under the Act respecting tourist accommodation establishments, or you are a participant in a hospitality village covered by such a permit.

If the 50% limit applies, the amount of CCA claimed (respecting a capital expenditure related to both the office and the other portion of the home) for a taxation year or fiscal period that began before May 10, 1996, is considered to be equal to 50% of the amount concerned for the purposes of calculating the UCC for a taxation year or fiscal period that began after May 9, 1996. This ensures that the disposition of the home does not give rise to a recapture of CCA resulting solely from the application of the 50% limit to the proceeds of disposition for the office portion of the home.

6.27.2 Expenses related to the office only

Current expenses pertaining only to the office portion of your home are fully deductible. For example, you can deduct 100% of the cost of having your office walls painted, if that room is used exclusively for work.

6.27.3 Maximum amount deductible for a taxation year

The amount you deduct for a particular year as expenses related to the use of your home for business purposes (including expenses you could not deduct in previous years because of this limit) must not exceed your business income, calculated before deduction of the expenses and before taking into account the amount to be included or deducted as additional income. Consequently, you cannot use the expenses to create or increase a business loss. However, you can carry to subsequent taxation years any portion of the amount that you cannot deduct for a given taxation year because of this limit.

6.27.4 Partnerships

Where a partnership of which you are a member carries on a business in your home, the aforementioned rules also apply.

The partnership of which you are a member can deduct the rent relating to an office or other work space that it uses in your home if that portion of your home is the partnership’s principal place of business or is used exclusively by the partnership to earn income from a business and to meet your clients, customers or patients on a regular and ongoing basis. The amount deducted must not exceed 50% of the rent that the partnership could otherwise deduct for the fiscal period concerned.

The rent deducted for a given fiscal period must not exceed the partnership’s business income for that period, calculated before the deduction. However, any portion of the rent that is non-deductible for a given fiscal period solely because of this rule can be carried to subsequent fiscal periods.
Once you are familiar with the various types of deductible expenses, you must calculate your deductions and determine the net income of your business for the fiscal period.

Your business income must be reported in Schedule L of your income tax return. Enter your gross income on line 12, 15 or 16 of Schedule L and your net income (or net loss) on line 22, 25 or 26, as applicable. Furthermore, if your fiscal period ends on a date other than December 31, you must complete form TP-80.1-V to adjust your net income (or net loss). This is the case if
- in 2012, you carried on a business whose fiscal period ended in 2013;
- in 2013, you began carrying on a new or existing business and the first fiscal period for which you earned income from the business ended in 2013, on a date other than December 31; or
- in 2013, you began carrying on a new or existing business and the first fiscal period for which you earned income from the business ends in 2014.

The amount of a loss must be entered following a minus sign (-) in your income tax return, and subtracted rather than added. As a rule, if the amount of the loss is more than your total income from other sources, you can use all or part of the excess amount to reduce your income for previous or subsequent years. If you wish to use a loss to reduce your income from previous years, complete form TP-1012.A-V, Carry-Back of a Loss, and file it separately from your return.

### 7.1 Disability supports deduction

If, in 2013 you paid disability supports expenses to enable you to actively carry on a business, alone or as a member of a partnership, you cannot subtract these expenses from net business income but you can deduct them on line 250 of your return. Form TP-358.0.1-V, Disability Supports Deduction, which lists the requirements for claiming this deduction, must be completed to determine the amount that can be claimed.

### 7.2 Loss respecting a tax shelter

If you wish to claim a loss or deduction respecting a tax shelter or an investment in a tax shelter, you must enclose with your income tax return form TP-1079.6-V, Statement of Losses, Deductions and Tax Credits Respecting a Tax Shelter.

For more information on tax shelters as defined under the Taxation Act, contact us.
8 ACCOUNTING RECORDS AND SUPPORTING DOCUMENTS

If you carry on a business, you must keep registers and books of account, and, in some cases, take an annual inventory. A journal of receipts and disbursements must also be kept, where applicable.

Your accounting records must contain the information we require to verify your business income and expenses and determine the amounts payable under a fiscal law.

This information should be supported by, for example,

• a daily statement of your income, along with your invoices and cash register tape;
• a daily statement of your expenses, along with your cancelled cheques and receipts;
• your credit card bills and monthly statements;
• ticket stubs for events and receipts for trips;
• an odometer reading of kilometres travelled for each vehicle used in part for business and in part for personal purposes.

Always ask for a receipt or other supporting document when you incur business expenses.

8.1 Requirements for supporting documents in the metal recycling industry

If you carry on a metal recycling business, you cannot take into account the cost of a property in the calculation of the cost of goods sold unless

• you acquire the property from a person (or partnership) registered for the QST and, at the time of the acquisition, you obtain the person’s (or partnership’s) registration number; or
• you complete, at the time of the acquisition, a document signed by the individual who delivered the property to you and containing the following information:
  – the name, address, date of birth and social insurance number of the individual who delivered the property to you, or who handed the property over to you when you went to pick it up, and
  – the precise nature of the property, the purchase price, and the method of payment.

The supporting document must name the piece of identification used to corroborate the information concerning the individual. If the individual who delivered the property is not the vendor, the supporting document must also indicate the vendor’s name, address and social insurance number or Québec enterprise number (NEQ).

8.2 Keeping records and supporting documents

You must keep all accounting records and original supporting documents for at least six years after the last taxation year to which they apply.

This obligation also applies to you if you keep electronic records or documents. You must keep such records and documents in intelligible form on the same medium for at least six years after the last taxation year to which they apply.

If your income tax return is filed late, you must keep all records and supporting documents (electronic or other) for at least six years after the date on which your return is filed.
9 INSTALMENT PAYMENTS

Instalment payments (also called “quarterly payments”) are remittances that an individual makes periodically to cover a portion of his or her income tax for the current year, contributions to the QPP and the health services fund, his or her health contribution, and the premiums payable under the Québec prescription drug insurance plan and the QPIP.

Normally, we send form TPZ-1026.A-V, Instalment Payments Made by an Individual, to the persons concerned, thereby notifying them in writing of the amount of such payments.

Instalment payments of income tax are not affected by the mechanism for splitting retirement income.

9.1 Calculation methods

To calculate your payments yourself, complete form TP-1026-V, Calculation of Instalment Payments to Be Made by Individuals – 2013, using one of the following methods:

Previous-year (2013) method

Under this method, you calculate your instalment payments for 2014 on the basis of your data for 2013. However, you must use estimated data for 2014 to calculate your refundable tax credits.

Current-year (2014) method

Under this method, you calculate your instalment payments for 2014 on the basis of your estimated income, deductions, non-refundable tax credits, income tax, source deductions and refundable tax credits for 2014. Use a copy of the 2013 income tax return to make the estimates.

9.2 Terms

You must make instalment payments if your estimated net income tax payable for 2014 is over $1,800 and one of the two following situations applies to you:

- your net income tax payable for 2013 is over $1,800; or
- your net income tax payable for 2012 was over $1,800.

Your net income tax payable is the amount by which your income tax payable for the year exceeds the total, for the same year, of your income tax withheld at source and your refundable tax credits.

Farmers or fishers must make instalment payments if their estimated net income tax payable for 2014 is over $1,800 and their net income tax payable was over $1,800 in both 2012 and 2013.

9.3 Due dates

Instalment payments, if required, must be made four times a year—by March 15, June 15, September 15 and December 15 of the year concerned. In February and August, we send you form TPZ-1026.A-V, which shows the amount of your instalments. The amount of your instalments for March and June 2014 is based on your 2012 income tax return, whereas the amount of your instalments for September and December 2014 is based on your 2013 income tax return.

If you are a farmer or a fisher, you will receive form TPZ-1026.A-V in November and must make your payment in a single instalment no later than December 31.

9.4 Interest charges

We charge interest, compounded daily, on any instalment (or portion thereof) that is not paid by the due date. Furthermore, if you pay less than 75% of the required instalment, additional interest of 10% per year, compounded daily, is charged on the unpaid portion of the instalment.

Note

If all your instalment payments are made on time and correspond to the amounts we estimated, you will not be required to pay interest, even if all your payments total less than your income tax payable for the year. For further information, refer to the document Instalment Payments of Income Tax (IN-105-V).
If you or your spouse carried on a business in 2013, you have until June 15, 2014, to file your 2013 income tax return; no late-filing penalty will be imposed with respect to returns filed by this date. Notwithstanding this extension, interest will be calculated as of May 1, 2014, on any balance owing on April 30, 2014.

If you or your spouse operated a family-type resource or an intermediate resource, you also have until June 15, 2014, to file your income tax return, but you must pay your QPP contribution and QPIP premium no later than April 30, 2014.

The extended filing deadline does not apply if the expenditures incurred in carrying on the business relate principally to tax shelters.

Be sure to enclose with your income tax return form TP-80-V, Business or Professional Income and Expenses, or your financial statements. Also enclose, as applicable, form TP-80.1-V, Calculation of Business or Professional Income, Adjusted to December 31, and form TP-1086.R.23.12-V, Costs Incurred for Work on an Immovable.
11 INDUSTRY CODES

Industry codes identify the principal activity of a business. The following list will allow you to determine the six-digit code for your business. Enter the code on line 34 of form TP-80-V.

11.1 Professions

<table>
<thead>
<tr>
<th>Services</th>
<th>Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices of lawyers</td>
<td>541110</td>
</tr>
<tr>
<td>Offices of accountants</td>
<td>541212</td>
</tr>
<tr>
<td>Tax preparation services</td>
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<tr>
<td>Bookkeeping, payroll and related services</td>
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<tr>
<td>Financial and investment advice – online</td>
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<tr>
<td>Architectural services</td>
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<tr>
<td>Landscape architectural services</td>
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<tr>
<td>Engineering services</td>
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<tr>
<td>Drafting services</td>
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<tr>
<td>Building inspection services</td>
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<tr>
<td>Geophysical surveying and mapping services</td>
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<tr>
<td>Surveying and mapping (except geophysical) services</td>
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<tr>
<td>Testing laboratories</td>
<td>541380</td>
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<tr>
<td>Specialized design services</td>
<td>541400</td>
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<tr>
<td>Scientific research and development services</td>
<td>541700</td>
</tr>
<tr>
<td>Other advice and counselling – online</td>
<td>541990</td>
</tr>
<tr>
<td>Other professional, scientific and technical services</td>
<td>541900</td>
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<tr>
<td>Veterinary services (including animal hospitals)</td>
<td>541940</td>
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<tr>
<td>Offices of physicians</td>
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<tr>
<td>Offices of dentists</td>
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<tr>
<td>Offices of other health practitioners (incl. chiropractors, optometrists, speech therapists, psychologists)</td>
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<tr>
<td>Out-patient care centres</td>
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<tr>
<td>Medical and diagnostic laboratories</td>
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<tr>
<td>Home healthcare services</td>
<td>621600</td>
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<tr>
<td>Other ambulatory healthcare services</td>
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11.2 Services

<table>
<thead>
<tr>
<th>Services</th>
<th>Codes</th>
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<tbody>
<tr>
<td>Agricultural or animal services</td>
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<tr>
<td>Support activities for crop production</td>
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<tr>
<td>Support activities for animal production</td>
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<tr>
<td>Transportation or storage</td>
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<td>Postal services</td>
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<tr>
<td>Couriers</td>
<td>492110</td>
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<tr>
<td>Local messengers and local delivery</td>
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<tr>
<td>Warehousing and storage</td>
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<tr>
<td>Air transportation</td>
<td>481000</td>
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<tr>
<td>Rail transportation</td>
<td>482100</td>
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<tr>
<td>Deep sea, coastal and Great Lakes water transportation</td>
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<tr>
<td>Inland water transport</td>
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<td>General freight trucking</td>
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<td>Specialized freight trucking</td>
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<td>Urban transit systems</td>
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<td>Interurban and rural bus transportation</td>
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<td>Taxi service</td>
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<td>Limousine service</td>
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<td>School and employee bus transportation</td>
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<td>Charter bus industry</td>
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<td>Other transit and ground passenger transportation</td>
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<td>Scenic and sightseeing transportation, land</td>
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<tr>
<td>Scenic and sightseeing transportation, water</td>
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<tr>
<td>Scenic and sightseeing transportation, other</td>
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<tr>
<td>Support activities for air transportation</td>
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<tr>
<td>Support activities for rail transportation</td>
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<tr>
<td>Support activities for water transportation</td>
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<tr>
<td>Support activities for road transportation</td>
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<td>Freight transportation arrangement</td>
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<td>Other support activities for transportation</td>
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<td>Communications or utilities</td>
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<td>Newspaper, periodical, book and directory publishers</td>
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<tr>
<td>Software publishers (except video game)</td>
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<tr>
<td>Video game publishers</td>
<td>511212</td>
</tr>
<tr>
<td>Radio and television broadcasting</td>
<td>515100</td>
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<tr>
<td>Pay and specialty television</td>
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<tr>
<td>Wired telecommunications carriers</td>
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<tr>
<td>(incl. internet service providers)</td>
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<tr>
<td>Wireless telecommunications carriers (except satellite)</td>
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<tr>
<td>Satellite telecommunications</td>
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<td>Other telecommunications</td>
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<td>Advertising material distribution services</td>
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<td>Finance, insurance, or real estate</td>
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<td>Credit intermediation and related activities</td>
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<tr>
<td>Securities, commodity contracts, and other financial investment and related activities</td>
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<tr>
<td>Insurance agencies and brokerages</td>
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<td>Claims adjusters</td>
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<tr>
<td>All other insurance-related activities</td>
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<tr>
<td>Lessors of social housing projects</td>
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<tr>
<td>Lessors of non-residential buildings (except mini-warehouses)</td>
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<tr>
<td>Self-storage mini-warehouses</td>
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<tr>
<td>Lessors of other real estate property</td>
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<tr>
<td>Real estate agents</td>
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<tr>
<td>Offices of real estate brokers</td>
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<tr>
<td>Real estate property managers</td>
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<tr>
<td>Offices of real estate appraisers</td>
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<tr>
<td>Other activities related to real estate</td>
<td>531390</td>
</tr>
<tr>
<td>Lessors of non-financial intangible assets (except copyrighted works)</td>
<td>533110</td>
</tr>
</tbody>
</table>
Business services
Data processing, hosting, and related services — 518210
Internet publishing and broadcasting, and web search portals — 519130
Computer systems design and related services (including programmers, analysts) — 541514
Video game developers — 541515
Administrative management and general management consulting services — 541611
Human resources consulting services — 541612
Other management consulting services — 541619
Environmental consulting services — 541620
Other scientific and technical consulting services — 541690
Advertising, public relations, and related services — 541800
Management of companies and enterprises — 551100
Office administrative services — 561110
Facilities support services — 561210
Employment services — 561300
Business support services — 561400
Travel arrangement and reservation services — 561500
Investigation and security services — 561600
Other business support services (incl. online) — 561900
Waste collection — 562110
Waste treatment and disposal — 562210
Remediation and other waste management services — 562900

Education, health or social services
Schools (including business, technical and trade schools), colleges and universities — 611000
Fine arts, athletic instruction and language schools — 611600
All other schools and instruction (including tutors) — 611690
Non-instructional education services — 611710
Nursing and residential care facilities — 623000
Individual and family services — 624100
Community food and housing, and emergency and other relief services — 624200
Vocational rehabilitation services — 624310
Child daycare services — 624410

Entertainment or recreation
Motion picture and video production — 512110
Motion picture and video distribution — 512120
Motion picture and video exhibition — 512130
Post-production and other motion picture and video industries — 512190
Sound recording industries — 512200
Performing arts companies — 711100
Sports teams and clubs — 711211
Horse race tracks — 711213
Other spectator sports — 711218
Promoters (presenters) of performing arts, sports and similar events — 711300
Sports stadiums and other presenters with facilities — 711319
Agents and managers for artists, athletes, entertainers and other public figures — 711410
Independent artists, writers and performers — 711500
Heritage institutions — 712100
Amusement parks and arcades — 713100
Gambling industries — 713200

Other amusement and recreation industries — 713900
Internet publishing and broadcasting, and Web search portals (including online gambling and pornography) — 519130
Other personal services (including online psychics, escorts, dating, party planning, personal shopping) — 812900

Accommodation, food or beverage services
Traveller accommodation — 721100
RV (recreational vehicle) parks and recreational camps — 721200
Rooming and boarding houses — 721310
Food service contractors — 722310
Caterers — 722320
Mobile food services — 722330
Drinking places (alcoholic beverages) — 722410
Full-service restaurants — 722511
Limited-service eating places — 722512

Repairs and maintenance
General automotive repair — 811111
Automotive exhaust system repair — 811112
Other automotive mechanical and electrical repair and maintenance — 811119
Automotive body, paint and interior repair and maintenance — 811121
Automotive glass replacement shops — 811122
Automotive glass replacement shops — 811122
Car washes — 811192
All other automotive repair and maintenance — 811199
Electronic and precision equipment repair and maintenance (incl. TV, radio, computer, camera) — 811210
Commercial and industrial machinery and equipment (except automotive and electronic) repair and maintenance — 811310
Home and garden equipment repair and maintenance — 811411
Appliance repair and maintenance — 811412
Reupholstery and furniture repair — 811420
Footwear and leather goods repair — 811430
Other personal and household goods repair and maintenance — 811490

Personal or household services
Carpet and upholstery cleaning services — 561740
Services for the elderly and persons with disabilities — 624120
Personal care services (e.g. hair, tanning salons, diet centers – non medical) — 812100
Funeral services — 812200
Dry cleaning and laundry services — 812300

Other services
Automotive equipment rental and leasing — 532100
Consumer goods rental — 532200
General rental centres — 532310
Commercial and industrial machinery and equipment rental and leasing — 532400
Photographic services — 541920
Travel agencies — 561510
Services to buildings and dwellings (incl. exterminators, chimney and window cleaners) — 561700
Janitorial services (except window cleaning) — 561722
Religious, grant-making, civic, and professional and similar organizations — 813000
Private households — 814110
11.3 Sales–Retailers

**Household goods stores**
- Furniture stores — 442110
- Home furnishing stores — 442200
- Electronics and appliance stores (incl. TVs, stereos, computers) — 443100

**Food or beverage stores**
- Supermarkets and other grocery (except convenience) stores — 445110
- Convenience stores — 445120
- Specialty food stores — 445200
- Beer, wine and liquor stores — 445310

**Automotive**
- Automobile dealers — 441100
- Other motor vehicle dealers — 441200
- Automotive parts, accessories and tire stores — 441300
- Gasoline stations with convenience stores — 447110
- Other gasoline stations — 447190

**Other retail stores**
- Camera and photographic supplies stores — 443145
- Audio and video recording stores — 443146
- Home centres — 444110
- Paint and wallpaper stores — 444120
- Hardware stores — 444130
- Other building material dealers — 444190
- Lawn and garden equipment and supplies stores — 444200
- Health and personal care stores — 446100
- Pharmacies and drug stores — 446110
- Clothing stores — 448100
- Shoe stores — 448210
- Jewellery, luggage and leather goods stores — 448300
- Sporting goods stores (Golf, Ski, Cycling and other) — 451110
- Hobby, toy and game stores — 451120
- Sewing, needlework and piece goods stores — 451130
- Musical instrument and supplies stores — 451140
- Book stores and news dealers — 451310
- Pre-recorded tape, compact disc and record stores — 451220
- Department stores — 452110
- Other general merchandise stores — 452900
- Florists — 453110
- Office supplies and stationery stores — 453210
- Gift, novelty and souvenir stores — 453220
- Used merchandise stores — 453310
- Other miscellaneous store retailers — 453900

**Direct sales**
- Electronic shopping and mail-order houses — 454110
- Vending machine operators — 454210
- Direct selling establishments including cosmetics, food or beverages, fuel, household goods and newspaper delivery — 454300

11.4 Wholesalers–Distributors

**Farm product** — 411100
- Petroleum product — 412110
- Food — 413100
- Beverage — 413200
- Cigarette and tobacco product — 413310
- Textiles, clothing and footwear — 414100
- Home entertainment equipment and household appliance — 414200
- Home furnishings — 414300
- Personal goods — 414400
- Pharmaceuticals, toiletries, cosmetics and sundries — 414500
- Motor vehicle — 415100
- New motor vehicle parts and accessories — 415200
- Used motor vehicle parts and accessories — 415310
- Electrical, plumbing, heating and air-conditioning equipment and supplies — 416100
- Metal service centres — 416210
- Lumber, millwork, hardware and other building supplies — 416300
- Farm, lawn and garden machinery and equipment — 417110
- Construction, forestry, mining, and industrial machinery, equipment and supplies — 417200
- Computers and communications equipment and supplies — 417300
- Other machinery, equipment and supplies — 417900
- Recyclable material — 418100
- Paper, paper product and disposable plastic product — 418200
- Agricultural supplies — 418300
- Chemical (except agricultural) and allied product — 418410
- Business-to-business electronic markets (online) — 419110
- Wholesale trade agents and brokers (not online) — 419120
- Other miscellaneous (including online) — 418900

11.5 Construction

- Residential building construction — 236110
- Non-residential building construction — 236200
- Utility system construction — 237100
- Land subdivision — 237210
- Highway, street and bridge construction — 237310
- Other heavy and civil engineering construction — 237990
- Poured concrete foundation and structure contractors — 238110
- Structural steel and precast concrete contractors — 238120
- Framing contractors — 238130
- Masonry contractors — 238140
- Glass and glazing contractors — 238150
- Roofing contractors — 238160
- Siding contractors — 238170
- Other foundation, structure and building exterior contractors — 238190
- Electrical contractors and other wiring installation contractors — 238210
11.6 Manufacturing

Food — 311000
Beverages and tobacco product — 312000
Textile mills — 313000
Textile product mills — 314000
Clothing — 315000
Leather and allied product — 316000
Wood product — 312100
Paper — 322000
Printing and related support activities — 323000
Petroleum and coal product — 324000
Chemical — 325000
Plastics and rubber products — 326000
Non-metallic mineral product — 327000
Primary metal — 331000
Fabricated metal product — 332000
Machinery — 333000
Computer and electronic product — 334000
Electrical equipment, appliance and component — 335000
Transportation equipment — 336000
Furniture and related product — 337000
Miscellaneous — 339000

11.7 Natural resource industries

Timber tract operations — 113110
Forest nurseries and gathering of forest products — 113210
Logging (except contract) — 113311
Contract logging — 113312
Hunting and trapping — 114210
Support activities for forestry — 115310
Oil and gas extraction — 211100
Coal mining — 212100
Metal ore mining — 212200
Non-metallic mineral mining and quarrying — 212300
Support activities for mining and oil and gas extraction — 213100
Electric power generation, transmission and distribution — 221100
Natural gas distribution — 221200
Water, sewage and other systems — 22130
# To Contact Us

**Online**  
www.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)

**Direction du traitement des plaintes**  
Monday to Friday: 8:30 a.m. to 4:30 p.m.  
Québec City  
418 652-6159  
Elsewhere  
1 800 827-6159

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

**Businesses, employers and agents for consumption taxes**  
Montréal, Laval, Laurentides, Lanaudière, Montréal, Estrie and Outaouais  
Direction principale des relations avec la clientèle des entreprises  
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