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Goods and Services Tax (“GST”) and Quebec Sales Tax (“QST”)

The GST/TVQ basics:

The GST is a consumption tax that applies to most goods and services in Canada. The effective January 1, 2008 the rate was 5%. The QST is a consumption tax that applies to most goods and services in Quebec. The QST is calculated on the selling price (including GST) at the rate of 7.5%. Almost everyone has to pay the tax on purchases of taxable supplies of goods and services other than [zero-rated](#) supplies. Some sales or supplies are [exempt](#) from GST/HST.

Although the consumer pays the tax, businesses are generally responsible for collecting and remitting it to the government. Businesses that are required to have a GST/HST registration number are called registrants. Registrants collect the GST/HST on most of their sales and pay the GST/HST on most purchases they make to operate their business. They can claim a credit, called an input tax credit (ITC), to recover the GST/HST they paid or owe on the purchases they use in their commercial activities.

It is important to understand what basic common zero-rated supplies are: generally groceries, basic agricultural products, and prescription drugs and medical devices. Basic Exempt goods and services are: used residential housing, health dental and child care, and education services.

Registration in Quebec:

Businesses and employers are responsible for collecting various taxes and duties. Consequently, they must calculate the amounts due and remit them to Revenu Québec by the prescribed deadlines. Any entity (whether a sole proprietorship, partnership or corporation) that carries out such operations is considered an agent of Revenu Québec. As an agent, you may be required to register with Revenu Québec for a number of specific purposes, such as

- the GST,
- the QST.

To register, you must complete an *Application for Registration* (form LM-1-V) and file it with the Revenu Québec office in your area or use the electronic service Registering a new business for Revenu Québec files.

Web link:

http://www.revenu.gouv.qc.ca/eng/entreprise/taxes/tvq_tps/inscription.asp

Note: In Quebec, Revenu Quebec administers the QST and GST/HST. If your business is located in Quebec, please contact Revenue Quebec

Web links:

Canada Revenue Agency GST and HST: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html>

Revenu Quebec QST and GST: http://www.revenu.gouv.qc.ca/eng/entreprise/taxes/tvq_tps/

Agence du Revenu du Canada TPS/TVH: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-fra.html>

Revenu Quebec TVQ et TPS/TVH: http://www.revenu.gouv.qc.ca/fr/entreprise/taxes/tvq_tps/index.asp