

Income Tax

IMP. 1015-1/R1 **Deduction at Source in Respect of a Salary, Wages or Commission**

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Reference(s): *Taxation Act* (R.S.Q., c. I-3), sections 12, 13, 14, 15, 16, 16.1, 979.2 and 1015
Regulation respecting the Taxation Act (R.R.Q., 1981, c. I-3, r.1, as amended),
sections 1015R1 and following

This bulletin cancels and replaces bulletin IMP. 1015 dated October 31, 1985.

This bulletin gives the position of the Ministère du Revenu concerning the obligation for an employer of withholding at source tax on the remuneration paid to an employee where that remuneration consists of a salary, wages or commissions.

APPLICATION OF THE ACT

1. For the purposes of this bulletin, “remuneration” means salary, wages, allowance, benefit or other profit allowed, conferred or paid to an employee, a payment of commissions or other similar amounts fixed by reference to the volume of the sales made or the contracts negotiated, if that payment is made to an employee or former employee, as well as an amount from a reserve account for contingent losses described in section 979.2 of the *Taxation Act* (the “Act”).
2. Under section 1015 of the Act, every person paying at any time during a taxation year remuneration, (“employer” herein) shall deduct or withhold therefrom the prescribed amount of tax and pay to the Minister of Revenue an amount equal to the deducted or withheld amount, on the dates, for the periods and according to the terms and conditions prescribed.
3. However, the Ministère considers that an employer is not obliged to withhold Québec tax at source where the employee reports for work at an establishment of his employer located outside Québec.

Where the employee is not required to report for work at any establishment of the employer, the Ministère considers that the employer is not obliged to withhold Québec tax at source, where the remuneration paid comes from an establishment of the employer located outside Québec.

4. Hence, where an employer has an establishment in Québec and that he obtains a contract in another province during a taxation year, sections 12 to 16.1 of the Act are used to determine if that employer has an establishment in that other province.

If, after examining the pertinent facts and legal provisions, the employer has an establishment in another province, he will not be required to withhold Québec tax at source in respect of the employees who report for work at his establishment located outside Québec.

5. Despite 3 above, tax withholding at source must be made as if the employee had reported for work at an establishment of his employer located in Québec:

- (a) in the case of an individual referred to in section 4 of the *Income Earned in Quebec Income Tax Remission Order*, 1988, (1989) 123 *Canada Gazette II*, 3309, referred to herein as the “Order”, with respect to a remuneration referred to in paragraph (e) of section 4 of the Order;
- (b) in the case of an individual referred to in paragraph (b), (c), (d) or (e) of subsection (2) of section 5 of the Order, with respect to a remuneration received from the Government of Québec or any corporation, commission, association, institution or establishment referred to in paragraph (c) of subsection (2) of section 5 of the Order, except an institution of the Government of Canada or a wholly-owned corporation subsidiary to such a corporation, commission or association.