

Income Tax

RRQ. 45-2/R2 Pensionable Salary, Wages and Earnings of a Worker
Date of publication: April 30, 2002

Reference(s): *An Act respecting the Québec Pension Plan* (R.S.Q., c. R-9), sections 1, 45, 47, 48, 50 and 53

This bulletin supersedes bulletin RRQ. 45-2/R1 of August 31, 1989.

This bulletin gives the interpretation of the Ministère du Revenu concerning the contributions to the Québec Pension Plan (the “Plan”) respecting an amount earned for the performance of work, but received after termination of the work.

APPLICATION OF THE ACT

1. For the purposes of the application of sections 50 and 53 of the *Act respecting the Québec Pension Plan* (the “Act”) and payment of a contribution to the Plan, a worker need not be doing work under a contract of employment, holding an office or working on his or her own behalf at the time the remuneration is received.
2. In fact, it is sufficient that the remuneration he or she receives be derived from the performance of a contract of employment or the tenure of an office. In the case of self-employment, it is sufficient that the remuneration derived from the performance of work on his or her own behalf be received in the year in which a business is operated.
3. Thus, a contribution to the Plan must be made with respect to an amount earned for the performance of work or self-employed work, but received after termination of the work. For example, a contribution is made to the Plan with respect to
 - (a) the regular remuneration paid to an employee in early retirement, that is, with respect to all or part of his or her unused sick leave credits, even if pension income has become payable to the employee under the Act or a similar plan, or he or she has reached 70 years of age, provided that the event in question is subsequent to 1997;
 - (b) subject to paragraph 4 of this bulletin, the allocation of income derived from the operation of a business that a retired partner continues to receive under an agreement described in section 608 of the *Taxation Act* (R.S.Q., c. I-3);

(c) subject to paragraph 8 of this bulletin and to the extent provided for in section 48 of the Act, the share of the profits derived from the operation of a business that an individual receives through the intermediary of a curator, a tutor further to the institution of protective supervision regarding the individual, or the person designated under a mandate in the event of incapacity homologated by the court;

(d) a bonus received by an individual after he or she has terminated his or her employment.

4. However, no contributions are made to the Plan, as of 1998, with respect to the allocation of income received by a partner upon retirement under an agreement described in section 608 of the *Taxation Act*.

5. Nor are contributions made to the Plan with respect to the allocation of income received by the spouse of a deceased partner of a partnership under an agreement described in section 608 of the *Taxation Act*.

6. A retired partner is not required to contribute to the Plan with respect to the reserve included in the calculation of his or her income under section 217.14 of the *Taxation Act*, in the year following the one in which he or she ceased to be a member of the partnership, given that the reserve does not constitute self-employed earnings of a worker for a year within the meaning of section 47 of the Act.

7. Contributions are not made to the Plan where, in a year, an individual no longer operates a business within the meaning of the Act, but must, in accordance with section 217.14 of the *Taxation Act*, include, in the calculation of his or her income from a business for that taxation year, the amount deducted under section 217.13 of the *Taxation Act* for the previous taxation year, since this amount does not constitute self-employed earnings of a worker for a year within the meaning of the Act.

8. As of 1999, the share of the profits derived from the operation of a business that an individual receives through the intermediary of a curator, a tutor further to the institution of protective supervision regarding the individual, or the person designated under a mandate in the event of incapacity homologated by the court constitutes self-employed earnings to the extent provided for by the Act only if the curator, tutor or designated person operates a business in that capacity, either directly or as a member of partnership actively participating therein.

9. Similarly, the share of profits from the operation of a business that an individual receives as a special partner from a limited partnership does not constitute, as of 1999, self-employed earnings if the individual does not take an active part in the partnership's activities; no contributions to the Plan are to be made with respect to such an amount.