

Consumer Taxes

TVQ. 133-1/R1 **Supply of food products to educational institutions**
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Reference(s): *An Act respecting the Québec sales tax (R.S.Q., c. T-0.1), ss. 132 and 133*

This version of interpretation bulletin TVQ. 133-1 supersedes the version of September 29, 1995. The bulletin was revised to take into account the amendments made to section 132 of the Act respecting the Québec sales tax in respect of supplies made after June 30, 1996. In addition, some changes in respect of style and conformity were made to ensure technical accuracy.

This bulletin explains how section 133 of the Act respecting the Québec sales tax (AQST) applies in respect of supplies of food and beverages made to a school authority, public college or university.

THE ACT

1. Section 133 of the AQST provides for the exemption of a supply of food or beverages, including catering services, made to a school authority, public college or university under a contract to provide food or beverages either

- (a) to students enrolled at a university or public college under a plan that is for a period of at least one month and under which the students purchase from the supplier, for a single consideration, only the right to receive, at a restaurant or cafeteria at the university or college, at least 10 meals weekly throughout the period, or
- (b) in an elementary or secondary school cafeteria, primarily to students of the school.

2. The exemption does not apply where the food, beverages or catering services are supplied for a reception, conference or similar activity.

3. A supply of food or beverages to an educational institution that is not made under a contract to provide food or beverages either to students under a meal plan described above or to students in an elementary or secondary school cafeteria does not constitute an exempt supply within the meaning of section 133 of the AQST.

EXAMPLES

4. The following examples clarify the concept of an “exempt supply” in respect of section 133 of the AQST.

Example 1

A school authority hires a catering service to provide food and beverages in a high school cafeteria, primarily to students of the institution.

The supply of food and beverages made by the caterer to the school authority is exempt under section 133 of the AQST.

Example 2

A school board proceeds by a call for tenders from various manufacturers to obtain supplies of food and beverages that it will later provide to students in its school cafeterias. The manufacturers distribute their products through a distributor who is paid by the school board for the food and beverages it purchases.

The supply of food and beverages to the school board does not constitute an exempt supply within the meaning of section 133 of the AQST.

Example 3

A public college purchases 20 cases of soft drinks every week. These drinks are then sold to students in the institution’s cafeteria and through vending machines.

The supply acquired by the college does not constitute an exempt supply within the meaning of section 133 of the AQST.

Example 4

A university enters into an agreement with a wholesaler whereby the latter is to deliver to the university, on a regular basis, individually wrapped pastries to be sold to students in the institution’s cafeteria.

This supply is not an exempt supply within the meaning of section 133 of the AQST.

Example 5

A public college offers a meal plan each term under which students purchase, for a single consideration, only the right to receive 10 meals weekly throughout the term. The college hires an outside business to prepare and deliver the meals to the college’s cafeteria.

The supply made by the business under the contract to provide food and beverages to the students of the college within the context of the institution’s meal plan is exempt under section 133 of the AQST.