

Consumer Taxes

TVQ. 407.3-1 **The QST Registration of Reunion Permit Holders and Collection of the Tax**
Date of publication: **June 30, 1999**

Reference(s): *An Act respecting the Québec sales tax* (R.S.Q., c. T-0.1), sections 1, 141
(paragraph 1), 177 (paragraph 1), 294, 297.0.2 and 407.3

This bulletin cancels and replaces bulletin TVQ. 407-2 of December 21, 1994.

This bulletin discusses the application of section 407.3 of the *Act respecting the Québec sales tax* (the “Act”) as regards the Québec sales tax (QST) registration of persons holding a reunion permit issued under the *Act respecting liquor permits* (R.S.Q., c. P-9.1).

GENERAL RULE

1. Every person who makes a taxable supply in Québec in the course of a commercial activity engaged in by the person in Québec is required to be registered under the QST, except where expressly exempted by the Act.
2. In order to determine if a person carries on commercial activities, we must refer to the definitions of “commercial activity” and “business” provided for in section 1 of the Act.
3. In general, when an individual or a partnership all the members of which are individuals, organises reunions on an irregular basis at which alcoholic beverages are sold, that individual or partnership does not carry on commercial activities and is therefore not required to be registered under the QST.

Example

An individual organises a family reunion (once or twice a year) at which the individual sells alcoholic beverages. The individual does not carry on a commercial activity since this activity is not usually carried on and does not constitute the carrying on of a business or an activity with a reasonable expectation of profit. Consequently, this person is not required to register under the QST.

4. Under section 407.3 of the Act, every small supplier (by definition, a small supplier carries on a commercial activity) who makes a supply of alcoholic beverages is required to be registered in respect of that activity. This rule though, does not apply to a small supplier who holds a reunion

permit issued under the *Act respecting liquor permits*, with respect to the sales made pursuant to that permit. Thus, if a reunion permit holder qualifies as a small supplier, that permit holder may elect to register under the QST or to not register under the QST.

5. Under section 422 of the Act, every person who makes a taxable supply shall, as a mandatary of the Minister, collect the tax payable by the recipient under section 16 of the Act in respect of the supply. Naturally, no tax is payable by the recipient when the person who makes the supply is a non-registered small supplier.

PERSON ALREADY REGISTERED UNDER THE QST

6. Persons already registered under the QST who make supplies of alcoholic beverages, other than as exempt supplies, must collect the QST payable by the recipient at the time of the supply. Such persons must render account of the tax and pay it at the same time as they file their QST return for the concerned period.

7. This rule does not apply to a person who is only required to be registered in respect of a certain activity or business and whose registration does not apply to the other commercial activities that person carries on in Québec, except, naturally, for a registered small supplier of alcoholic beverages who must always collect the QST when supplying alcoholic beverages. Thus, a small supplier who carries on a taxi business and who is only registered for that activity is not required to collect the QST when making a supply of alcoholic beverages authorised by a reunion permit, since the small supplier's registration is only valid for the taxi business.

PERSON NOT REGISTERED UNDER THE QST

8. Every person holding a reunion permit who elects to not register because that person is a small supplier, is not required to collect the QST in respect of sales of alcoholic beverages.

9. To determine if a person holding a reunion permit is required to register under the QST and collect the tax because that person makes supplies of alcoholic beverages, the following rules must be taken into consideration.

Small Supplier

10. A person is considered as a small supplier throughout a particular calendar quarter and the month following that quarter if the total of that person's world-wide taxable supplies, including those of associates, did not exceed \$30 000 during the last four calendar quarters preceding the concerned quarter. Moreover, if the total of the taxable supplies exceeds \$30 000 in a single quarter, the person ceases to be a small supplier immediately before the time at which that person made a taxable supply which caused that person to overstep the \$30 000 threshold. It should be mentioned that for public service bodies (i.e., non-profit organizations, charities, municipalities, school or hospital authorities, public colleges and universities) the threshold is set at \$50 000.

Charities and Public Institutions

11. A charity or public institution enjoys the benefit of a special rule concerning the small supplier status. That body is considered as a small supplier throughout its fiscal period if it meets one of the following conditions:

1. the period concerned is its first fiscal period;
2. the period concerned is its second fiscal period and the gross earnings for its first period did not exceed \$250 000;
3. the period concerned is not its first nor its second period, the gross earnings for one of the two preceding periods did not exceed \$250 000.

12. To determine if a body qualifies as a charity or public institution, the definitions of these terms provided for in section 1 of the Act should be referred to.

Branch or Division

13. The branches or divisions of a public service body that are considered as small supplier divisions, are not required to collect the QST on sales of alcoholic beverages if they hold a reunion permit.

14. This bulletin has effect from July 1, 1992, and takes into account the amendments made to the Act since then.