



## chapter T-0.1

# ACT RESPECTING THE QUÉBEC SALES TAX

## TITLE I QUÉBEC SALES TAX

### CHAPTER I DEFINITIONS AND INTERPRETATION

#### DIVISION I DEFINITIONS

##### Definitions:

**1.** For the purposes of this Title and the regulations made under it, unless the context indicates otherwise,

**“administrator”;**

“administrator” of a pooled registered pension plan has the meaning assigned to “administrator” by the first paragraph of section 965.0.19 of the Taxation Act (chapter I-3);

**“admission”;**

“admission” means a right of entry or access to, or attendance at, a place of amusement, a seminar, an activity or an event;

**“amount”;**

“amount” means money, property or a service, expressed in terms of the amount of money or the value in terms of money of the property or service;

**“asset management service”;**

“asset management service” means a service (other than a prescribed service) rendered by a particular person in respect of the assets or liabilities of another person that is a service of

(a) managing or administering the assets or liabilities, irrespective of the level of discretionary authority the particular person has to manage some or all of the assets or liabilities,

(b) providing research, analysis, advice or reports in respect of the assets or liabilities,

(c) determining which assets or liabilities are to be acquired or disposed of, or

(d) acting to realize performance targets or other objectives in respect of the assets or liabilities;

**“bank”;**

“bank” means a bank or an authorized foreign bank within the meaning of section 2 of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1);

**“basic tax content”;**

“basic tax content”, at a particular time, of property of a person means the amount determined by the formula

$$(A - B) \times C,$$

where

(1) A is the total of

(a) the tax that was payable by the person in respect of the last acquisition or bringing into Québec of the property by the person,

(b) the tax that would have been payable by the person in respect of the last bringing into Québec of the property by the person but for the fact that the person was a registrant, that the property was brought into Québec by the person for consumption or use exclusively in the course of commercial activities of the person and that the person would have been entitled to claim an input tax refund had the person paid the tax in respect of the bringing in,

(c) the tax that would have been payable by the person in respect of the last bringing into Québec of the property by the person but for the fact that the property was brought into Québec for supply,

(d) the tax that was payable by the person in respect of an improvement to the property acquired, or brought into Québec, by the person after the property was last acquired or brought into Québec by the person,

(e) the tax that would have been payable by the person in respect of the bringing into Québec of an improvement to the property but for the fact that the person was a registrant, that the improvement was brought into Québec by the person for consumption or use exclusively in the course of commercial activities of the person and that the person would have been entitled to claim an input tax refund had the person paid the tax in respect of the bringing in after the property was last acquired or brought into Québec by the person,

(f) the tax under section 16 that would have been payable by the person in respect of the last acquisition of the property by the person or in respect of an improvement to the property acquired by the person after the property was last acquired or brought into Québec by the person, but for sections 54.1, 75.1, 75.3 to 75.9—in the case of property acquired under an agreement for a qualifying supply that was not, immediately before that acquisition, capital property of the supplier—and 80, or the fact that the property or improvement was acquired by the person for consumption, use or supply exclusively in the course of commercial activities,

(g) the tax under section 18 or section 18.0.1 that would have been payable by the person in respect of the last acquisition of the property by the person, and the tax under section 18 or section 18.0.1 that would have been payable by the person in respect of an improvement to the property acquired by the person after the property was last acquired or brought into Québec by the person, but for the fact that the person had acquired the property or improvement for

consumption, use or supply exclusively in the course of commercial activities of the person, and

(h) the total of all amounts each of which is determined by the formula

$$D \times E \times F / G,$$

where

i. D is an amount of tax (other than tax that the person was exempt from paying under any other Act or law) under subsection 1 of section 165 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or section 212 or 218 of that Act, in relation to the property, referred to in any of subparagraphs i to iii of the description of A in paragraph a of the definition of “basic tax content” in subsection 1 of section 123 of that Act, that became payable, or would have so become payable in the circumstances described in that subparagraph, by the person while the person was a selected listed financial institution, or while the person would have been such a financial institution for the purposes of that Act if Québec were a participating province, within the meaning of that subsection 1,

ii. E is the percentage referred to in subparagraph 3 of the second paragraph of section 433.16 for the person’s taxation year that includes the time the amount referred to in subparagraph i so became payable, or would have so become payable, or the percentage taken into account in determining the value of A in the formula in the first paragraph of section 433.16.2 for the reporting period that includes that time,

iii. F is the tax rate specified in the first paragraph of section 16, and

iv. G is the tax rate specified in subsection 1 of section 165 of the Excise Tax Act;

(2) B is the total of

(a) all taxes referred to in any of subparagraphs a to g of paragraph 1 that the person was exempt from paying under any other Act or law,

(a.1) all taxes (other than tax referred to in subparagraph a) under the first paragraph of section 16 or 17 referred to in any of subparagraphs a to g of paragraph 1 that became payable by the person, or would have so become payable in the circumstances described in that subparagraph, while the person was a selected listed financial institution,

(b) all amounts (other than input tax refunds and amounts referred to in subparagraphs a and a.1) in respect of tax referred to in subparagraphs a and d of paragraph 1 that the person was entitled to recover by way of rebate, refund or otherwise under this or any other Act or law or would have been entitled to recover if the property or improvement had

been acquired for use exclusively in activities that are not commercial activities, and

(c) all amounts (other than input tax refunds and amounts referred to in subparagraphs a and a.1) in respect of tax referred to in subparagraphs b, c and e to g of paragraph 1 that the person would have been entitled to recover by way of rebate, refund or otherwise under this or any other Act or law or would have been entitled to recover if that tax had been payable and the property or improvement had been acquired for use exclusively in activities that are not commercial activities; and

(3) C is the lesser of 1 and

H / I,

where

(1) H is the fair market value of the property at the particular time, and

(2) I is the total of

(a) the value of the consideration for the last supply of the property to the person or, where the property was last brought into Québec by the person, the value of the property within the meaning of section 17, and

(b) where the person acquires, or brings into Québec, an improvement to the property after the property was last acquired or brought in, the total of all amounts each of which is the value of the consideration for the supply to the person of such an improvement or, if the improvement is property that was brought into Québec by the person, the value of the property within the meaning of section 17;

**“builder”;**

“builder” of a residential complex or of an addition to a multiple unit residential complex means a person who

(1) at a time when the person has an interest in the immovable on which the complex is situated, carries on or engages another person to carry on for the person

(a) in the case of an addition to a multiple unit residential complex, the construction of the addition,

(b) (*subparagraph repealed*);

(c) in any other case, the construction or substantial renovation of the complex,

(2) acquires an interest in the complex at a time when

(a) in the case of an addition to a multiple unit residential complex, the addition is under construction, and

(b) in any other case, the complex is under construction or substantial renovation,

(3) in the case of a mobile home or floating home, makes a supply of the home before the home has been used or occupied by any individual as a place of residence,

(4) acquires an interest in the complex for the primary purpose of making one or more supplies of the complex or parts thereof or interests therein by way of sale, or making one or more supplies of the complex or parts thereof by way of lease, licence or similar arrangement to persons other than to individuals who are acquiring the complex or parts otherwise than in the course of a business or an adventure or concern in the nature of trade

(a) in the case of a complex held in co-ownership or residential unit held in co-ownership at a time when the declaration of co-ownership relating to the residential complex is not yet entered in the land register, or

(b) in any case, before the complex has been occupied by an individual as a place of residence or lodging, or

(5) in any case, is deemed under section 220 to be a builder of the complex;

however, “builder” does not include

(6) an individual described in paragraph 1, 2 or 4 who otherwise than in the course of a business or an adventure or concern in the nature of trade,

(a) carries on the construction or substantial renovation of the complex,

(b) engages another person to carry on the construction or substantial renovation of the complex for the individual, or

(c) acquires the complex or an interest in it,

(7) an individual described in paragraph 3 who makes a supply of a mobile home or floating home otherwise than in the course of a business or an adventure or concern in the nature of trade, or

(8) a person described in any of paragraphs 1 to 3 whose only interest in the complex is a right to purchase the complex or an interest in it from a builder of the complex;

**“business”;**

“business” includes a profession, calling, trade, manufacture or undertaking of any kind whatever, whether the activity or undertaking is engaged in for profit or not, and any activity engaged in on a regular or continuous basis that involves the supply of property by way of lease, licence or similar arrangement, but does not include an office or employment;

**“calendar quarter”;**

“calendar quarter” means a period of three months beginning on the first day of January, April, July or October in each calendar year;

**“Canadian specified supplier”.**

“Canadian specified supplier” has the meaning assigned by section 477.2;

**“capital property”;**

“capital property”, in respect of a person, means property that is, or that would be if the person were a taxpayer under the Taxation Act (chapter I-3), capital property of the person within the meaning of that Act, other than property described in Class 12, 14, 14.1 or 44 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1);

**“carrier”;**

“carrier” means a person who supplies a freight transportation service within the meaning of section 193;

**“charity”;**

“charity” means a registered charity or a registered Canadian amateur athletic association, within the meaning assigned by section 1 of the Taxation Act, but does not include a public institution;

**“closely related group”;**

“closely related group” has the meaning assigned by section 330;

**“commercial activity”;**

“commercial activity” of a person means

(1) a business carried on by the person, other than a business carried on without a reasonable expectation of profit by an individual, a personal trust or a partnership, all of the members of which are individuals, except to the extent to which the business involves the making of exempt supplies by the person,

(2) an adventure or concern of the person in the nature of trade, other than an adventure or concern engaged in without a reasonable expectation of profit by an individual, a personal trust or a partnership, all of the members of which are individuals, except to the extent to which the adventure or concern involves the making of exempt supplies by the person, and

(3) the making of a supply, other than an exempt supply, by the person of an immovable of the person, including anything done by the person in the course of or in connection with the making of the supply;

**“commercial service”;**

“commercial service”, in respect of corporeal movable property, means any service in respect of the property other than a service of shipping the property supplied by a carrier and a financial service;

**“complex held in co-ownership”;**

“complex held in co-ownership” means a residential complex that contains more than one residential unit held in co-ownership;

**“consideration”;**

“consideration” includes any amount that is payable for a supply by operation of law;

**“consumer”;**

“consumer” of property or a service means an individual who acquires, or brings into Québec, the property or service at his expense for his personal consumption, use or enjoyment or the personal consumption, use or enjoyment of any other individual, but does not include an individual who acquires, or brings into Québec, the property or service for consumption, use or supply in the course of the commercial activities of the individual or other activities in the course of which the individual makes exempt supplies;

**“continuous transmission commodity”;**

“continuous transmission commodity” means electricity, crude oil, natural gas, or any corporeal movable property, that is transportable by means of a wire, pipeline or other conduit;

**“convention”;**

“convention” means a formal meeting or assembly that is not open to the general public, but does not include a meeting or assembly the principal purpose of which is

- (1) to provide any type of amusement, entertainment or recreation,
  - (2) to conduct contests or games of chance, or
  - (3) to transact the business of the convenor or attendees
- (a) in the course of a trade show that is open to the general public, or
- (b) otherwise than in the course of a trade show;

**“convention facility”;**

“convention facility” means an immovable that is acquired by way of lease, licence or similar arrangement by the sponsor or organizer of a convention for use exclusively as the site for the convention;

**“cooperative corporation”;**

“cooperative corporation” means a cooperative housing corporation and any other cooperative corporation within the meaning of subsection 2 of section 136 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

**“cooperative housing corporation”;**

“cooperative housing corporation” means a corporation that was incorporated, by or under the laws of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada, providing for the establishment of the corporation or respecting the establishment of cooperative corporations, for the purpose of making supplies by way of lease, licence or similar arrangement of residential units to its members for the purpose of their occupancy as places of residence for individuals where

- (1) the statutes by or under which it was incorporated, its charter, articles of association or by-laws or its contracts with its members require that the activities of the corporation be engaged in at or near cost after providing for reasonable reserves and hold forth the prospect that surplus funds arising

from those activities will be distributed among its members in proportion to patronage,

- (2) none of its members, except other cooperative corporations, have more than one vote in the conduct of the affairs of the corporation, and

- (3) at least 90% of its members are individuals or other cooperative corporations and at least 90% of its shares are held by such persons;

**“credit note”;**

“credit note” means a credit note issued under section 449;

**“credit union”;**

“credit union” has the meaning assigned by section 797 of the Taxation Act to the expression “savings and credit union” and also includes a deposit insurance corporation described in paragraph *b* of section 804 of that Act;

**“debit note”;**

“debit note” means a debit note issued under section 449;

**“debt security”;**

“debt security” means a right to be paid money and includes a deposit of money, but does not include a lease, licence or similar arrangement for the use of, or the right to use, property other than a financial instrument;

**“designated municipal property”;**

“designated municipal property” has the meaning assigned by subsection 1 of section 123 of the Excise Tax Act;

**“direct cost”;**

“direct cost” of a supply of corporeal movable property or a service means the total of all amounts each of which is the consideration paid or payable by the supplier

- (1) for the property or service if it was purchased by the supplier for the purpose of making a supply by way of sale of the property or service, or
- (2) for an article or material, other than capital property of the supplier, that was purchased by the supplier, to the extent that the article or material is to be incorporated into or is to form a constituent or component part of the property, or is to be consumed or expended directly in the process of manufacturing, producing, processing or packaging the property;

and, for the purposes of this definition, the following rules apply:

- (1) the consideration paid or payable by the supplier for property or a service is determined by taking into account any tax imposed under this Title that is payable by the supplier in respect of the acquisition or bringing into Québec of the property or service by the supplier, excluding the portion of tax, other than tax that became payable by the supplier at a time when the supplier was a registrant that is recovered or recoverable by the supplier;
- (2) that consideration is determined without taking into account the portion of the duty, fee or tax referred to in

section 52 that is recovered or recoverable by the supplier;  
and

(3) that consideration is determined by taking into account the tax imposed under Part IX of the Excise Tax Act;

**“distributed investment plan”;**

“distributed investment plan” means an investment plan within the meaning of section 433.15.1 that is

(1) a corporation, other than a pension entity, exempt from tax under paragraph c.2 of section 998 of the Taxation Act;

(2) an investment corporation within the meaning of section 1 of the Taxation Act;

(3) a mortgage investment corporation within the meaning of section 1 of the Taxation Act;

(4) a mutual fund corporation within the meaning of section 1 of the Taxation Act;

(5) a mutual fund trust within the meaning of section 1 of the Taxation Act;

(6) a non-resident-owned investment corporation within the meaning of section 1 of the Taxation Act;

(7) a segregated fund of an insurer; or

(8) a unit trust within the meaning of section 1 of the Taxation Act;

**“document”;**

“document” includes money, a security, a record and a supporting document;

**“employee”;**

“employee” includes an officer;

**“employer”;**

“employer”, in relation to an officer, means the person from whom the officer receives remuneration;

**“equity security”;**

“equity security” means a share of the capital stock of a corporation or any interest in or right to such a share;

**“exchange-traded series”;**

“exchange-traded series” of a stratified investment plan means a series of the plan, any unit of which is listed or traded on a stock exchange or other public market;

**“excisable goods”;**

“excisable goods” means beer or malt liquor, within the meaning of section 4 of the Excise Act (Revised Statutes of Canada, 1985, chapter E-14), and spirits, wine, tobacco products and cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);

**“exclusive”;**

“exclusive” means, in the case of a person who is not a financial institution, all or substantially all of the consumption, use or supply of a property or a service and, in the case of a financial institution, all of the consumption, use or supply of the property or service;

**“exempt supply”;**

“exempt supply” means a supply described in Chapter III;

**“financial institution”;**

“financial institution” throughout a taxation year means a person who is

(1) a listed financial institution at any time in that taxation year, or

(2) a financial institution,

(a) within the meaning of paragraph b of subsection 1 of section 149 of the Excise Tax Act, or

(b) within the meaning of paragraph c of subsection 1 of section 149 of that Act;

**“financial instrument”;**

“financial instrument” means

(1) a debt security,

(2) an equity security,

(3) an insurance policy,

(4) an interest in a trust, a partnership or a succession, or any right in respect of such an interest,

(5) a precious metal,

(6) a contract or an option for the future supply of a commodity, where the contract or option is traded on a recognized commodity exchange,

(7) a prescribed instrument,

(8) an acceptance, a guarantee or an indemnity in respect of an instrument described in paragraph 1, 2, 4, 5 or 7, or

(9) a contract or an option for the future supply of money or of an instrument described in any of paragraphs 1 to 8;

**“financial service”;**

“financial service”, which does not include the operations and services described in paragraphs 14 to 20, means

(1) the exchange, issue, payment, receipt or transfer of money, whether effected by the exchange of currency, by crediting or debiting accounts or otherwise;

(2) the operation or maintenance of a charge, chequing, deposit, savings, loan or other account;

(3) the borrowing or lending of a financial instrument;

(4) the acceptance, allotment, issue, endorsement, variation, granting, repayment, renewal, processing or transfer of ownership of a financial instrument;

(5) the variation, provision, receipt or release of an acceptance, a guarantee or an indemnity in respect of a financial instrument;

(6) the payment or receipt of money as benefits, principal, dividends, other than patronage dividends, interest or any

- similar payment or receipt of money in respect of a financial instrument;
- (6.1) the payment or receipt of an amount in full or partial satisfaction of a claim arising under an insurance policy;
- (7) the making of any advance, the granting of any credit or the lending of money;
- (8) the underwriting of a financial instrument;
- (9) any service provided pursuant to the terms and conditions of any agreement relating to the payment of amounts for which a credit card voucher or charge card voucher has been issued;
- (10) the service of investigating and recommending the compensation in satisfaction of a claim where
- (a) the claim is made under a marine insurance policy, or
- (b) the claim is made under an insurance policy that is not in the nature of accident or sickness or life insurance and
- i. the service is supplied by an insurer or by a person who is licensed under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to provide such a service, or
- ii. the service is supplied to an insurer or a group of insurers by a person who would be required to be so licensed but for the fact that the person is relieved from that requirement under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut;
- (10.1) the service of providing an insurer or a person who supplies a service referred to in paragraph 10 with an appraisal of the damage caused to property, or in the case of a loss of property, the value of the property, where the supplier of the appraisal inspects the property, or in the case of a loss of the property, the last-known place where the property was situated before the loss;
- (11) any supply deemed under section 39 or 297.0.2.1 to be a supply of a financial service;
- (12) the agreeing to provide, or the arranging for, a service that is
- (a) referred to in any of paragraphs 1 to 9, and
- (b) not referred to in any of paragraphs 14 to 20;
- (13) a prescribed service;
- (14) the payment or receipt of money as consideration for the supply of property other than a financial instrument or of a service other than a financial service;
- (15) the payment or receipt of money in settlement of a claim (other than a claim under an insurance policy) under a warranty, guarantee or similar arrangement in respect of property other than a financial instrument or a service other than a financial service;
- (16) the service of providing advice, other than a service referred to in paragraph 10 or 10.1;
- (17) where the supplier is a person who provides management or administrative services to an investment plan, a corporation, partnership or trust the principal activity of which is the investing of funds, the provision to the investment plan, corporation, partnership or trust of
- (a) a management or administrative service, or
- (b) any other service, other than a prescribed service;
- (17.1) an asset management service;
- (18) a professional service provided by an actuary, advocate, accountant or notary in the course of a professional practice;
- (18.1) the arranging for the transfer of ownership of shares of a cooperative housing corporation;
- (18.2) a debt collection service, rendered under an agreement between a person agreeing to provide, or arranging for, the service and a particular person other than the debtor, in respect of all or part of a debt, including a service of attempting to collect, arranging for the collection of, negotiating the payment of, or realizing or attempting to realize on a security given for, the debt, but does not include a service that consists solely of accepting from a person, other than the particular person, a payment of all or part of an account unless
- (a) under the terms of the agreement the person rendering the service may attempt to collect all or part of the account or may realize or attempt to realize on a security given for the account, or
- (b) the principal business of the person rendering the service is the collection of debt;
- (18.3) a service (other than a prescribed service) of managing credit that is in respect of credit cards, charge cards, credit accounts, charge accounts, loan accounts or accounts in respect of any advance and is provided to a person granting, or potentially granting, credit in respect of those cards or accounts, including a service provided to the person of
- (a) checking, evaluating or authorizing credit,
- (b) making decisions on behalf of the person in relation to a grant, or an application for a grant, of credit,
- (c) creating or maintaining records for the person in relation to a grant, or an application for a grant, of credit or in relation to the cards or accounts, or
- (d) monitoring another person's payment record or dealing with payments made, or to be made, by the other person;
- (18.4) a service (other than a prescribed service) that is preparatory to the provision or the potential provision of a service referred to in any of paragraphs 1 to 9 and 12, or that

is provided in conjunction with a service referred to in any of those paragraphs, and that is

(a) a service of collecting, collating or providing information, or

(b) a market research, product design, document preparation, document processing, customer assistance, promotional or advertising service or a similar service;

(18.5) property (other than a financial instrument or prescribed property) that is delivered or made available to a person in conjunction with the rendering by the person of a service referred to in any of paragraphs 1 to 9 and 12;

(19) any service the supply of which is deemed under this Title to be a taxable supply; or

(20) a prescribed service;

**“fiscal month”;**

“fiscal month” of a person at a particular time means, if the person is a registrant under Part IX of the Excise Tax Act, the fiscal month of the person for the purposes of Part IX of that Act at that time or, in any other case, the period defined as such under sections 458.1.2, 458.2 and 458.2.1;

**“fiscal quarter”;**

“fiscal quarter” of a person at a particular time means, if the person is a registrant under Part IX of the Excise Tax Act, the fiscal quarter of the person for the purposes of Part IX of that Act at that time or, in any other case, the period defined as such under sections 458.1.1, 458.2 and 458.2.1;

**“fiscal year”;**

“fiscal year” of a person, at a particular time, means

(1) where subdivision IV of subdivision 0.1 of Division IV of Chapter VIII applies in respect of the person, the period determined under that subdivision IV;

(2) in any other case,

(a) if the person is a registrant under Part IX of the Excise Tax Act, the person’s fiscal year for the purposes of Part IX of that Act at that time,

(b) if subparagraph *a* does not apply to the person and the person has made an election under section 458.4 that is in effect, the period that the person elected to be the fiscal year of the person,

(c) if subparagraph *a* does not apply to the person and the fiscal year of the person is determined in accordance with section 458.2, the fiscal year determined in accordance with that section, and

(d) in all other cases, the taxation year of the person within the meaning of Part IX of the Excise Tax Act;

**“floating home”;**

“floating home” means a structure that is composed of a floating platform and a building designed to be occupied as a

place of residence for individuals that is permanently affixed to the platform, but does not include any freestanding appliances or furniture sold with the structure or any structure that has means of, or is capable of being readily adapted for, self-propulsion;

**“foreign convention”;**

“foreign convention” means a convention

(1) at least 75% of the admissions to which are, at the time the sponsor of the convention determines the amount to be charged as consideration therefor, reasonably expected to be supplied to persons not resident in Canada, and

(2) the sponsor of which is an organization whose head office is situated outside Canada or, where the organization has no head office, the member, or majority of members, of which having management and control of the organization is or are not resident in Canada;

**“game of chance”;**

“game of chance” means a lottery or other scheme under which prizes or winnings are awarded by way of chance only or by way of a mixture of chance and other factors where the result depends more on chance than on the other factors;

**“government”;**

“government” means the Gouvernement du Québec, the government of another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada;

**“hospital authority”;**

“hospital authority” means a public institution, within the meaning of the Act respecting health services and social services (chapter S-4.2) or within the meaning of the Act respecting health services and social services for Cree Native persons (chapter S-5), that operates a hospital centre, or an organization that operates a public hospital located in Québec and that is designated by the Minister of National Revenue as a hospital authority;

**“immovable”;**

“immovable” includes

(1) a lease pertaining to an immovable;

(2) a mobile home;

(3) a floating home; and

(4) a leasehold or other proprietary interest in a mobile home or a floating home;

**“improvement”;**

“improvement”, in respect of property of a person, means any property or service supplied to, or property brought into Québec by, the person for the purpose of improving the property, to the extent that the consideration paid or payable by the person for the property or service or the value of the property brought in is, or would be if the person were a taxpayer within the meaning of the Taxation Act, included in determining the cost or, in the case of property that is capital property of the person, the adjusted cost base to the person of the property for the purposes of that Act;

**“individual”;**

“individual” means a natural person;

**“insurance policy”;**

“insurance policy” means a policy of insurance that is issued, or a contract of insurance that is entered into, by an insurer and a policy or contract in the nature of accident or sickness insurance, whether or not the policy is issued, or the contract is entered into, by an insurer, and also includes

- (1) a policy of reinsurance issued by an insurer,
- (2) an annuity contract entered into by an insurer, or a contract entered into by an insurer that would be an annuity contract except that the payments under the contract

(a) are payable on a periodic basis at intervals that are shorter or longer than one year, or

(b) vary in amount depending on the value of a specified group of assets or on changes in interest rates, and

(3) a contract entered into by an insurer all or part of the insurer’s reserves for which vary in amount depending on the value of a specified group of assets;

however, “insurance policy” does not include a warranty in respect of the quality, fitness or performance of corporeal property, where the warranty is supplied to a person who acquires the property otherwise than for resale;

(4) a bid, performance, maintenance or payment bond issued in respect of a construction contract;

**“insurer”;**

“insurer” means a person who is authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada to carry on an insurance business in Canada or under the laws of another jurisdiction to carry on an insurance business in that other jurisdiction;

**“inter vivos trust”;**

“inter vivos trust” means a trust other than a testamentary trust;

**“investment plan”;**

“investment plan” means

(1) a trust governed by any of the following plans, trusts, arrangement or fund, within the meaning of the Taxation Act or the Regulation respecting the Taxation Act:

- (a) a registered pension plan,
  - (a.1) a pooled registered pension plan,
- (b) a profit sharing plan,
- (c) a registered supplementary unemployment benefit plan,
- (d) a registered retirement savings plan,
  - (d.1) a tax-free savings account,

(e) a deferred profit sharing plan,

(f) a registered education savings plan,

(f.1) a registered disability savings plan,

(g) an employee benefit plan,

(h) an employee trust,

(i) a mutual fund trust,

(j) a unit trust,

(k) a retirement compensation arrangement, or

(l) a registered income fund;

(2) the following corporations within the meaning of the said Act:

(a) an investment corporation,

(b) a mortgage investment corporation,

(c) a mutual fund corporation, or

(d) a non-resident owned investment corporation;

(3) a corporation exempt from tax under the said Act by reason of paragraphs c.1 and c.2 of section 998 and section 998.1 of the said Act;

(4) *(paragraph repealed)*;

(5) a prescribed person or a person of a prescribed class;

**“invoice”;**

“invoice” includes a statement of account, a bill and any other similar record or supporting document, regardless of its form or characteristics, and a cash register slip or receipt;

**“listed financial institution”;**

“listed financial institution” throughout a taxation year means a person who is, at any time in the year,

- (1) a bank,
- (2) a corporation that is authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada to carry on in Canada the business of offering to the public its services as a trustee,
- (3) a person whose principal business is as a dealer or trader in, or as a broker or salesperson of, financial instruments or money,
- (4) a credit union,
- (5) an insurer or any other person whose principal business is providing insurance under insurance policies,
- (6) a segregated fund of an insurer,
- (7) the Canada Deposit Insurance Corporation,



(8) a person whose principal business is the lending of money or the purchasing of debt securities or a combination thereof,

(9) an investment plan,

(10) a person providing services referred to in section 39, or

(11) a corporation deemed under section 297.0.2.6 to be a financial institution;

**“management or administrative service”;**

“management or administrative service” includes an asset management service;

**master pension entity;**

“master pension entity” of a pension plan means a person that is not a pension entity of the pension plan and that is

(1) a corporation described in paragraph *c.2* of section 998 of the Taxation Act, one or more shares of which are owned by a pension entity of the pension plan; or

(2) a master trust, within the meaning of the regulations made under paragraph *c.4* of section 998 of the Taxation Act, one or more units of which are owned by a pension entity of the pension plan;

**master pension factor;**

“master pension factor” has the meaning assigned by section 289.2;

**“membership”;**

“membership” includes a right granted by a particular person that entitles another person to services that are provided by, or to the use of facilities that are operated by, the particular person and that are not available, or are not available to the same extent or for the same charge, to a person to whom such a right has not been granted, and also includes such a right that is conditional on the acquisition or ownership of a share, bond or other security;

**“mineral”;**

“mineral” includes petroleum, natural gas and related hydrocarbons, sand, gravel, ammonite gemstone, bituminous sands, calcium chloride, coal, kaolin, oil shale and silica;

**“mobile home”;**

“mobile home” means a building, the manufacture and assembly of which is completed or substantially completed, that is equipped with complete heating, electrical and plumbing facilities and that is designed to be moved to a site for installation on a foundation and connection to service facilities and to be occupied as a place of residence, but does not include any travel trailer, motor home, camping trailer or other vehicle or trailer designed for recreational use;

**“money”;**

“money” includes any currency, cheque, promissory note, letter of credit, draft, traveller’s cheque, bill of exchange, postal note, money order, postal remittance and other similar instrument, whether Canadian or foreign, but does not include currency the fair market value of which exceeds its

stated value as legal tender in the country of issuance or currency that is supplied or held for its numismatic value;

**“month”;**

“month” means a period beginning on a particular day in a calendar month and ending

(1) on the day immediately before the day in the next calendar month that has the same calendar number as the particular day, or

(2) where the next calendar month does not have a day that has the same calendar number as the particular day, the last day of that next calendar month;

**“motor vehicle”;**

“motor vehicle” means a self-propelled road vehicle having a net mass of less than 4,000 kg, with four or more wheels and designed essentially for transporting persons or property by road;

**“multiple unit residential complex”;**

“multiple unit residential complex” means a residential complex that contains more than one residential unit, but does not include a complex held in co-ownership;

**“municipality”;**

“municipality” includes

(1) a metropolitan community, the Kativik Regional Government or any other incorporated municipal body however designated, and

(2) such other local authority as

(a) the Minister of Revenue may determine to be a municipality for the purposes of this Title, or

(b) the Minister of National Revenue has determined, before 1 January 2014, to be a municipality under paragraph *b* of the definition of “municipality” in subsection 1 of section 123 of the Excise Tax Act, unless that determination has been revoked;

**“mutual insurance federation”;**

“mutual insurance federation” means a corporation each member of which is a mutual insurance corporation that is required, under an Act of the Legislature of Québec, to be a member of the corporation, but does not include a corporation the main purpose of which is

(1) related to automobile insurance,

(2) to provide compensation to insurance policy holders of, or claimants on, insolvent insurers, or

(3) to establish and manage a guarantee fund, cash reserve fund, mutual aid fund or similar fund for the benefit of its members and to provide financial assistance with regard to losses sustained on the winding-up or dissolution of its members;

**“mutual insurance group”;**

“mutual insurance group” means a group that consists of

(1) a mutual insurance federation and its members,

(2) where the members of the mutual insurance federation are the sole investors in an investment fund, that fund, and

(3) where there exists a mutual reinsurance corporation each member of which is a member of the mutual insurance federation and is not entitled to obtain reinsurance from any other reinsurance corporation, that mutual reinsurance corporation;

**“net mass”;**

“net mass” means

(1) in the case of a new motor vehicle, the mass of the vehicle indicated by the manufacturer at the time of shipping;

(2) in the case of a used motor vehicle, the mass indicated on the last registration certificate issued in respect of the vehicle;

**“non-profit organization”;**

“non-profit organization” means a person, other than an individual, a succession, a trust, a charity, a public institution, a municipality or a government, that was organized and is operated solely for a purpose other than profit, no part of the income of which is payable to, or otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder is a club or an association the primary purpose of which is the promotion of amateur athletics in Canada;

**“non-stratified investment plan”;**

“non-stratified investment plan” means a distributed investment plan that is not a stratified investment plan;

**“office”;**

“office” has the meaning assigned by section 1 of the Taxation Act, but does not include

(1) the position of trustee in bankruptcy,

(2) the position of receiver, including the position of a receiver within the meaning assigned by the second paragraph of section 310, or

(3) the position of trustee of a trust or personal representative of a deceased individual where the person who acts in that capacity is entitled to an amount for doing so that is included, for the purposes of that Act, in computing the person’s income or, where the person is an individual, the person’s income from a business;

**“officer”;**

“officer” means a person who holds an office;

**“organizer”;**

“organizer” of a convention means a person who acquires the convention facility or related convention supplies and who organizes the convention for another person who is the sponsor of the convention;

**“participating employer”;**

“participating employer” of a pension plan means

(1) in the case of a registered pension plan, an employer that has made, or is required to make, contributions to the pension

plan in respect of the employer’s employees or former employees, or payments under the pension plan to the employer’s employees or former employees, and includes an employer prescribed for the purposes of the definition of “participating employer” in subsection 1 of section 147.1 of the Income Tax Act; and

(2) in the case of a pooled registered pension plan, an employer that

(a) has made, or is required to make, contributions to the pension plan in respect of all or a class of its employees or former employees, or

(b) has remitted, or is required to remit, to the administrator of the pension plan contributions made by members (within the meaning assigned by the first paragraph of section 965.0.19 of the Taxation Act) of the pension plan under a contract with the administrator in respect of all or a class of its employees;

**“passenger vehicle”;**

“passenger vehicle” has the meaning assigned by section 1 of the Taxation Act;

**“patronage dividend”;**

“patronage dividend” means an amount that is deductible under sections 786 to 796 of the Taxation Act in computing, for the purposes of that Act, the income of the person paying the amount;

**“pension entity”;**

“pension entity” of a pension plan means a person that is

(1) a trust governed by the pension plan;

(2) a corporation referred to in paragraph 2 of the definition of “pension plan”; or

(3) a prescribed person;

**“pension plan”;**

“pension plan” means a registered pension plan or a pooled registered pension plan that

(1) governs a trust;

(2) is a plan in respect of which a corporation

(a) is incorporated and operated either

i. solely for the administration of the plan, or

ii. for the administration of the plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement, within the meaning of section 1 of the Taxation Act, where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the plan, and

(b) in the case of a registered pension plan, is accepted by the Minister of National Revenue under subparagraph ii of paragraph 0.1 of subsection 1 of section 149 of the Income

Tax Act as a funding medium for the purposes of the registration of the registered pension plan, and

(c) in the case of a pooled registered pension plan, is a corporation that is described in paragraph 0.2 of subsection 1 of section 149 of the Income Tax Act, and all of the shares, and rights to acquire shares, of the capital stock of which are owned, at all times since the date on which it was incorporated, by the plan; or

(3) is a plan in respect of which a person is prescribed for the purposes of the definition of “pension entity”;

**“permanent establishment”;**

“permanent establishment”, in respect of a particular person, means

(1) a fixed place of business of the particular person, including a place of management, a branch, an office, a factory, a workshop, a mine, an oil or gas well, timberland, a quarry or any other place of extraction of natural resources, through which the particular person makes supplies, or

(2) a fixed place of business of another person, other than a broker, general commission agent or other independent agent acting in the ordinary course of business, who is acting in Québec on behalf of the particular person and through whom the particular person makes supplies in the ordinary course of business;

**“person”;**

“person” means a corporation, trust, individual, partnership or succession or a body that is an association, club, commission, union or other organization of any kind;

**“personal representative”;**

“personal representative”, of a deceased individual or the succession of a deceased individual, means the liquidator of the individual’s succession or any person who is responsible under the appropriate law for the proper collection, administration, disposition and distribution of the assets of the succession;

**“personal trust”;**

“personal trust” means

(1) a testamentary trust, or

(2) an *inter vivos* trust that is a personal trust, within the meaning of section 1 of the Taxation Act, all the beneficiaries, other than contingent beneficiaries, of which are individuals and all the contingent beneficiaries, if any, of which are individuals, charities or public institutions;

**“place of amusement”;**

“place of amusement” means any premises or place, whether or not enclosed, at or in any part of which is staged or held any slide show, film, sound and light or similar presentation, any artistic, literary, musical, theatrical or other exhibition, performance or entertainment, any circus, fair, menagerie, rodeo or similar event, or any race, game of chance, athletic contest or other contest or game, and also includes a museum, historical site, zoo, wildlife or other park, place where bets are placed and any place, structure, apparatus,

machine or device the purpose of which is to provide any type of amusement or recreation;

**“plan member”;**

“plan member” of an investment plan that is a private investment plan or a pension entity of a pension plan means an individual who has a right, either immediate or in the future and either absolute or contingent, to receive benefits under,

(1) in the case of an employee life and health trust, within the meaning of section 1 of the Taxation Act, the investment plan;

(2) in the case of a pension entity of a pension plan, the pension plan; and

(3) in any other case, the deferred profit sharing plan, the employee benefit plan, the employee trust, the profit sharing plan, the registered supplementary unemployment benefit plan or the retirement compensation arrangement, within the meaning assigned to those expressions by section 1 of the Taxation Act, as the case may be, that governs the investment plan;

**“pleasure vehicle”;**

“pleasure vehicle” has the meaning assigned by section 1 of the Fuel Tax Act (chapter T-1);

**“pooled registered pension plan”;**

“pooled registered pension plan” has the meaning assigned by paragraph 1 of the definition of “investment plan”;

**“precious metal”;**

“precious metal” means a bar, ingot, coin or wafer that is composed of gold, silver or platinum the purity level of which is at least 99.5% in the case of gold and platinum and at least 99.9% in the case of silver;

**“private investment plan”;**

“private investment plan” means an investment plan, within the meaning of section 433.15.1, other than a distributed investment plan or a pension entity;

**“property”;**

“property” does not include money;

**“provincial investment plan”;**

“provincial investment plan” has the meaning assigned by section 433.15.1;

**“provincial series”;**

“provincial series” has the meaning assigned by section 433.15.1;

**“public college”;**

“public college” means

(1) a college governed by the General and Vocational Colleges Act (chapter C-29);

(2) an institution that is accredited for purposes of subsidies for providing educational services at the college level under the Act respecting private education (chapter E-9.1);

(3) an organization that operates a post-secondary college or post-secondary technical institute, situated in Québec,

(a) that receives from a government or a municipality funds that are paid for the purpose of assisting the organization in ongoing provision of educational services to the general public, and

(b) the primary purpose of which is to provide programs of instruction in one or more fields of vocational, technical or general education;

**“public institution”;**

“public institution” means a registered charity, within the meaning of section 1 of the Taxation Act, that is a school authority, a public college, a university, a hospital authority or a local authority determined under paragraph 2 of the definition of “municipality” in this section to be a municipality;

**“public sector body”;**

“public sector body” means a government or a public service body;

**“public service body”;**

“public service body” means a non-profit organization, a charity, a municipality, a school authority, a hospital authority, a public college or a university;

**“recipient”;**

“recipient” of a supply of property or a service means

(1) where consideration for the supply is payable under an agreement for the supply, the person who is liable under the agreement to pay that consideration,

(2) where paragraph 1 does not apply and consideration is payable for the supply, the person who is liable to pay that consideration, and

(3) where no consideration is payable for the supply,

(a) in the case of a supply of property by way of sale, the person to whom the property is delivered or made available,

(b) in the case of a supply of property otherwise than by way of sale, the person to whom possession or use of the property is given or made available, and

(c) in the case of a supply of a service, the person to whom the service is rendered,

and any reference to a person to whom a supply is made shall be read as a reference to the recipient of the supply;

**“registered pension plan”;**

“registered pension plan” has the meaning assigned by paragraph 1 of the definition of “investment plan”;

**“registrant”;**

“registrant” means a person who is registered, or who is required to be registered, under Division I of Chapter VIII;

**“related convention supplies”;**

“related convention supplies” means property or services acquired or brought into Québec by a person exclusively for consumption, use or supply by the person in connection with a convention, but does not include

(1) transportation services, other than a chartered service acquired by the person solely for the purpose of transporting attendees of the convention between any of the convention facilities, places of lodging of the attendees or transportation terminals,

(2) entertainment,

(3) except for the purposes of sections 357.2 to 357.5, property or services that are food or beverages or are supplied to the person under a contract for catering, or

(4) property or services supplied by the person in connection with the convention for consideration that is separate from the consideration for the admission to the convention, unless the recipient of the supply is acquiring the property or service exclusively for consumption or use in the course of promoting, at the convention, property or services supplied by, or a business of, the recipient;

**“reporting period”;**

“reporting period” of a person means the reporting period of the person as determined under sections 458.6 to 467;

**“residential complex”;**

“residential complex” means

(1) that part of a building in which one or more residential units are located, together with

(a) that part of any common areas and other appurtenances to the building and the land contiguous to the building that is reasonably necessary for the use and enjoyment of the building as a place of residence for individuals, and

(b) that proportion of the land subjacent to the building that that part of the building in which one or more residential units are located is of the whole building,

(2) that part of a building, together with that proportion of any common areas and other appurtenances to the building and the land subjacent or contiguous to the building that is attributable to the unit and that is reasonably necessary for its use and enjoyment as a place of residence for individuals, that is

(a) the whole or part of a semi-detached house, rowhouse unit, residential unit held in co-ownership or other similar premises that is, or is intended to be, a separate parcel or other division of an immovable owned, or intended to be owned, apart from any other unit in the building, and

(b) a residential unit, and

(3) the whole of a building described in paragraph 1, or the whole of a premises described in subparagraph *a* of paragraph 2, that is owned by or has been supplied by way of

sale to an individual and that is used primarily as a place of residence of the individual, an individual related to the individual or a former spouse of the individual, together with

(a) in the case of a building described in paragraph 1, any appurtenances to the building, the land subjacent to the building and that part of the land contiguous to the building, that are reasonably necessary for the use and enjoyment of the building, and

(b) in the case of a premises described in subparagraph a of paragraph 2, that part of any common areas and other appurtenances to the building and the land subjacent or contiguous to the building that is attributable to the unit and that is reasonably necessary for the use and enjoyment of the unit,

(4) a mobile home, together with any appurtenances to the home and, where the home is affixed to land, other than a site in a residential trailer park, for the purpose of its use and enjoyment as a place of residence for individuals, the land subjacent or contiguous to the home that is attributable to the home and is reasonably necessary for that purpose, and

(5) a floating home;

however, “residential complex” does not include

(6) a building, or that part of a building, that is an inn, a hotel, a motel, a boarding house or other similar premises, or the land and appurtenances attributable to the building or part, where

(a) the building or part is not described in paragraph 3, and

(b) all or substantially all of the supplies of residential units in the building or part by way of lease, licence or similar arrangement are, or are expected to be, for periods of continuous possession or use of less than 60 days;

**“residential trailer park”;**

“residential trailer park” of a person means

(1) the land that is included in a trailer park of the person or, where the person has two or more trailer parks that are immediately contiguous to each other, the land that is included in those contiguous trailer parks, and any buildings, fixtures and other appurtenances to the land that are reasonably necessary

(a) for the use and enjoyment of sites in the trailer parks by individuals

i. residing in mobile homes, or travel trailers, motor homes or similar vehicles or trailers, situated or to be situated on those sites, or

ii. occupying mobile homes, or travel trailers, motor homes or similar vehicles or trailers, situated or to be situated on those sites, or

(b) for the purpose of engaging in the business of supplying those sites by way of lease, licence or similar arrangement;

however, “residential trailer park” does not include such land and appurtenances or any part of them unless the land encompasses at least two sites and

(2) all or substantially all of the sites in the trailer parks are supplied, or are intended to be supplied, by way of lease, licence or similar arrangement under which continuous possession or use of a site is provided

(a) for a period of at least one month, in the case of a mobile home or other residential unit, and

(b) for a period of at least 12 months, in the case of a travel trailer, motor home or similar vehicle or trailer that is not a residential unit, and

(3) if the sites were occupied by mobile homes, they would be suitable for use by individuals as places of residence throughout the year;

**“residential unit”;**

“residential unit” means the whole or part of a residential unit held in co-ownership, detached house, semi-detached house, rowhouse unit, mobile home, floating home, apartment, a room or suite in an inn, a hotel, a motel, a boarding house or a lodging house or in a residence for students, seniors, individuals with a disability or other individuals, or the whole or part of any other similar premises, that

(1) is occupied by an individual as a place of residence or lodging,

(2) is supplied by way of lease, licence or similar arrangement for the occupancy thereof as a place of residence or lodging for individuals,

(3) is vacant, but was last occupied or supplied as a place of residence or lodging for individuals, or

(4) has never been used or occupied for any purpose, but is intended to be used as a place of residence or lodging for individuals;

**“residential unit held in co-ownership”;**

“residential unit held in co-ownership” means a residential complex that is, or is intended to be, a bounded space in a building described as a distinct entity on the declaration of co-ownership entered in the land register and includes any interest in land pertaining to ownership of the entity;

**“retail sale”;**

“retail sale” of a motor vehicle means

(1) the sale of a motor vehicle to a person who receives it for any other purpose than to again make a supply of it by way of sale, otherwise than by way of gift, or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year;

(2) the sale of a new motor vehicle to a person who receives it to again make a supply of it by way of sale, otherwise than by way of gift, and who acquires it through a mandatary for the purpose of shipping the vehicle outside Québec;

**“road vehicle”;**

“road vehicle” has the meaning assigned by section 4 of the Highway Safety Code (chapter C-24.2);

**“sale”;**

“sale”, in respect of property, includes, but for the purposes of subparagraph 2 of the second paragraph of section 17, any transfer of the ownership of the property and any transfer of the possession of the property under an agreement to transfer ownership of the property;

**“school authority”;**

“school authority” means a school service centre, a school board or an institution providing educational services at the elementary or secondary level that is governed by the Act respecting private education;

**“secured creditor”;**

“secured creditor” means

(1) a particular person who has a security interest in the property of another person; or

(2) a person who acts on behalf of the particular person with respect to the security interest and includes

(a) a trustee appointed under a trust deed relating to a security interest,

(b) a receiver or receiver-manager appointed by the particular person or appointed by a court on the application of the particular person,

(c) a sequestrator, or

(d) any other person performing a function similar to that of a person referred to in any of subparagraphs *a* to *c*;

**“security interest”;**

“security interest” means any interest in property that secures payment or performance of an obligation, and includes an interest created by or arising out of a security, hypothec, mortgage, lien, pledge, charge, deemed or actual trust, assignment or encumbrance of any kind whatever, however or whenever arising, created, deemed to arise or otherwise provided for;

**“segregated fund”;**

“segregated fund” of an insurer means a specified group of properties that are held in respect of insurance policies all or part of the reserves for which vary in amount depending on the fair market value of the properties;

**“selected listed financial institution”;**

“selected listed financial institution” has the meaning assigned by section 433.15.1;

**“self-contained domestic establishment”;**

“self-contained domestic establishment” has the meaning assigned by section 1 of the Taxation Act;

**“series”;**

“series” means, except for the purposes of section 332.1,

(1) in respect of a trust, a class of units of the trust; and

(2) in respect of a corporation, a class of the capital stock of the corporation that has not been issued in one or more series, or a series of a class of the capital stock of the corporation that has been issued in one or more series;

**“service”;**

“service” means anything other than property, money and anything that is supplied to an employer by a person who is or agrees to become an employee of the employer in the course of or in relation to his office or employment;

**“short-term accommodation”;**

“short-term accommodation” means a residential complex or a residential unit that is supplied to a recipient by way of lease, licence or other similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, where the period throughout which the individual is given continuous occupancy of the complex or unit is less than one month and, for the purposes of sections 357.2 to 357.5,

(1) includes any type of overnight shelter (other than shelter on a train, trailer, boat or structure that has means of, or is capable of being readily adapted for, self-propulsion) when supplied as part of a tour package, within the meaning assigned by section 63, that also includes food and the services of a guide, and

(2) does not include a residential complex or unit when it

(a) is supplied to the recipient under a timeshare arrangement, or

(b) is included in that part of a tour package that is not the taxable portion of the tour package, within the meaning assigned to those expressions by section 63;

**“single unit residential complex”;**

“single unit residential complex” means a residential complex that contains only one residential unit, but does not include a residential unit held in co-ownership;

**“small supplier”;**

“small supplier” means a person who, at any time, is a small supplier

(1) under sections 294 to 297, unless the person is not, at that time, a small supplier under section 148 of the Excise Tax Act, or

(2) under sections 297.0.1 and 297.0.2, unless the person is not, at that time, a small supplier under section 148.1 of the Excise Tax Act;

**“specified corporeal movable property”;**

“specified corporeal movable property” means property that is, or is an interest in,

- (1) a drawing, a print, an etching, a sculpture, a painting or other similar work of art,
- (2) jewellery,
- (3) a rare folio, manuscript or book,
- (4) a stamp,
- (5) a coin, or
- (6) prescribed movable property;

**“specified digital platform”.**

“specified digital platform” has the meaning assigned by section 477.2;

**“specified Québec consumer”.**

“specified Québec consumer” has the meaning assigned by section 477.2;

**“specified supplier”.**

“specified supplier” has the meaning assigned by section 477.2;

**“sponsor”;**

“sponsor” of a convention means the person who convenes the convention and supplies admissions to it;

**“straddle plant”;**

“straddle plant” means a natural gas processing plant devoted primarily to the recovery of natural gas liquids or ethane from natural gas that is transported by pipeline to the plant by a common carrier of natural gas;

**“stratified investment plan”;**

“stratified investment plan” means a distributed investment plan whose units are issued in two or more series;

**“substantial renovation”;**

“substantial renovation” of a residential complex means the renovation or alteration of the whole or that part of a building described in any of paragraphs 1 to 5 of the definition of “residential complex” in which one or more residential units are located to such an extent that all or substantially all of the building or part, as the case may be, other than the foundation, external walls, interior supporting walls, floors, roof, staircases and, in the case of that part of a building described in paragraph 2 of that definition, the common areas and other appurtenances, that existed immediately before the renovation or alteration was begun has been removed or replaced if, after completion of the renovation or alteration, the building or part, as the case may be, is, or forms part of, a residential complex;

**“Superintendent”;**

“Superintendent” means the Superintendent of Financial Institutions appointed in accordance with the Office of the Superintendent of Financial Institutions Act (Revised Statutes of Canada, 1985, chapter 18, 3rd Supplement);

**“supplier”;**

“supplier”, in respect of a supply, means the person making the supply;

**“supply”;**

“supply” means the provision of property or a service in any manner, including sale, transfer, barter, exchange, licence, lease, gift or alienation;

**“tax”;**

“tax” means tax payable under this Title;

**“taxable supply”;**

“taxable supply” means a supply that is made in the course of a commercial activity;

**“taxation year”;**

“taxation year” of a person means

(1) where the person is a taxpayer within the meaning of the Taxation Act, other than an unincorporated person exempt in accordance with Book VIII of that Act from tax under Part I of that Act, the taxation year of the person for the purposes of that Act,

(1.1) where the person is a partnership described in subparagraph ii of subparagraph *b* of the second paragraph of section 7 of that Act, the fiscal period of the person’s business, determined under section 7 of that Act, and

(2) in any other case, the period that would be the taxation year of the person for the purposes of that Act if the person were a corporation other than a professional corporation within the meaning of section 1 of that Act;

**“taxi business”;**

“taxi business” means

(1) a business carried on in Québec of transporting passengers by taxi or other similar vehicle for fares that are regulated by the Act respecting transportation services by taxi (chapter S-6.01); or

(2) a business carried on in Québec by a person of transporting passengers, for a fare, by motor vehicle—which vehicle would be an automobile within the meaning that would be assigned by section 1 of the Taxation Act if the definition it sets out were read without reference, in its paragraph *b*, to “a motor vehicle acquired or leased primarily for use as a taxi,” and without reference to its paragraph *d*—within and in the vicinity of the territory of a municipality if the transportation is organized or coordinated through an electronic platform or system other than

(a) the part of the business that is not a business of making taxable supplies;

(b) the part of the business that is a business of offering sightseeing services or providing transportation for elementary or secondary school students; or

(c) a prescribed business or a prescribed activity of a business;

**“telecommunication”;**

“telecommunication” means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by any wire, cable, radio, optical or other electromagnetic system, or by any similar technical system;

**“telecommunication service”;**

“telecommunication service” means

(1) the service of emitting, transmitting or receiving signs, signals, writing, images or sounds or intelligence of any nature by wire, cable, radio, optical or other electromagnetic system, or by any similar technical system, or

(2) making available for such emission, transmission or reception telecommunications facilities of a person who carries on the business of supplying services referred to in paragraph 1;

**“telecommunications facility”;**

“telecommunications facility” means any facility, apparatus or other thing, including any wire, cable, radio, optical or other electromagnetic system, or any similar technical system, or any part thereof, that is used or is capable of being used for telecommunications;

**“testamentary trust”;**

“testamentary trust” has the meaning assigned by section 1 of the Taxation Act;

**“trailer park”;**

“trailer park” of a person means a piece of land that is owned by or leased to the person and that is exclusively composed of

(1) one or more sites each of which is, or is intended to be, supplied by the person by way of lease, licence or similar arrangement to the owner, lessee or person in occupation or possession of a mobile home, or a travel trailer, motor home or similar vehicle or trailer, situated or to be situated on the site, and

(2) other land that is reasonably necessary

(a) for the use and enjoyment of the sites by individuals

i. residing in mobile homes, or travel trailers, motor homes or similar vehicles or trailers, situated or to be situated on those sites, or

ii. occupying mobile homes, or travel trailers, motor homes or similar vehicles or trailers, situated or to be situated on those sites, or

(b) for the purpose of engaging in the business of supplying the sites by way of lease, licence or similar arrangement;

**“unit”;**

“unit” means

(1) in respect of a trust, a unit of the trust;

(2) in respect of a series of a trust, a unit of the trust of that series;

(3) in respect of a corporation, a share of the capital stock of the corporation;

(4) in respect of a series of a corporation, a share of the capital stock of the corporation of that series; and

(5) in respect of a segregated fund of an insurer, an interest of a person, other than the insurer, in the segregated fund;

**“university”;**

“university” means

(1) an educational institution at the university level within the meaning of the Act respecting educational institutions at the university level (chapter E-14.1), or

(2) a recognized degree-granting institution situated in Québec or an organization situated in Québec that operates a research body of, or a college affiliated with, such an institution;

**“used corporeal movable property”;**

“used corporeal movable property” means corporeal movable property that has been used in Québec;

**“zero-rated supply”.**

“zero-rated supply” means a supply described in Chapter IV.

History: 1991, c. 67, s. 1; 1992, c. 21, s. 372; 1992, c. 21, s. 387; O.C. 1468-92; 1992, c. 68, s. 156; 1992, c. 68, s. 157; 1993, c. 19, s. 167; 1994, c. 22, s. 364; 1994, c. 23, s. 23; O.C. 587-95; 1995, c. 1, s. 247; 1995, c. 49, s. 246; 1995, c. 63, s. 299 [amended by 1997, c. 85, s. 725 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 569; 1997, c. 3, s. 115; 1997, c. 14, s. 329; 1997, c. 31, s. 146; 1997, c. 43, s. 875; 1997, c. 85, s. 418 [amended by 1998, c. 16, s. 309; 1999, c. 83, s. 333]; 1997, c. 87, s. 34; O.C. 238-98; 1999, c. 14, s. 30; 1999, c. 83, s. 305; 2000, c. 25, s. 26; 2000, c. 56, s. 218(22); 2001, c. 15, s. 150; 2001, c. 51, s. 258; 2001, c. 53, s. 272; 2002, c. 9, s. 151; 2002, c. 40, s. 344; 2002, c. 45, s. 621; O.C. 45-2004; 2003, c. 2, s. 307; 2004, c. 37, s. 90; 2005, c. 1, s. 347; 2005, c. 38, s. 362; 2007, c. 12, s. 317; 2009, c. 5, s. 595; 2009, c. 15, s. 481; 2011, c. 6, s. 232; 2011, c. 34, s. 140; 2012, c. 28, s. 29; 2013, c. 10, s. 216; 2015, c. 21, s. 615; 2015, c. 36, s. 201; 2017, c. 29, s. 244; 2018, c. 18, ss. 58 and 74; 2019, c. 14, s. 532; 2020, c. 1, s. 309; 2020, c. 16, s. 196.

**Interpretation Bulletins:** TVQ. 1-3/R1; TVQ. 1-4/R2; TVQ. 1-5; TVQ. 1-8; TVQ. 1-9/R1; TVQ. 16-3/R1; TVQ. 16-24; TVQ. 16-30/R1; TVQ. 31-1; TVQ. 83-1; TVQ. 108-1/R2; TVQ. 119.1-1/R2; TVQ. 124-1/R1; TVQ. 124-2/R1; TVQ. 126-1/R2; TVQ. 126-2/R2; TVQ. 127-2/R1; TVQ. 127-3/R1; TVQ. 138.1-1/R1; TVQ. 151-1; TVQ. 164-1; TVQ. 165-1/R1; TVQ. 198-2; TVQ. 198-4; TVQ. 206.1-10; TVQ. 206.3-2/R1; TVQ. 207-1; TVQ. 222.2-1; TVQ. 225-1; TVQ. 240-1; TVQ. 321-1; TVQ. 350.7.2-1/R1; TVQ. 386-2/R1; TVQ. 407-3/R2; TVQ. 407.3-1; TVQ. 425-1; TVQ. 514-1; TVQ. 520-2.



**Corresponding Federal Provision:** 123(1); 149(1)(a); 225.2(1); 225.3(1); 225.4(2); SOR/2001-171, 1(1); SOR/2010-151, 1.

## DIVISION II INTERPRETATION

### Legal person.

**1.1.** For the purposes of this Title and the regulations, a legal person, whether or not established for pecuniary gain, is designated by the word “corporation”.

History: 1997, c. 3, s. 116.

### Spouse and marriage.

**1.2.** For the purposes of this Title and the regulations made thereunder, any reference to the spouse of an individual or to marriage shall be interpreted as if the rules set out in section 2.2.1 of the Taxation Act (chapter I-3) applied, with the necessary modifications.

History: 2005, c. 1, s. 348.

**Corresponding Federal Provision:** 123(1) “common-law partner”.

### Negative amount.

**2.** Except as otherwise provided in this Title, where an amount or a number is required under this Title to be determined or calculated by or in accordance with an algebraic formula, if the amount or number when so determined or calculated would, but for this section, be a negative amount or number, it is deemed to be nil.

History: 1991, c. 67, s. 2.

**Corresponding Federal Provision:** 125.

### Arm’s length.

**3.** Related persons are deemed not to deal with each other at arm’s length and it is a question of fact whether persons not related to each other were, at any particular time, dealing with each other at arm’s length.

### Related persons.

Persons are related to each other if, by reason of sections 17 and 19 to 21 of the Taxation Act (chapter I-3), they are related to each other for the purposes of that Act.

History: 1991, c. 67, s. 3.

**Corresponding Federal Provision:** 126(1) and (2).

### Partnership.

**4.** A member of a partnership is deemed to be related to the partnership.

History: 1991, c. 67, s. 4; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 126(3).

### Associated corporations.

**5.** A corporation is associated with another corporation if, by reason of sections 21.4 and 21.20 to 21.25 of the Taxation Act (chapter I-3), the corporation is associated with the other corporation for the purposes of that Act.

History: 1991, c. 67, s. 5; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 127(1).

### Person associated with a corporation.

**6.** A person other than a corporation is associated with a corporation if the latter is controlled by the person or by a group of persons of which the person is a member and each of whom is associated with the others.

History: 1991, c. 67, s. 6; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 127(2).

### Person associated with a partnership.

**7.** A person is associated with a partnership if the total of the shares of the profits of the partnership to which the person and all other persons who are associated with the person are entitled is more than half of the total profits of the partnership, or would be if the partnership had profits.

History: 1991, c. 67, s. 7; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 127(3)(a).

### Person associated with a trust.

**8.** A person is associated with a trust if the total of the values of the interests in the trust of the person and all other persons who are associated with the person is more than half of the total value of all interests in the trust.

History: 1991, c. 67, s. 8.

**Corresponding Federal Provision:** 127(3)(b).

### Associated persons.

**9.** A person is associated with another person if each of them is associated with the same third person.

History: 1991, c. 67, s. 9.

**Corresponding Federal Provision:** 127(4).

### Arrangement deemed a trust.

**9.1.** Where an arrangement is deemed to be a trust under section 7.10 or 7.10.1 of the Taxation Act (chapter I-3), the following rules apply:

(1) the arrangement is deemed to be a trust;

(2) property subject to rights and obligations under the arrangement is deemed to be held in trust and not otherwise;

(3) in the case of an arrangement referred to in section 7.10 of that Act, a person that has a right (whether immediate or future and whether absolute or contingent) to receive all or part of the income or capital in respect of property that is

referred to in that section is deemed to be beneficially interested in the trust; and

(4) in the case of an arrangement referred to in section 7.10.1 of that Act, any property contributed at any time to the arrangement by an annuitant, a holder or a subscriber of the arrangement is deemed to have been transferred, at that time, to the trust by the annuitant, the holder or the subscriber, as the case may be.

History: 2020, c. 16, s. 197.

**Segregated fund of an insurer.**

**10.** The following rules apply in respect of a segregated fund of an insurer:

(1) the segregated fund is deemed to be a trust that is a separate person from the insurer and that does not deal at arm's length with the insurer;

(2) the insurer is deemed to be a trustee of the trust;

(3) the activities of the segregated fund are deemed to be activities of the trust and not activities of the insurer.

History: 1991, c. 67, s. 10.

**Corresponding Federal Provision:** 131(1)(a) and (b).

**Rules applicable to the segregated fund of an insurer.**

**10.1.** Where, at any time, an amount, other than an amount in respect of tax under this Title, is deducted from the segregated fund of an insurer, the following rules apply:

(1) if the amount is in respect of property or a service that the fund is, because of the application of this Title other than this section, considered to have acquired from the insurer, that supply shall be deemed to be a taxable supply, other than a zero-rated supply, and the amount shall be deemed to be consideration for that supply that becomes due at that time; and

(2) if the amount is not in respect of property or a service that the fund is, because of the application of this Title other than this section, considered to have acquired either from the insurer or another person, the insurer shall be deemed to have made, and the fund shall be deemed to have received, at that time, a taxable supply, other than a zero-rated supply, of a service, and the amount shall be deemed to be consideration for the supply that becomes due at that time.

**Application.**

The first paragraph does not apply to an amount deducted from a segregated fund of an insurer if

(1) the amount is a distribution of income, a payment of a benefit, or the amount of a redemption, in respect of an interest of another person in the fund; or

(2) the amount is a prescribed amount.

History: 2001, c. 53, s. 273.

**Corresponding Federal Provision:** 131(1)(c) and (2).

**Person resident in Québec.**

**11.** A person is deemed to be resident in Québec at any time if,

(1) in the case of a corporation, the corporation is incorporated or continued in Québec and not continued elsewhere;

(2) in the case of an association, a club, a body or a partnership, or a branch thereof, the member, or a majority of the members, having management and control thereof is or are resident in Québec at that time;

(3) in the case of an association of employees, it is carrying on activities as such in Québec and has a local union or branch in Québec at that time;

(4) in the case of an individual, the individual is deemed under any of paragraphs *b* to *f* of section 8 of the Taxation Act (chapter I-3) to be resident in Québec at that time.

History: 1991, c. 67, s. 11; 1997, c. 3, s. 135; 1997, c. 85, s. 419.

**Corresponding Federal Provision:** 132(1).

**Residence in Québec.**

**11.1.** Except for the purpose of determining the place of residence of an individual in the individual's capacity as a consumer and except for the purposes of Division V of Chapter IV, a person is deemed to be resident in Québec if the person is resident in Canada and has a permanent establishment in Québec.

**Exception.**

For the purposes of Division V of Chapter IV, a person who is not resident in Québec but who is resident in Canada and has a permanent establishment in Québec is deemed to be resident in Québec, but only in respect of activities carried on by the person through that establishment.

History: 1997, c. 85, s. 420; 1999, c. 83, s. 306; 2001, c. 51, s. 259.

**Interpretation Bulletins:** TVQ. 11.1-1/R1; TVQ. 334-1/R1.

**Corresponding Federal Provision:** 132.1(1).

**Permanent establishment outside Québec but within Canada.**

**11.1.1.** A person resident in Québec who has a permanent establishment outside Québec but within Canada is deemed not to be resident in Québec, but only in respect of activities carried on by the person through that establishment.

History: 1999, c. 83, s. 307.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**“permanent establishment”.**

**11.2.** For the purposes of sections 11.1, 11.1.1 and 22.2 to 22.30, “permanent establishment” of a person means

(1) in the case of an individual, the succession of a deceased individual or a trust that carries on a business, within the meaning of section 1 of the Taxation Act (chapter I-3), an establishment, within the meaning of the first paragraph of section 12 or section 13 or 15 of the Taxation Act, of the person;

(2) in the case of a corporation that carries on a business, within the meaning of section 1 of the Taxation Act, an establishment, within the meaning of the first paragraph of section 12 or any of sections 13 to 16.0.1 of the Taxation Act;

(3) in the case of a particular partnership,

(a) an establishment, within the meaning of the first paragraph of section 12 or section 13 or 15 of the Taxation Act, of a member that is an individual, the succession of a deceased individual or a trust where the establishment relates to a business, within the meaning of section 1 of the Taxation Act, carried on through the partnership,

(b) an establishment, within the meaning of the first paragraph of section 12 or any of sections 13 to 16.0.1 of the Taxation Act, of a member that is a corporation where the establishment relates to a business, within the meaning of section 1 of the Taxation Act, carried on by the particular partnership, or

(c) a permanent establishment, within the meaning of this section, of a member that is a partnership where the establishment relates to a business, within the meaning of section 1 of the Taxation Act, carried on by the particular partnership; and

(4) in any other case, a place that would be an establishment, within the meaning of the first paragraph of section 12 or any of sections 13 to 16.0.1 of the Taxation Act, of the person if the person were a corporation and its activities were a business for the purposes of that Act.

History: 1997, c. 85, s. 420; 1999, c. 83, s. 308; 2013, c. 10, s. 217.

**Corresponding Federal Provision:** 132.1(2).

**Stratified investment plan with provincial series — permanent establishment.**

**11.3.** For the purposes of section 11.1, when it applies for the purposes of sections 18.0.1.1, 18.0.1.2, 26.3 and 26.4, a financial institution that is a stratified investment plan with one or more provincial series as regards Québec is deemed to have a permanent establishment in Québec.

**Provincial investment plan — permanent establishment.**

For the purposes of section 11.1, when it applies for the purposes of sections 18.0.1.1, 18.0.1.2, 26.3 and 26.4, a financial institution that is a provincial investment plan as regards Québec is deemed to have a permanent establishment in Québec.

History: 2015, c. 21, s. 616.

**Corresponding Federal Provision:** SOR/2010-151, 2(3) and (4).

**Permanent establishment in Québec.**

**12.** A person not resident in Canada who has a permanent establishment in Québec is deemed to be resident in Québec, but only in respect of activities carried on by the person through that establishment.

History: 1991, c. 67, s. 12; 1997, c. 85, s. 421.

**Corresponding Federal Provision:** 132(2).

**Residence of an international shipping corporation.**

**12.1.** Subject to section 12, where, under section 11.1.1 of the Taxation Act (chapter I-3), a corporation is deemed for the purposes of that Act to be resident in a country other than Canada throughout a taxation year of the corporation and not to be resident in Canada at any time in the year, the corporation is deemed to be resident in that other country throughout the year and not to be resident in Canada at any time in the year.

History: 1994, c. 22, s. 365; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 132(5).

**Permanent establishment outside Canada.**

**13.** A person resident in Québec who has a permanent establishment outside Canada is deemed not to be resident in Québec, but only in respect of activities carried on by the person through that establishment.

History: 1991, c. 67, s. 13; 1997, c. 85, s. 421.

**Corresponding Federal Provision:** 132(3).

**Permanent establishment outside Canada.**

**14.** For the purposes of section 351, a person resident in Canada who has a permanent establishment outside Canada is deemed not to be resident in Canada, but only in respect of activities carried on by the person through that establishment.

History: 1991, c. 67, s. 14.

**Corresponding Federal Provision:** 132(3).

**Deemed residence in Canada.**

**14.1.** A person not resident in Québec is deemed to be resident in Canada at any time if the person is deemed to be resident in Canada at that time under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

History: 1995, c. 63, s. 300.

**Fair market value.**

**15.** The fair market value of property or a service supplied to a person is determined without reference to any tax excluded by section 52 from the consideration for the supply.

History: 1991, c. 67, s. 15.

**Corresponding Federal Provision:** 123(1) (“fair market value”).

**Basic tax content — exclusions.**

**15.1.** In applying the definition of “basic tax content” in section 1 at any time subsequent to 31 December 2012, in relation to a person’s property, any amount of tax that became payable before 1 January 2013 is not taken into consideration where

(1) the property is referred to in the fifth paragraph of section 255.1 or in section 259.1 or 262.1; or

(2) the property was held by the person immediately before 1 January 2013 and the person’s registration is cancelled as of that date in accordance with section 417.0.1.

History: 2012, c. 28, s. 30.

**Designation as a municipality.**

**15.2.** For the purposes of this Title, a local authority, other than a local authority referred to in subparagraph *b* of paragraph 2 of the definition of “municipality” in section 1, that files an application with the Minister of National Revenue to be determined to be a municipality under paragraph *b* of the definition of “municipality” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) shall, at that time, file an application with the Minister of Revenue to be determined to be a municipality under subparagraph *a* of paragraph 2 of the definition of “municipality” in section 1.

History: 2017, c. 29, s. 245.

**CHAPTER II  
TAXATION**

**DIVISION I  
IMPOSITION OF TAX**

§1. — *Taxable supply made in Québec*

**Taxable supply made in Québec.**

**16.** Every recipient of a taxable supply made in Québec shall pay to the Minister of Revenue a tax in respect of the supply calculated at the rate of 9.975% on the value of the consideration for the supply.

**Zero-rated supply.**

However, the rate of the tax in respect of a taxable supply that is a zero-rated supply is 0%.

History: 1991, c. 67, s. 16; 1993, c. 19, s. 168; 1994, c. 22, s. 367; 1995, c. 1, s. 248; 1997, c. 85, s. 422; 2010, c. 5, s. 206; 2011, c. 6, s. 233; 2012, c. 28, s. 31.

**Interpretation Bulletins:** TVQ. 1-4/R2; TVQ. 1-5; TVQ. 1-9/R1; TVQ. 16-2/R3; TVQ. 16-3/R1; TVQ. 16-7/R1; TVQ. 16-12/R2; TVQ. 16-13/R1; TVQ. 16-17/R3; TVQ. 16-18/R2; TVQ. 16-21; TVQ. 16-22/R1; TVQ. 16-24; TVQ. 16-25; TVQ. 16-28; TVQ. 16-29/R1; TVQ. 16-30/R1; TVQ. 22.7-1/R1; TVQ. 51-1; TVQ. 51-2; TVQ. 51-3; TVQ. 75-2/R1; TVQ. 83-1; TVQ. 92-1/R1; TVQ. 126-2/R2; TVQ. 138.1-1/R1; TVQ. 164.1-1/R3; TVQ. 223-2/R2; TVQ. 350.7.2-1/R1; TVQ. 407-3/R2; TVQ. 423-1/R2; TVQ. 514-1/R1.

**Corresponding Federal Provision:** 165(1) and (3).

**Products used to make wine or beer.**

**16.1.** Every recipient of a zero-rated supply of a product mentioned in paragraph 1.1 of section 177 who begins, at any time, to use the product to make wine or beer shall, immediately after that time, pay to the Minister a tax in respect of the product calculated at the rate of 9.975% of the value of the consideration for the supply.

**Exception.**

This section does not apply in respect of a product that a registrant begins to use exclusively in the course of his commercial activities and in respect of which the registrant would be entitled to claim an input tax refund had he paid the tax provided for in the first paragraph in respect of the product.

History: 1997, c. 14, s. 330; 1997, c. 85, s. 423; 2010, c. 5, s. 207; 2011, c. 6, s. 234; 2012, c. 28, s. 32.

§2. — *Bringing into Québec of corporeal property*

**Corporeal property brought into Québec.**

**17.** Every person who brings into Québec corporeal property for consumption or use in Québec by the person or at the person’s expense by another person or for supply in Québec for consideration where the person is a small supplier who is not a registrant or, in the case of a road vehicle, a person who is not registered under Division I of Chapter VIII shall, immediately after the bringing into Québec of the property, pay to the Minister a tax in respect of that property, calculated at the rate of 9.975% on the value of the property.

**Value of property.**

For the purposes of the first paragraph, the value of the property means

(1) in the case of property produced by the person outside Québec but in Canada and brought into Québec within 12 months after it is produced, the cost price of the property;

(2) in the case of property, other than a road vehicle referred to in subparagraph 2.1, supplied to the person outside Québec by way of sale and consumed or used in Québec within 12 months after it is supplied, the value of the consideration for the supply;

(2.1) in the case of a used road vehicle supplied to the person outside Québec by way of sale that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person,

(a) where the vehicle is used in Québec within 12 months after the supply, the value of the consideration for the supply or, if the supply is made for no consideration or for consideration less than the estimated value of the vehicle, that estimated value, and

(b) where the vehicle is not used in Québec within 12 months after the supply, the estimated value of the vehicle;

(2.2) in the case of property supplied by way of sale outside Québec to a person who is a small supplier, other than a registrant, and who brings the property into Québec for supply in Québec for consideration,

(a) if the property is property other than a used road vehicle referred to in subparagraph *b*, the value of the consideration, and

(b) if the property is a used road vehicle that must be registered under the Highway Safety Code following an application by the person, the value of the consideration for the supply to the person or, where the supply is made without consideration or for consideration less than the estimated value of the vehicle, that estimated value;

(3) in the case of property supplied to the person by way of lease, licence or similar arrangement outside Québec, the value of the consideration for the supply that can reasonably be attributed to the right of enjoyment of the property in Québec;

(4) in any other case, the fair market value of the property.

**Value of property.**

Notwithstanding the second paragraph, the value of property brought into Québec in prescribed circumstances shall be determined in the prescribed manner.

**Exceptions.**

The first paragraph does not apply in respect of

(1) corporeal property, where tax under section 16 is payable in respect of the supply of the property;

(2) goods to which section 81 applies;

(3) *(subparagraph repealed)*;

(4) corporeal property brought into Québec by a registrant for exclusive consumption or use in the course of the commercial activities of the registrant and in respect of which the registrant would, if he had paid tax under the first paragraph in respect of the property, be entitled to apply for an input tax refund;

(5) corporeal property that was brought into Québec by a person and that comes from Canada outside Québec, if the total of all amounts, each of which is an amount of tax that, but for this subparagraph and subparagraph 8 of the third paragraph of section 18.0.1, would become payable by the person under the first paragraph or the first paragraph of section 18.0.1, is \$35 or less in the calendar month that includes the day on which the property was brought into Québec;

(6) corporeal property that a person that is a pension entity of a pension plan brings into Québec and that comes from Canada outside Québec, as a consequence of a particular supply of the property by a participating employer of the pension plan where

(a) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.5 in respect of a supply of that property that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.5 is greater than zero, or

(b) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.6 in respect of any supply of an employer resource that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.6, consumed or used for the purpose of making the particular supply, is greater than zero.

**Corporeal property brought into Québec.**

A person who brings corporeal property into Québec includes any person who causes such property to be brought into Québec.

**Restriction.**

Subparagraph 5 of the fourth paragraph applies only to corporeal property the supply of which is made outside Québec otherwise than by reason of section 23.

History: 1991, c. 67, s. 17; 1993, c. 19, s. 169; 1995, c. 1, s. 249; 1995, c. 63, s. 301 [amended by 2019, c. 14, s. 570]; 1997, c. 85, s. 424; 2001, c. 51, s. 260; 2010, c. 5, s. 208; 2011, c. 6, s. 235; 2011, c. 34, s. 141; 2012, c. 28, s. 33; 2015, c. 21, s. 617; 2018, c. 18, s. 75.

**Interpretation Bulletins:** TVQ. 16-18/R2; TVQ. 22.7-1/R; TVQ. 206.1-10.

**Corresponding Federal Provision:** 212; 215(1) and (2); 220.05(3.1); SOR/2010-151, 10(b) before (i) and (b)(ii).

**Estimated value of a used road vehicle.**

**17.0.1.** For the purposes of subparagraph 2.1 and subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17, the estimated value of a road vehicle is

(1) in the case of a vehicle for which the average wholesale price is listed in the most recent edition, on the first day of the month in which the vehicle is brought into Québec, of the Guide d'Évaluation Hebdo (Automobiles et Camions Légers) published by Société Trader Corporation, that price less an amount of \$500;

(1.1) (*paragraph repealed*);

(2) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the Canadian Motorcycle Dealers Blue Book published by All Seasons Publications Ltd., that price less an amount of \$500;

(3) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is brought into Québec, of the Canadian ATV, Snowmobile & Watercraft Dealers Blue Book published by All Seasons Publications Ltd., that price less an amount of \$500; and

(4) in any other case, the value of the vehicle determined by the Minister.

History: 1995, c. 1, s. 250; 1995, c. 63, s. 302; 1997, c. 14, s. 331; 2000, c. 39, s. 280; 2017, c. 1, s. 444; 2017, c. 29, s. 246.

**Used road vehicle that is damaged or shows unusual wear.**

**17.0.2.** Where subparagraph *a* of subparagraph 2.1 or subparagraph *b* of subparagraph 2.2 of the second paragraph of section 17 applies in respect of a road vehicle that is damaged or that shows unusual wear at the time it is supplied to a person, that is brought into Québec by the person immediately after that time and immediately after the bringing of the vehicle into Québec, the person provides the Minister or a person prescribed for the purposes of section 473 with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, that meets the requirements of the third paragraph of section 55.0.3, the value of the vehicle that corresponds to the estimated value of the vehicle described in section 17.0.1 may be reduced by an amount equal to

(1) the amount by which that value exceeds the value of the vehicle stated in the written estimate; or

(2) the amount by which the value stated in the written estimate of the repairs to be carried out in respect of the vehicle exceeds \$500.

History: 1995, c. 1, s. 250; 1995, c. 63, s. 303; 2004, c. 21, s. 527; 2005, c. 23, s. 273.

**Road vehicle brought into Québec.**

**17.1.** For the purposes of section 17, where a person brings into Québec a road vehicle (in this section referred to as the “road vehicle brought”) that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the person and which the person acquired by way of a supply made outside Québec by a supplier of another jurisdiction, the value of the vehicle on which the tax under the said section must be calculated shall be reduced by any credit granted by the supplier for another road vehicle he accepted in full or partial consideration for the supply of the road vehicle brought, where the following conditions are met:

(1) the person owned the road vehicle thus given in exchange and paid, in respect of the vehicle, tax under this Act or the tax prescribed by Chapter II of the Retail Sales Tax Act (chapter I-1), or any tax of the same nature levied by another jurisdiction, other than the tax payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) the road vehicle thus given in exchange was a used vehicle and, where tax was paid in respect of that vehicle, the person is not entitled to a rebate of the tax so paid;

(3) the jurisdiction in which the supply of the road vehicle brought was made grants the same tax abatement to persons resident or carrying on a business in its territory;

(4) (*paragraph repealed*);

(5) the person is not required to collect the tax payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of a road vehicle so given in exchange.

History: 1993, c. 19, s. 170; 1995, c. 63, s. 304; 1999, c. 83, s. 309; 2002, c. 9, s. 152; 2019, c. 14, s. 533.

**Interpretation Bulletins:** TVQ. 206.1-10.

**17.2.** (*Repealed*).

History: 1993, c. 19, s. 170; 1995, c. 63, s. 305 [amended by 1997, c. 85, s. 772 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]]; 2019, c. 14, s. 571].

**17.3.** (*Repealed*).

History: 1993, c. 19, s. 170; 1995, c. 1, s. 251; 1995, c. 63, s. 306.

**Exception — foreign conventions.**

**17.4.** Notwithstanding section 17, no tax is payable in respect of corporeal property brought into Québec for consumption, use or supply as supplies related to a convention where the property is brought into Québec by the sponsor of a foreign convention or the organizer of such a

convention who is not registered under Division I of Chapter VIII.

History: 1994, c. 22, s. 369.

**Selected listed financial institution — supply made in Canada outside Québec.**

**17.4.1.** If, but for this section, tax under section 17 would become payable by a person in respect of corporeal property that comes from Canada outside Québec and that the person brings into Québec when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that

(1) is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2; or

(2) is in respect of a property acquired otherwise than for consumption, use or supply in the course of an endeavour, within the meaning assigned by section 42.0.1, of the person.

History: 2012, c. 28, s. 34; 2015, c. 21, s. 618.

**Corresponding Federal Provision:** 220.04; SOR/2001-171, 41.

**Rebate for returned property.**

**17.5.** Subject to section 404, a person is entitled to a rebate of tax paid under section 17 in respect of the bringing into Québec of corporeal property from outside Canada where

(1) the person paid tax in respect of the property acquired by the person on consignment, approval or other similar terms;

(2) the property is, within 60 days after its release within the meaning of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement) but before it is used or consumed otherwise than on a trial basis, shipped outside Québec by the person for the purpose of returning it to the supplier and is not damaged after its release and before its shipping; and

(3) within two years after the day the tax was paid, the person files with the Minister an application, in prescribed form containing prescribed information, for a rebate of the tax.

History: 1994, c. 22, s. 369; 1997, c. 85, s. 425.

**Corresponding Federal Provision:** 215.1(1).

**Rebate for returned property.**

**17.6.** Subject to section 404, a person is entitled to a rebate of tax paid under section 17 in respect of the bringing into Québec of corporeal property from Canada but outside Québec where

(1) the person paid tax in respect of the property acquired by the person on consignment, approval or other similar terms;

(2) the property is, within 60 days after its being brought into Québec but before it is used or consumed otherwise than on a trial basis, shipped outside Québec by the person for the purpose of returning it to the supplier and is not damaged after its being brought into Québec and before its shipping; and

(3) within two years after the day the tax was paid, the person files with the Minister an application, in prescribed form containing prescribed information, for a rebate of the tax.

History: 1994, c. 22, s. 369; 1997, c. 85, s. 426.

**Corresponding Federal Provision:** 215.1(1).

**Rebate for pleasure boat.**

**17.7.** Subject to section 404, an individual is entitled to a rebate of tax paid under section 17 in respect of the bringing into Québec of a pleasure boat for the purpose of storing it during the winter where

(1) the individual paid tax in respect of the bringing into Québec of the pleasure boat;

(2) the pleasure boat is taken or shipped outside Québec within a reasonable period of time after the winter storage;

(3) within four years after the date on which the pleasure boat was taken or shipped outside Québec, the individual files with the Minister an application, in prescribed form containing prescribed information, for a rebate of the tax; and

(4) the application for a rebate is filed with proof establishing that the individual paid tax in respect of the pleasure boat and that the pleasure boat was shipped or taken outside Québec after the winter storage.

History: 1997, c. 14, s. 332.

§3. — *Taxable supply made outside Québec or by a non-resident person who is not registered and other supplies*

**Recipient of a taxable supply.**

**18.** Every recipient of a taxable supply, except a zero-rated supply (other than the zero-rated supply included in paragraph 2.1 or in any of sections 179.1, 179.2 and 191.3.2), or a supply included in any of sections 18.0.1, 18.0.1.1 and 18.0.1.2, shall pay to the Minister a tax in respect of the supply calculated at the rate of 9.975% on the value of the consideration for the supply if the supply is

(1) a supply, other than a prescribed supply, of a service made outside Québec to a person who is resident in Québec, other than a supply of a service that is

(a) acquired for consumption, use or supply exclusively in the course of commercial activities of the person or activities that are engaged in exclusively outside Québec by the person

and that are not part of a business or an adventure or concern in the nature of trade engaged in by the person in Québec,

(b) consumed by an individual exclusively outside Québec, other than a training service the supply of which is made to a person who is not a consumer,

(c) in respect of an immovable situated outside Québec,

(d) a service (other than a custodial or nominee service in respect of securities or precious metals of the person) in respect of corporeal movable property that is

i. situated outside Québec at the time the service is performed, or

ii. shipped outside Québec as soon after the service is performed as is reasonable having regard to the circumstances surrounding the shipping outside Québec and is not consumed, used or supplied in Québec after the service is performed and before the shipping outside Québec of the property,

(e) a transportation service, other than a freight transportation service the supply of which is referred to in section 24.2, or

(f) a service rendered in connection with criminal, civil or administrative litigation outside Québec, other than a service rendered before the commencement of such litigation;

(2) a supply, other than a prescribed supply, of incorporeal movable property made outside Québec to a person who is resident in Québec, other than a supply of property that

(a) is acquired for consumption, use or supply exclusively in the course of commercial activities of the person or activities that are engaged in exclusively outside Québec by the person and that are not part of a business or an adventure or concern in the nature of trade engaged in by the person in Québec,

(b) may not be used in Québec, or

(c) relates to an immovable situated outside Québec, to a service to be performed wholly outside Québec or to corporeal movable property situated outside Québec;

(2.1) a supply made in Québec of incorporeal movable property that is a zero-rated supply only because it is included in section 188 or 188.1, other than

(a) a supply that is made to a consumer of the property, or

(b) a supply of incorporeal movable property that is acquired for consumption, use or supply exclusively in the course of commercial activities of the recipient of the supply or activities that are engaged in exclusively outside Québec by the recipient of the supply and that are not part of a business

or an adventure or concern in the nature of trade engaged in by that recipient in Québec;

(3) a supply, other than a prescribed supply, of corporeal movable property made by a person not resident in Québec who is not registered under Division I of Chapter VIII to a recipient who is a registrant where

(a) physical possession of the property is transferred to the recipient in Québec by another registrant who has

i. made in Québec a supply by way of sale of the property or a supply of a service of manufacturing or producing the property to a person not resident in Québec, or

ii. acquired physical possession of the property in order to make a supply of a commercial service in respect of the property to a person not resident in Québec,

(b) the recipient gives to the other registrant a certificate of the recipient referred to in subparagraph 3 of the first paragraph of section 327.2, and

(c) the property

i. is not acquired by the recipient for consumption, use or supply exclusively in the course of commercial activities of the recipient, or

ii. *(subparagraph repealed)*,

iii. is a passenger vehicle which the recipient acquires for use in Québec as capital property in the course of commercial activities of the recipient and in respect of which the capital cost to the recipient exceeds the amount deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act (chapter I-3) to be the capital cost of the passenger vehicle to the recipient for the purposes of the said Act;

(4) a supply, other than a prescribed supply, of corporeal movable property made at a particular time by a person not resident in Québec who is not registered under Division I of Chapter VIII to a particular recipient resident in Québec where

(a) the property is delivered or made available, in Québec, to the particular recipient and the particular recipient is not a registrant who is acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the particular recipient, and

(b) the person not resident in Québec has previously made a taxable supply of the property by way of lease, licence or similar arrangement to a registrant with whom the person was not dealing at arm's length or who was related to the particular recipient, and

i. the property was delivered or made available, in Québec, to the registrant,



ii. the registrant was entitled to claim an input tax refund in respect of the property or was not required to pay tax under this section in respect of the supply solely because he had acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant, and

iii. the supply was the last supply made by the person not resident in Québec to a registrant before the particular time;

(5) a supply of a continuous transmission commodity, if the supply is deemed under section 23 to be made outside Québec to a registrant by a person who was the recipient of a supply of the commodity that was a zero-rated supply included in section 191.3.1 or that would, but for subparagraph *e* of paragraph 1 of that section, have been included in that section, and the registrant is not acquiring the commodity for consumption, use or supply exclusively in the course of commercial activities of the registrant;

(6) a supply, included in section 191.3.2, of a continuous transmission commodity that is neither shipped outside Québec, as described in subparagraph 1 of the first paragraph of that section, nor supplied, as described in subparagraph 2 of the first paragraph of that section, by the recipient and the recipient is not acquiring the commodity for consumption, use or supply exclusively in the course of commercial activities of the recipient;

(7) a supply of property that is a zero-rated supply only because it is included in section 179.1, if the recipient is not acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the recipient and

(a) an authorization granted to the recipient to use the certificate referred to in that section is not in effect at the time the supply is made, or

(b) the recipient does not ship the property outside Québec in the circumstances described in paragraphs 2 to 4 of section 179;

(8) a supply of property that is a zero-rated supply only because it is included in section 179.2, if the recipient is not acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the recipient and

(a) an authorization granted to the recipient to use the certificate referred to in that section is not in effect at the time the supply is made, or

(b) the recipient is not acquiring the property for use or supply as domestic inventory or as added property, as those expressions are defined in section 350.23.1; or

(9) a supply deemed to be acquired by a qualifying taxpayer, within the meaning of section 26.2, under section 26.3 or 26.4.

History: 1991, c. 67, s. 18; 1993, c. 19, s. 171; 1994, c. 22, s. 370; 1995, c. 1, s. 253; 1995, c. 1, s. 357; 1995, c. 63, s. 307 [amended by 1997, c. 85, s. 726 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]]; 2019, c. 14, s. 572]; 1997, c. 85, s. 427; 2001, c. 53, s. 274; 2003, c. 2, s. 309; 2009, c. 5, s. 596; 2009, c. 15, s. 482; 2010, c. 5, s. 209; 2011, c. 6, s. 236; 2012, c. 28, s. 35; 2015, c. 21, s. 619.

**Corresponding Federal Provision:** 217 “imported taxable supply”; 218; 218.1(1.2).

**Supply made in Canada outside Québec.**

**18.0.1.** Every person who is resident in Québec and is the recipient of a taxable supply of incorporeal movable property or a service made outside Québec, otherwise than by reason of section 23 or 24.2, but within Canada, other than a supply included in section 18.0.1.1 or 18.0.1.2, that is acquired by the person for consumption, use or supply to an extent of at least 10% in Québec shall pay to the Minister, each time consideration, or a part thereof, for the supply becomes due or is paid without having become due, a tax in respect of the supply equal to the amount determined by the formula

$$A \times B \times C.$$

**Interpretation.**

For the purposes of this formula,

(1) A is 9.975%;

(2) B is the value of the consideration or a part thereof that is paid or becomes due at that time; and

(3) C is the extent, expressed as a percentage, to which the person acquired the property or service for consumption, use or supply in Québec.

**Exception.**

No tax is payable in respect of

(1) a supply of property or a service to a registrant, other than a registrant whose net tax is determined under sections 433.1 to 433.15 or under a regulatory provision made under section 434, who acquired the property or service for consumption, use or supply exclusively in the course of commercial activities of the registrant;

(2) a zero-rated supply;

(3) a supply of a service, other than a custodial or nominee service in respect of securities or precious metals of the person, in respect of corporeal movable property that is shipped outside Québec as soon after the service is performed as is reasonable having regard to the

circumstances surrounding the shipment outside Québec and is not consumed, used or supplied in Québec after the service is performed and before the property is shipped outside Québec;

(4) a supply of a service rendered in connection with criminal, civil or administrative litigation outside Québec, other than a service rendered before the commencement of such litigation;

(5) a supply of a transportation service;

(6) a supply of a telecommunication service;

(7) a prescribed supply of property or a service where the property or service is acquired by the recipient of the supply in prescribed circumstances, in accordance with such terms and conditions as may be prescribed;

(8) a supply of a property or a service, if the total of all amounts, each of which is an amount of tax that, but for this subparagraph and subparagraph 5 of the fourth paragraph of section 17, would become payable by the person under the first paragraph or the first paragraph of section 17, is \$35 or less in the calendar month that includes the time when all or part of the consideration for the supply becomes due or is paid without having become due; or

(9) a particular supply of property or a service made by a participating employer of a pension plan to a person that is a pension entity of the pension plan where

(a) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.5 in respect of a supply of the property or service that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.5, is greater than zero, or

(b) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.6 in respect of any supply of an employer resource that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.6, consumed or used for the purpose of making the particular supply, is greater than zero.

**Supply made in Canada.**

For the purposes of the first paragraph, a supply is made in Canada if it is deemed to be made in Canada under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

History: 1997, c. 85, s. 428; 2001, c. 53, s. 275; 2010, c. 5, s. 210; 2011, c. 1, s. 121; 2011, c. 6, s. 237; 2011, c. 34, s. 142; 2012, c. 28, s. 36; 2015, c. 21, s. 620.

**Corresponding Federal Provision:** 218.1(1); 220.08(1), (3) and (3.1); sch. X, part II, 1 to 7; SOR/2010-151, 15(b).

**Acquisition outside Québec by an investment plan with provincial series.**

**18.0.1.1.** Every person that is resident in Québec, is a stratified investment plan with one or more provincial series as regards Québec and is the recipient of a taxable supply of incorporeal movable property or a service made outside Québec, where the property or service is consumed, used or supplied in the course of activities relating to one or more provincial series of the investment plan as regards Québec, shall pay to the Minister, at each time all or part of the consideration for the supply becomes due or is paid without having become due, a tax in respect of the supply equal to the amount determined by the formula

$$A \times B \times C.$$

**Interpretation.**

For the purposes of the formula in the first paragraph,

(1) A is 9.975%;

(2) B is the value of all or part of the consideration that is paid or becomes due at that time; and

(3) C is the percentage that corresponds to the aggregate of all percentages each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

**Minimum use, consumption or supply.**

No tax is payable under the first paragraph by a person that is a stratified investment plan with one or more provincial series as regards Québec in respect of a taxable supply of an incorporeal movable property or a service if the quotient (expressed as a percentage) obtained by dividing the total of all amounts each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations by the total of all amounts each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial series of the investment plan as regards any province, as determined in accordance with that section 51, is less than 10%.

**Exception.**

Despite the first paragraph, no tax is payable by a person under this section in respect of a taxable supply of an

incorporeal movable property or a service made outside Québec but within Canada if

(1) the supply is described in subparagraph 9 of the third paragraph of section 18.0.1; or

(2) the person is not a selected listed financial institution.

**Meaning of “province”.**

For the purposes of this section, “province” has the meaning assigned by section 433.15.1.

History: 2015, c. 21, s. 621.

**Corresponding Federal Provision:** 218.1(1)(a) and (b) description of C(B); 220.08(1) and (3.1); SOR/2001-171, 51; SOR/2010-151, 7(a), 7.01(a) and 13 description of C(A), 13.1(a).

**Acquisitions outside Québec by a provincial investment plan.**

**18.0.1.2.** Every person that is resident in Québec, is a provincial investment plan as regards Québec and is the recipient of a taxable supply of an incorporeal movable property or a service made outside Québec shall pay to the Minister, where the property or service is consumed, used or supplied in the course of the investment plan’s activities, at each time all or part of the consideration for the supply becomes due or is paid without having become due, a tax in respect of the supply calculated at the rate of 9.975% on the value of all or part of the consideration that is paid or becomes due at that time.

**Exception.**

Despite the first paragraph, no tax is payable under this section in respect of a taxable supply of an incorporeal movable property or a service made outside Québec but within Canada and described in subparagraph 9 of the third paragraph of section 18.0.1.

History: 2015, c. 21, s. 621.

**Corresponding Federal Provision:** 218.1(1)(a) and (b) description of C(B); 220.08(1) and (3.1); SOR/2010-151, 7(b), 7.01(b) and 13 description of C(B), 13.1(b).

**Time at which tax becomes payable.**

**18.0.2.** Subject to the second paragraph, tax under sections 18 and 18.0.1 that is determined on all or part of the consideration for a supply that becomes payable at any time, or is paid at any time without having become due, becomes payable at that time.

**Exception — expenses and charges incurred by a financial institution.**

Tax under section 18, in respect of a supply deemed to be acquired by a qualifying taxpayer, within the meaning of section 26.2, in a specified year, within the meaning of section 26.2, of the qualifying taxpayer under section 26.3 or

26.4, that is determined for the specified year becomes payable by the qualifying taxpayer on

(1) if the specified year is a taxation year of the qualifying taxpayer for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and the qualifying taxpayer is required under Division I of Part I of that Act to file with the Minister of National Revenue a fiscal return for the specified year, the day on which the qualifying taxpayer is required to file a fiscal return under Part I of that Act for that taxation year; and

(2) in any other case, the day that is six months after the end of the specified year.

History: 1997, c. 85, s. 428; 2012, c. 28, s. 37.

**Corresponding Federal Provision:** 218.2; 218.3.

**Selected listed financial institution — supply made outside Canada.**

**18.0.3.** If, but for this paragraph, tax under section 18 would become payable by a person when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that

(1) is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2;

(2) is in respect of a supply relating to a property or a service acquired otherwise than for consumption, use or supply in the course of an endeavour, within the meaning assigned by section 42.0.1, of the person; or

(3) is a prescribed amount of tax.

**Selected listed financial institution — supply made in Canada outside Québec.**

If, but for this paragraph, tax under section 18.0.1 would become payable by a person when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that is described in subparagraph 1 or 2 of the first paragraph.

History: 2012, c. 28, s. 38; 2015, c. 21, s. 622.

**Corresponding Federal Provision:** 218.1(2); 220.0.4; SOR/2001-171, 41.

§4. — *(Repealed)*.

**18.1.** *(Repealed)*.

History: 1995, c. 1, s. 254; 1995, c. 63, s. 308.

**DIVISION II  
SUPPLY AND COMMERCIAL ACTIVITY**

§1. — *Supply*

I. — Rules relating to a supply

**19.** (*Repealed*).

History: 1991, c. 67, s. 19; 1995, c. 63, s. 309.

**20.** (*Repealed*).

History: 1991, c. 67, s. 20; 1995, c. 63, s. 310.

**Taxable supply of a road vehicle.**

**20.1.** A supply made otherwise than in the course of a commercial activity of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply is deemed to be a taxable supply.

History: 1993, c. 19, s. 172; 1995, c. 63, s. 311.

II. — Presumptions respecting place of supply

**21.** (*Repealed*).

History: 1991, c. 67, s. 21; 1994, c. 22, s. 371; 1995, c. 1, s. 255; 1997, c. 85, s. 429.

**22.** (*Repealed*).

History: 1991, c. 67, s. 22; 1997, c. 85, s. 429.

**22.1.** (*Repealed*).

History: 1994, c. 22, s. 372; 1997, c. 85, s. 429.

1. — *Definitions and interpretation*

**Definitions:**

**22.2.** For the purposes of this subdivision II,

**“lease interval”;**

“lease interval”, in respect of a supply by way of lease, licence or similar arrangement, has the meaning assigned by section 32.2;

**“province”.**

“province” means a province of Canada and includes

(1) the Northwest Territories;

(2) the Yukon Territory;

(2.1) Nunavut;

(3) the Nova Scotia offshore area within the meaning of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (Statutes of Canada, 1988, chapter 28), to the extent that that area is a participating province within the meaning assigned by subsection 1 of section 123 of the

Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(4) the Newfoundland and Labrador offshore area, within the meaning of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act (Statutes of Canada, 1987, chapter 3), to the extent that that area is a participating province within the meaning assigned by subsection 1 of section 123 of the Excise Tax Act.

History: 1997, c. 85, s. 430; 2003, c. 2, s. 310; 2011, c. 1, s. 122; 2015, c. 21, s. 623; I.N. 2016-10-01.

**Corresponding Federal Provision:** sch. IX, part I, 1 “lease interval”.

**Floating home and mobile home.**

**22.3.** For the purposes of sections 22.2 to 22.30, a floating home, and a mobile home that is not affixed to land are each deemed to be corporeal movable property and not immovables.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part I, 2.

**Property not delivered or service not performed.**

**22.4.** For the purposes of sections 22.2 to 22.30, where an agreement for the supply of property or a service is entered into but the property is not delivered to the recipient or the service is not performed, the property is deemed to have been delivered, or the service is deemed to have been performed, where the property or service was to be delivered or performed, as the case may be, under the terms of the agreement.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part I, 3.

**Agreement on the ordinary location of property.**

**22.5.** Where, for the purpose of determining, under sections 22.2 to 22.30, if a supply is made in Québec, reference is made to the ordinary location of property and, from time to time, the supplier and the recipient mutually agree upon what is to be the ordinary location of the property at a particular time, that location is deemed, for the purposes of sections 22.2 to 22.30, to be the ordinary location of that property at the particular time.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part I, 4.

**Applicable provisions.**

**22.6.** Sections 22.7 to 22.30 apply subject to sections 23, 24.2, 327.2 and 327.3.

History: 1997, c. 85, s. 430.

**Interpretation Bulletins:** TVQ. 75-2/R1.

2. — *Corporeal movable property*

**Supply of corporeal movable property by way of sale.**

**22.7.** A supply of corporeal movable property by way of sale is deemed to be made in Québec if the property is delivered in Québec to the recipient of the supply.

History: 1997, c. 85, s. 430.

**Interpretation Bulletins:** TVQ. 16-2/R3; TVQ. 22.7-1/R1; TVQ. 75-2/R1.

**Corresponding Federal Provision:** sch. IX, part II, 1.

**Supply of corporeal movable property otherwise than by way of sale.**

**22.8.** A supply of corporeal movable property otherwise than by way of sale is deemed to be made in Québec if

(1) in the case of a supply made under an agreement under which continuous possession or use of the property is provided for a period of not more than three months, the property is delivered in Québec to the recipient of the supply; and

(2) in any other case,

(a) where the property is a road vehicle, it is required, at the time the supply is made, to be registered under the Highway Safety Code (chapter C-24.2), and

(b) where the property is not a road vehicle, the ordinary location of the property, as determined at the time the supply is made, is in Québec,

(c) (*subparagraph repealed*).

**Exception.**

Notwithstanding the first paragraph, a supply of corporeal movable property otherwise than by way of sale is deemed to be made outside Québec if possession or use of the property is given or made available outside Canada to the recipient.

History: 1997, c. 85, s. 430 [amended by 1998, c. 16, s. 310]; 2015, c. 21, s. 624.

**Corresponding Federal Provision:** sch. IX, part II, 2.

**Presumption — delivery of property.**

**22.9.** Property is deemed to be delivered

(1) in Québec where the supplier

(a) ships the property to a destination in Québec that is specified in the contract for carriage of the property or transfers possession of the property to a common carrier or consignee that the supplier has retained on behalf of the recipient to ship the property to such a destination, or

(b) sends the property by mail or courier to an address in Québec; and

(2) outside Québec where the supplier

(a) ships the property to a destination in another province that is specified in the contract for carriage of the property or transfers possession of the property to a common carrier or consignee that the supplier has retained on behalf of the recipient to ship the property to such a destination, or

(b) sends the property by mail or courier to an address in another province.

**Exception.**

The first paragraph does not apply where the property is corporeal movable property supplied by way of sale that is, or is to be, delivered outside Canada to the recipient.

History: 1997, c. 85, s. 430; 2001, c. 51, s. 261.

**Interpretation Bulletins:** TVQ. 22.7-1/R1.

**Corresponding Federal Provision:** sch. IX, part II, 3.

**Presumptions.**

**22.9.1.** For the purposes of section 22.8, if a supply of corporeal movable property is made by way of lease, licence or similar arrangement,

(1) where the supply is made under an arrangement under which continuous possession or use of the property is provided for a period of not more than three months and the property is delivered in Québec to the recipient, the property is deemed to be delivered in Québec for each of the supplies which, because of section 32.2, is deemed to be made;

(2) (*paragraph repealed*);

(3) where possession or use of the property is given or made available outside Canada to the recipient, possession or use of the property is deemed to be given or made available outside Canada to the recipient for each of the supplies which, because of section 32.2, is deemed to be made.

History: 2001, c. 53, s. 276; 2015, c. 21, s. 625.

**Corresponding Federal Provision:** sch. IX, part II, 4.

3. — *Incorporeal movable property*

**Definitions:**

**22.10.** For the purposes of sections 22.11.1 and 22.11.2,

“*Canadian rights*”;

“Canadian rights” in respect of an incorporeal movable property means that part of the property that can be used in Canada;

“*specified location*”.

“specified location” of a supplier means

(1) the supplier’s permanent establishment; or

(2) a vending machine.

History: 1997, c. 85, s. 430; 2011, c. 1, s. 123.

**Corresponding Federal Provision:** sch. IX, part III, 1; SOR/2010-117, 2.

**Application.**

**22.10.1.** Sections 22.11.1 to 22.11.4 do not apply to an incorporeal movable property to which any of sections 22.21 to 22.27 applies.

History: 2011, c. 1, s. 124.

**Corresponding Federal Provision:** SOR/2010-117, 5.

**22.11.** (*Repealed*).

History: 1997, c. 85, s. 430; 2011, c. 1, s. 125.

**Incorporeal movable property — Canadian rights.**

**22.11.1.** A supply of an incorporeal movable property (other than an incorporeal movable property that relates to an immovable or to a corporeal movable property) in respect of which the Canadian rights can only be used primarily in Québec is deemed to be made in Québec.

History: 2011, c. 1, s. 126.

**Corresponding Federal Provision:** SOR/2010-117, 6(1).

**Incorporeal movable property — Canadian rights.**

**22.11.2.** A supply of an incorporeal movable property (other than an incorporeal movable property that relates to an immovable or to a corporeal movable property) in respect of which the Canadian rights can be used otherwise than only primarily in Québec and otherwise than only primarily outside Québec is deemed to be made in Québec if,

(1) in the case of a supply for which the value of the consideration is \$300 or less that is made through a specified location of the supplier in Québec and in the presence of an individual who is, or who acts on behalf of, the recipient, the incorporeal movable property can be used in Québec; and

(2) in the case of a supply that is not deemed under paragraph 1 to be made in Québec, the following conditions are satisfied:

(a) in the ordinary course of the supplier’s business, the supplier obtains an address (in this paragraph referred to as the “particular address”) that is

i. if the supplier obtains only one address that is a home or a business address in Canada of the recipient, the home or business address obtained by the supplier,

ii. if the supplier obtains more than one address described in subparagraph i, the address described in that subparagraph that is most closely connected with the supply, or

iii. in any other case, the address in Canada of the recipient that is most closely connected with the supply,

(b) the particular address is in Québec, and

(c) the incorporeal movable property can be used in Québec.

History: 2011, c. 1, s. 126.

**Corresponding Federal Provision:** SOR/2010-117, 8.

**Incorporeal movable property that relates to an immovable.**

**22.11.3.** A supply of an incorporeal movable property that relates to an immovable is deemed to be made in Québec if the immovable that is situated in Canada is situated primarily in Québec.

History: 2011, c. 1, s. 126.

**Corresponding Federal Provision:** SOR/2010-117, 9(a) before (i).

**Incorporeal movable property that relates to a corporeal movable property.**

**22.11.4.** A supply of an incorporeal movable property that relates to a corporeal movable property is deemed to be made in Québec if the corporeal movable property that is ordinarily situated in Canada is ordinarily situated primarily in Québec.

History: 2011, c. 1, s. 126.

**Corresponding Federal Provision:** SOR/2010-117, 10(a) before (i).

4. — *Immovable*

**Immovable.**

**22.12.** A supply of an immovable is deemed to be made in Québec if the immovable is situated in Québec.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part IV, 1.

**22.13.** (*Repealed*).

History: 1997, c. 85, s. 430; 2011, c. 1, s. 127.

5. — *Service*

**“Canadian element”.**

**22.14.** For the purposes of sections 22.15.0.2 and 22.15.0.4 to 22.15.0.6, “Canadian element” of a service means the portion of the service that is performed in Canada.

History: 1997, c. 85, s. 430; 2011, c. 1, s. 128.

**Corresponding Federal Provision:** sch. IX, part V, 1.

**Application.**

**22.14.1.** Sections 22.15.0.1 to 22.15.0.6 do not apply to a service to which any of sections 22.18 to 22.27 applies.

History: 2011, c. 1, s. 129.

**Corresponding Federal Provision:** SOR/2010-117, 12.

**22.15.** *(Repealed).*

History: 1997, c. 85, s. 430 [amended by 1998, c. 16, s. 310]; 2011, c. 1, s. 130.

**General rule for services — address obtained.**

**22.15.0.1.** Subject to sections 22.15.0.3 to 22.15.0.6, a supply of a service is deemed to be made in Québec if, in the ordinary course of the supplier's business, the supplier obtains an address in Québec that is

- (1) if the supplier obtains only one address that is a home or a business address in Canada of the recipient, the home or business address obtained by the supplier;
- (2) if the supplier obtains more than one address described in subparagraph 1, the address described in that subparagraph that is most closely connected with the supply; or
- (3) in any other case, the address in Canada of the recipient that is most closely connected with the supply.

**Exception.**

The first paragraph does not apply in the case of a supply of a service performed wholly outside Canada.

History: 2011, c. 1, s. 131; 2015, c. 21, s. 626.

**Interpretation Bulletins:** TVQ. 16-2/R3.

**Corresponding Federal Provision:** SOR/2010-117, 13(1).

**General rule for services — no address obtained.**

**22.15.0.2.** Subject to section 22.15.0.1 and sections 22.15.0.3 to 22.15.0.6, a supply of a service is deemed to be made in Québec if the Canadian element of the service is performed primarily in Québec.

**Exception.**

The first paragraph does not apply in the ordinary course of the supplier's business, if the supplier obtains an address in Canada of the recipient.

History: 2011, c. 1, s. 131; 2015, c. 21, s. 627.

**Interpretation Bulletins:** TVQ. 16-2/R3.

**Corresponding Federal Provision:** SOR/2010-117, 13(2).

**Service in relation to an immovable.**

**22.15.0.3.** A supply of a service in relation to an immovable is deemed to be made in Québec if the immovable that is situated in Canada is situated primarily in Québec.

History: 2011, c. 1, s. 131.

**Corresponding Federal Provision:** SOR/2010-117, 14.

**Service in relation to a corporeal movable property situated in Québec.**

**22.15.0.4.** If a person makes a supply of a service in relation to a corporeal movable property that is situated in Québec at the particular time when the Canadian element of the service begins to be performed and, at all times when the Canadian element of the service is performed, the corporeal movable property remains in Québec, the supply is deemed to be made in Québec if the corporeal movable property is situated primarily in Québec at the particular time.

History: 2011, c. 1, s. 131.

**Corresponding Federal Provision:** SOR/2010-117, 15.

**Service in relation to a corporeal movable property situated in Québec or in another province.**

**22.15.0.5.** If a person makes a supply of a service in relation to a corporeal movable property that is situated in Québec or in another province at the particular time when the Canadian element of the service begins to be performed and, at any time during the period when the Canadian element of the service is performed, the corporeal movable property does not remain in Québec or in the province in which it was situated at the particular time, the supply is deemed to be made in Québec if the corporeal movable property is situated primarily in Québec at any time when the service is performed and if the Canadian element of the service is performed primarily in Québec.

History: 2011, c. 1, s. 131.

**Corresponding Federal Provision:** SOR/2010-117, 16.

**Personal services.**

**22.15.0.6.** A supply of a service (other than an advisory, consulting or professional service) all or substantially all of which is performed in the presence of the individual to whom it is rendered is deemed to be made in Québec if the Canadian element of the service is performed primarily in Québec.

History: 2011, c. 1, s. 131.

**Corresponding Federal Provision:** SOR/2010-117, 17.

**22.15.1.** *(Repealed).*

History: 2001, c. 53, s. 277; 2015, c. 21, s. 628.

**Presumption.**

**22.15.2.** For the purposes of this subdivision, where section 32.3 applies in respect of the supply of a service, except in respect of a telecommunication service, the supply is deemed to be made outside Québec if all of the supplies of the service are deemed to be made outside Canada for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) under paragraph *d* of subsection 2 of section 136.1 of that Act.

History: 2015, c. 21, s. 629.

**Corresponding Federal Provision:** sch. IX, part V, 2 and 3.

6. — *Transportation service*

**Definitions:**

**22.16.** For the purposes of this section and sections 22.17.1 to 22.19,

**“continuous journey”;**

“continuous journey” has the meaning assigned by section 193;

**“destination”;**

“destination” of a freight transportation service means the place specified by the shipper of the property where possession of the property is transferred to the person to whom the property is consigned or addressed by the shipper;

**“freight transportation service”;**

“freight transportation service” has the meaning assigned by section 193;

**“leg”;**

“leg” of a journey on a conveyance means a part of the journey that begins where passengers embark or disembark the conveyance or where it is stopped to allow for its servicing or refuelling and ends where it is next stopped for any of those purposes;

**“origin”;**

“origin” of a continuous journey has the meaning assigned by section 193;

**“stopover”;**

“stopover”, in respect of a continuous journey, has the meaning assigned by section 193 except that it does not include, in the case of a continuous journey of an individual or group of individuals that does not include transportation by air and the origin and termination of which are in Canada, any place outside Canada where, at the time the journey begins, the individual or group is not scheduled to be outside Canada for an uninterrupted period of at least 24 hours during the course of the journey;

**“termination”.**

“termination” of a continuous journey has the meaning assigned by section 193.

History: 1997, c. 85, s. 430; 2011, c. 1, s. 132; 2015, c. 21, s. 630.

**Corresponding Federal Provision:** sch. IX, part VI, 1.

**22.17.** (*Repealed*).

History: 1997, c. 85, s. 430; 2011, c. 1, s. 133.

**Passenger transportation services.**

**22.17.1.** A supply of a passenger transportation service is deemed to be made in Québec if the passenger transportation service

(1) is part of a continuous journey in respect of which there is a ticket or voucher, issued in respect of the particular passenger transportation service included in the continuous

journey that is provided first, specifying the origin of the continuous journey and

(a) the origin is a place in Québec, and

(b) the termination and all stopovers in respect of the continuous journey are in Canada;

(2) is part of a continuous journey in respect of which there is no ticket or voucher, issued in respect of the particular passenger transportation service included in the continuous journey that is provided first, specifying the origin of the continuous journey and

(a) the passenger transportation service included in the continuous journey that is provided first cannot begin otherwise than in Québec, and

(b) the termination and all stopovers in respect of the continuous journey are in Canada; or

(3) is not part of a continuous journey and

(a) the passenger transportation service begins in Québec, and

(b) the passenger transportation service ends in Canada.

History: 2011, c. 1, s. 134.

**Corresponding Federal Provision:** sch. IX, part VI, 2.

**Passenger transportation pass — special case.**

**22.17.2.** If, at the time when a supply of an incorporeal movable property that is a passenger transportation pass or a similar property allowing an individual to obtain one or more passenger transportation services is made, the supplier can determine that each passenger transportation service could not begin otherwise than in Québec and would terminate in Canada, the supply of the incorporeal movable property is deemed to be made in Québec.

History: 2011, c. 1, s. 134.

**Corresponding Federal Provision:** sch. IX, part VI, 2.

**Property or service supplied on board a conveyance.**

**22.17.3.** If a supply of a property or a service (other than a passenger transportation service) is made to an individual on board a conveyance in the course of a business of supplying passenger transportation services and the property or service is delivered, performed or made available on board the conveyance during any leg of the journey that begins in Québec and ends in Québec, the supply is deemed to be made in Québec.

History: 2011, c. 1, s. 134.

**Corresponding Federal Provision:** sch. IX, part VI, 3.



**Services related to a passenger transportation service.**

**22.18.** A supply of any of the following services by a person, in connection with the supply by that person of a passenger transportation service, is deemed to be made in Québec if the supply of the passenger transportation service is made in Québec:

- (1) a service of transporting an individual's baggage; and
- (2) a service of supervising an unaccompanied child.

History: 1997, c. 85, s. 430; 2001, c. 53, s. 278.

**Corresponding Federal Provision:** sch. IX, part VI, 4.

**Service in respect of a ticket for a supply of a passenger transportation service.**

**22.18.1.** A supply by a person of a service of issuing, delivering, amending, replacing or cancelling a ticket, voucher or reservation for a supply by that person of a passenger transportation service is deemed to be made in Québec if the supply of the passenger transportation service would be made in Québec if it were completed in accordance with the agreement relating to that supply.

History: 2001, c. 53, s. 279.

**Corresponding Federal Provision:** sch. IX, part VI, 4.1.

**Freight transportation service.**

**22.19.** Subject to sections 22.21 to 22.24, a supply of a freight transportation service is deemed to be made in Québec if the destination of the service is in Québec.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part VI, 5.

**22.20.** (*Repealed*).

History: 1997, c. 85, s. 430; 2015, c. 21, s. 631.

7.—*Postal service*

**Definitions:**

**22.21.** For the purposes of this section and sections 22.22 to 22.24,

**“permit imprint”;**

“permit imprint” means an indicia the use of which as evidence of the payment of postage exclusively by a person is authorized under an agreement between the Canada Post Corporation and the person, but does not include a postage meter impression or any “business reply” indicia or item bearing that indicia;

**“postage stamp”.**

“postage stamp” means a stamp authorized by the Canada Post Corporation for use as evidence of the payment of postage, but does not include a postage meter impression, a

permit imprint or any “business reply” indicia or item bearing that indicia.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part VII, 1.

**Postage stamp and mail delivery.**

**22.22.** A supply of a postage stamp or a postage-paid card, package or similar item, other than an item bearing a “business reply” indicia, that is authorized by the Canada Post Corporation is deemed to be made in Québec if the supplier delivers the stamp or item in Québec to the recipient of the supply and, where the stamp or item is used as evidence of the payment of postage for a mail delivery service, the supply of the service is deemed to be made in Québec, unless

- (1) the supply of the service is made pursuant to a bill of lading; or
- (2) the consideration for the supply of the service is \$5 or more and the address to which the mail is sent is not in Québec.

History: 1997, c. 85, s. 430; 2012, c. 28, s. 39.

**Corresponding Federal Provision:** sch. IX, part VII, 2.

**Payment evidenced by a postage meter.**

**22.23.** Where the payment of postage for a mail delivery service supplied by the Canada Post Corporation is evidenced by a postage meter impression printed by a meter, the supply of the service is deemed to be made in Québec if the ordinary location of the meter, as determined at the time the recipient of the supply pays an amount to the Corporation for the purpose of paying that postage, is in Québec, unless the supply is made pursuant to a bill of lading.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part VII, 3.

**Payment evidenced by a permit imprint.**

**22.24.** Where the payment of postage for a mail delivery service supplied by the Canada Post Corporation otherwise than pursuant to a bill of lading is evidenced by a permit imprint, the supply of the service is deemed to be made in Québec if the recipient of the supply deposits the mail in Québec with the Corporation in accordance with the agreement between the recipient and the Corporation authorizing the use of the permit imprint.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part VII, 4.

8. — *Telecommunication service*

**Billing location for a telecommunication service.**

**22.25.** For the purposes of section 22.26, the billing location for a telecommunication service supplied to a recipient is in Québec if

(1) where the consideration paid or payable for the service is charged or applied to an account that the recipient has with a person who carries on the business of supplying telecommunication services and the account relates to a telecommunications facility that is used or is available for use by the recipient to obtain telecommunication services, that telecommunications facility is ordinarily located in Québec; and

(2) in any other case, the telecommunications facility used to initiate the service is located in Québec.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part VIII, 1.

**Place of supply of a telecommunication service.**

**22.26.** A supply of a telecommunication service, other than a service referred to in section 22.27, is deemed to be made in Québec if,

(1) in the case of a telecommunication service of making telecommunications facilities available to a person,

(a) all of those facilities are ordinarily located in Québec,

(b) part of the facilities is ordinarily located in Québec and the other part thereof is ordinarily located outside Canada, or

(c) where not all of the telecommunications facilities are ordinarily located in Québec, any part of the facilities is ordinarily located in another province and

i. the invoice for the supply of the service is sent to an address in Québec, or

ii. in any other case, no tax of the same nature as the tax payable under this Title is imposed on the person by the other province in respect of the supply of the service or, if such tax is imposed by that province, the person is entitled to obtain a rebate thereof; or

(2) in any other case,

(a) the telecommunication is emitted and received in Québec,

(b) the telecommunication is emitted or received in Québec and the billing location for the service is in Québec, or

(c) the telecommunication is emitted in Québec and is received outside Québec and

i. where the telecommunication is received outside Canada, the billing location is in another province, or

ii. where the telecommunication is received in another province, the billing location is not in that province.

History: 1997, c. 85, s. 430; 2002, c. 9, s. 153.

**Corresponding Federal Provision:** 142.1(2); sch. IX, part VIII, 2.

**Access to a telecommunications channel.**

**22.27.** A supply of a telecommunication service of granting to the recipient of the supply sole access to a telecommunications channel, within the meaning of section 32.6, for transmitting telecommunications between a place in Québec and a place outside Québec but within Canada is deemed to be made in Québec.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** 136.4(2); sch. IX, part VIII, 3.

9. — *Deemed supply and prescribed supply*

**Deemed supply.**

**22.28.** Notwithstanding sections 22.7 to 22.27, a supply of property that is deemed under any of sections 207 to 210.4, 238.1, 285 to 287.2, 298, 300, 320, 323.1, 325 and 337.2 to 341.9 to have been made or received at any time is deemed to be made in Québec if the property is situated in Québec at that time.

History: 1997, c. 85, s. 430; 2001, c. 51, s. 262; 2019, c. 14, s. 534.

**Corresponding Federal Provision:** sch. IX, part IX, 1.

**Deemed supply.**

**22.29.** Notwithstanding sections 22.7 to 22.27, a supply of property or a service is deemed to be made in Québec if the supply is deemed to be made in Québec under another provision of this Title or a provision of the Regulation respecting the Québec sales tax (chapter T-0.1, r. 2).

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part IX, 2.

**Supply deemed made in Québec.**

**22.30.** Notwithstanding sections 22.7 to 22.27, a prescribed supply of property or a service is deemed to be made in Québec.

History: 1997, c. 85, s. 430.

**Corresponding Federal Provision:** sch. IX, part IX, 3.

**Supply of a prescribed service.**

**22.31.** Notwithstanding sections 22.14 to 22.27, a supply of a service is deemed to be made outside Québec if it is a supply of a prescribed service.

History: 1997, c. 85, s. 430; 2011, c. 1, s. 135.

**Corresponding Federal Provision:** 142(2)(f).

10. — *Special rules*

**Supply made outside Québec.**

**22.32.** A supply that is not deemed to be made in Québec under sections 22.7 to 22.24 and 22.28 to 22.30 is deemed to be made outside Québec.

History: 1997, c. 85, s. 430.

**Interpretation Bulletins:** TVQ. 16-2/R3; TVQ. 22.7-1/R1; TVQ. 75-2/R1.

**Sale of a road vehicle.**

**22.32.1.** A supply made in Québec by way of sale of a road vehicle is deemed to be made outside Québec if the supplier maintains evidence satisfactory to the Minister that, on or before the day that is seven days after the day on which the vehicle was delivered in Québec to the recipient of the supply, the vehicle was registered, otherwise than temporarily, under the laws of another province relating to the registration of vehicles by or on behalf of the recipient.

**Non-application.**

This section does not apply in respect of

(1) a supply by way of retail sale of a motor vehicle other than a supply made following the exercise by the recipient of a right to acquire the vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into with the supplier;

(2) a supply under section 20.1; and

(3) a supply made by a small supplier who is not a registrant, in the course of a commercial activity, of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply.

History: 2015, c. 21, s. 632.

**Corresponding Federal Provision:** SOR/2010-117, 33.1.

**Supply made in Québec by a non-resident.**

**23.** A supply of movable property or a service made in Québec by a person who is not resident in Québec is deemed to be made outside Québec, unless

(1) the supply is made in the course of a business carried on in Québec;

(2) at the time the supply is made, the person is registered under Division I of Chapter VIII;

(3) the supply is the supply of an admission in respect of an activity, a seminar, an event or a place of amusement where

the non-resident person did not acquire the admission from another person;

(4) the person is a specified supplier registered under Division II of Chapter VIII.1 and the supply is a supply of incorporeal movable property or a service made to a specified Québec consumer;

(5) the person is a Canadian specified supplier registered under Division II of Chapter VIII.1 and the supply is a supply of corporeal movable property made to a specified Québec consumer; or

(6) the person is a specified supplier and the supply is a supply of incorporeal movable property or a service made to a specified Québec consumer through a specified digital platform operated by a person registered under Division I of Chapter VIII or Division II of Chapter VIII.1.

History: 1991, c. 67, s. 23; 2018, c. 18, s. 76.

**Interpretation Bulletins:** TVQ. 16-2/R3; TVQ. 75-2/R1.

**Corresponding Federal Provision:** 143(1).

**Supply before release.**

**23.1.** A supply of a property referred to in section 144 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that has not been released, within the meaning of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement), before being delivered to the recipient in Québec, is deemed to be made outside Québec.

**Supply before release.**

For the purposes of section 17, the property referred to in the first paragraph is deemed to have been brought into Québec at the time of its release within the meaning of the Customs Act.

History: 2012, c. 28, s. 40.

**Corresponding Federal Provision:** 144.

**24. (Repealed).**

History: 1991, c. 67, s. 24; 1994, c. 22, s. 373.

**Supply by mail or courier.**

**24.1.** Notwithstanding sections 22.32 and 23, a supply of prescribed corporeal movable property made by a person who is registered under Division I of Chapter VIII is deemed to be made in Québec if the property is sent, by mail or courier, to the recipient of the supply at an address in Québec.

History: 1994, c. 22, s. 374; 1997, c. 85, s. 431.

**Corresponding Federal Provision:** 143.1.

**Supply of a freight transportation service.**

**24.2.** The following are deemed made outside Québec:

(1) a supply of a freight transportation service in respect of the transportation of corporeal movable property from a place in Canada outside Québec to a place in Québec;

(2) a supply of a freight transportation service in respect of the transportation of corporeal movable property between two places in Québec where the service is part of a continuous freight movement, within the meaning of section 193, from a place in Canada outside Québec to a place in Québec and where the supplier of the service maintains documentary evidence satisfactory to the Minister that the service is part of a continuous freight movement from a place in Canada outside Québec to a place in Québec.

History: 1994, c. 22, s. 374; 1997, c. 85, s. 432.

**Continuous transmission commodity.**

**24.3.** Except for the purposes of sections 182, 191.3.3 and 191.3.4, a continuous transmission commodity that is transported by means of a wire, pipeline or other conduit is deemed not to be shipped outside Québec or brought into Québec in the course of that transportation or further transportation if the commodity is transported

(1) outside Québec in the course of, and solely for the purpose of, being delivered by that means from a place in Québec to another place in Québec;

(2) in Québec in the course of, and solely for the purpose of, being delivered by that means from a place outside Québec to another place outside Québec;

(3) from a place in Québec to a place outside Québec where it is stored or taken up as surplus for a period until further transported by that means to a place in Québec in the same measure and state except to the extent of any consumption or alteration necessary or incidental to its transportation; or

(4) from a place outside Québec to a place in Québec where it is stored or taken up as surplus for a period until further transported by that means to a place outside Québec in the same measure and state except to the extent of any consumption or alteration necessary or incidental to its transportation.

History: 2001, c. 53, s. 280.

**Corresponding Federal Provision:** 144.01.

III. — Other presumptions

1. — *General provisions*

**Supply between permanent establishments.**

**25.** Where a person carries on a business through a permanent establishment of the person in Québec and through another permanent establishment of the person outside Québec,

(1) any transfer of movable property or rendering of a service by the permanent establishment in Québec to the permanent establishment outside Québec is deemed to be a supply of the property or service; and

(2) in respect of that supply, the permanent establishments are deemed to be separate persons who deal with each other at arm's length.

History: 1991, c. 67, s. 25.

**Corresponding Federal Provision:** 132(4).

**Supply between permanent establishments.**

**26.** For the purposes of section 18.0.1, where a person carries on a business through a permanent establishment of the person in Québec and through another permanent establishment outside Québec,

(1) any transfer of movable property or rendering of a service by one permanent establishment to the other permanent establishment is deemed to be a supply of the property or service;

(2) in respect of that supply, the permanent establishments are deemed to be separate persons who deal with each other at arm's length;

(3) the value of the consideration for that supply is deemed to be equal to the fair market value of the supply at the time the property is so transferred or the service is so rendered; and

(4) the consideration for that supply is deemed to have become due and to have been paid, by the permanent establishment (in this paragraph referred to as "the recipient") to which the property was transferred or the service was rendered, to the other permanent establishment at the end of the taxation year of the recipient in which the property was transferred or the service was rendered.

History: 1991, c. 67, s. 26; 1994, c. 22, s. 376; 1997, c. 85, s. 433; 2012, c. 8, s. 265.

**Corresponding Federal Provision:** 220(1) to (5).

**Definitions:**

**26.0.1.** For the purposes of this section and sections 26.0.2 to 26.0.5,

**"incorporeal capital";**

"incorporeal capital" of a specified person means any of the following that is consumed or used by the specified person in the process of creating or developing incorporeal movable property:

(1) all or part of a labour activity of the specified person;

(2) all or part of property (other than incorporeal movable property described in paragraph 1 of the definition of "incorporeal resource"); or

(3) all or part of a service;

**“incorporeal resource”;**

“incorporeal resource” of a specified person means

- (1) all or part of incorporeal movable property supplied to, or created or developed by, the specified person that is not support capital of the specified person;
- (2) incorporeal capital of the specified person; or
- (3) any combination of the items referred to in paragraphs 1 and 2;

**“labour activity”;**

“labour activity” of a specified person means anything done by an employee of the specified person in the course of, or in relation to, the office or employment of the employee;

**“support capital”;**

“support capital” of a specified person means all or part of incorporeal movable property that is consumed or used by the specified person in the process of creating or developing property (other than incorporeal movable property) or in supporting, assisting or furthering a labour activity of the specified person;

**“support resource”.**

“support resource” of a specified person means

- (1) all or part of property (other than incorporeal movable property) supplied to, or created or developed by, the specified person that is not incorporeal capital of the specified person;
- (2) all or part of a service supplied to the specified person that is not incorporeal capital of the specified person;
- (3) all or part of a labour activity of the specified person that is not incorporeal capital of the specified person;
- (4) support capital of the specified person; or
- (5) any combination of the items referred to in paragraphs 1 to 4.

**Employee.**

For the purposes of the first paragraph, “employee” includes an individual who agrees to become an employee.

History: 2012, c. 8, s. 266.

**Corresponding Federal Provision:** 217; 220(1).

**Specified person and specified business.**

**26.0.2.** For the purposes of sections 26.0.1 and 26.0.3 to 26.0.5, the following rules apply:

(1) a person (other than a financial institution) is a specified person throughout a taxation year of the person if the person

(a) carries on, at any time in the taxation year, a business through a permanent establishment of the person outside Canada, and

(b) carries on, at any time in the taxation year, a business through a permanent establishment of the person in Québec; and

(2) a business of a person is a specified business of the person throughout a taxation year of the person if the business is carried on, at any time in the taxation year, in Québec through a permanent establishment of the person.

History: 2012, c. 8, s. 266; 2012, c. 28, s. 41.

**Corresponding Federal Provision:** 220(2).

**Internal use.**

**26.0.3.** For the purposes of sections 26.0.4 and 26.0.5, internal use of a support resource, or of an incorporeal resource, of a specified person occurs during a taxation year of the specified person if

(1) the specified person at any time in the taxation year uses outside Canada any part of the resource in relation to the carrying on of a specified business of the specified person; or

(2) the specified person is permitted under the Taxation Act (chapter I-3), or would be so permitted if that Act applied to the specified person, to allocate for the taxation year, as an amount in respect of a specified business of the specified person,

(a) any part of an outlay made, or expense incurred, by the specified person in respect of any part of the resource, or

(b) any part of an allowance, or allocation for a reserve, in respect of any part of an outlay or expense referred to in subparagraph a.

History: 2012, c. 8, s. 266.

**Corresponding Federal Provision:** 220(3).

**Dealings between permanent establishments.**

**26.0.4.** If internal use of a support resource of a specified person occurs during a taxation year of the specified person, the following rules apply:

(1) for the purposes of section 18,

(a) the specified person is deemed

i. to have rendered, during the taxation year, a service of internally using the support resource at a permanent establishment of the specified person outside Canada in the course of carrying on a specified business of the specified person, and to be the person to whom the service was rendered,

ii. to be the recipient of a supply made outside Canada of the service, and

iii. to be, in the case of a specified person not resident in Québec, resident in Québec,

(b) the supply is deemed not to be a supply of a service that is in respect of

- i. an immovable situated outside Québec, or
- ii. corporeal movable property that is situated outside Québec at the time the service is performed,

(c) the value of the consideration for the supply is deemed to be the total of all amounts, each of which is the fair market value of a part, or of the use of a part, as the case may be, of the support resource referred to in section 26.0.3

- i. if the part is only referred to in paragraph 1 of section 26.0.3, at the time referred to in that paragraph, and
- ii. in any other case, on the last day of the taxation year of the specified person, and

(d) the consideration for the supply is deemed to have become due and to have been paid, on the last day of the taxation year, by the specified person; and

(2) for the purpose of determining an input tax refund of the specified person, the specified person is deemed to have acquired the service for the same purpose as that for which the part of the support resource referred to in section 26.0.3 was acquired, consumed or used by the specified person.

History: 2012, c. 8, s. 266.

**Corresponding Federal Provision:** 220(4).

**Dealings between permanent establishments.**

**26.0.5.** If internal use of an incorporeal resource of a specified person occurs during a taxation year of the specified person, the following rules apply:

- (1) for the purposes of section 18,
  - (a) the specified person is deemed
    - i. to have made available, during the taxation year, at a permanent establishment of the specified person outside Canada incorporeal movable property in the course of carrying on a specified business of the specified person and to be the person to whom the incorporeal movable property was made available,
    - ii. to be the recipient of a supply made outside Canada of the incorporeal movable property, and
    - iii. to be, in the case of a specified person not resident in Québec, resident in Québec,
  - (b) the supply is deemed not to be a supply of property that relates to an immovable situated outside Québec, to a service to be performed wholly outside Québec or to corporeal movable property situated outside Québec,

(c) the value of the consideration for the supply is deemed to be the total of all amounts, each of which is the fair market value of a part, or of the use of a part, as the case may be, of the incorporeal resource referred to in section 26.0.3

- i. if the part is only referred to in paragraph 1 of section 26.0.3, at the time referred to in that paragraph, and
- ii. in any other case, on the last day of the taxation year of the specified person, and

(d) the consideration for the supply is deemed to have become due and to have been paid, on the last day of the taxation year, by the specified person; and

(2) for the purpose of determining an input tax refund of the specified person, the specified person is deemed to have acquired the property for the same purpose as that for which the part of the incorporeal resource referred to in section 26.0.3 was acquired, consumed or used by the specified person.

History: 2012, c. 8, s. 266.

**Corresponding Federal Provision:** 220(5).

**Permanent establishment.**

**26.1.** For the purposes of sections 25 to 26.0.5, “permanent establishment” has the meaning assigned by section 11.2 where a person is resident in Québec otherwise than by reason of section 12.

History: 1997, c. 85, s. 434; 2012, c. 8, s. 267.

**Definitions:**

**26.2.** For the purposes of this section and sections 26.3 to 26.5,

“**external charge**”;  
 “external charge” has the meaning assigned by section 217 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

“**province**”;  
 “province” has the meaning assigned by section 433.15.1;

“**qualifying consideration**”;  
 “qualifying consideration” has the meaning assigned by section 217 of the Excise Tax Act;

“**qualifying establishment**”;  
 “qualifying establishment” means a permanent establishment within the meaning of subsection 1 of section 123 of the Excise Tax Act or within the meaning of subsection 2 of section 132.1 of that Act;

“**qualifying service**”;  
 “qualifying service” means any service or anything done by an employee in relation to the office or employment of the employee;

**“qualifying taxpayer”;**

“qualifying taxpayer” has the meaning assigned by subsection 1 of section 217.1 of the Excise Tax Act;

**“specified year”.**

“specified year” has the meaning assigned by section 217 of the Excise Tax Act.

**Employee.**

For the purposes of the definition of “qualifying service” in the first paragraph, an employee includes an individual who agrees to become an employee.

**Clarification — investment plan.**

Despite the first paragraph, where the qualifying taxpayer is a selected listed financial institution that is a stratified investment plan, a non-stratified investment plan or an investment plan that is a pension entity of a pension plan or a private investment plan, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout a reporting period in a particular fiscal year, and where an election made under the first paragraph of section 433.19.15 in relation to a series of the qualifying taxpayer or under the second or third paragraph of that section is in effect throughout the particular fiscal year, “external charge” and “qualifying consideration” have the meaning that would be assigned to those expressions by section 217 of the Excise Tax Act if no reference were made to paragraph *c* of any of subsections 3, 4 and 5 of section 225.4 of that Act, as the case may be.

History: 2012, c. 28, s. 42; 2015, c. 21, s. 633; 2017, c. 1, s. 445.

**Corresponding Federal Provision:** 217; 217.1(1); 225.4(3)(c), 4(c) and 5(c).

**Internal and external charges.**

**26.3.** A qualifying taxpayer that is resident in Québec and that made an election under subsection 1 of section 217.2 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) is deemed to be the recipient of a taxable supply in a specified year of the qualifying taxpayer, provided that the election is in effect for the purposes of that Act for the specified year; the value of the consideration for that taxable supply is deemed to be equal to the amount determined by the formula

$A + B.$

**Interpretation.**

For the purposes of the formula in the first paragraph,

(1) A is the total of all amounts each of which is the product obtained by multiplying an amount that is an internal charge for the specified year and that is greater than zero by

(a) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of

which is the percentage that is the extent to which the internal charge is attributable to outlays or expenses that were made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the internal charge is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act;

(b) in the case of a provincial investment plan as regards Québec, 100%;

(c) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(d) in any other case, the percentage that is the extent to which the internal charge is attributable to outlays or expenses that were made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the internal charge is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec; and

(2) B is the total of all amounts each of which is the product obtained by multiplying an amount that is an external charge for the specified year and that is greater than zero by

(a) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of which is the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the external charge, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the external charge is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations;

(b) in the case of a provincial investment plan as regards Québec, 100%;

(c) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(d) in any other case, the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the external charge, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the external charge is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec.

**Internal charges.**

For the purposes of this section, an amount in respect of which the conditions of subsection 4 of section 217.1 of the

Excise Tax Act are met is an amount that is an internal charge.

History: 2012, c. 28, s. 42; 2015, c. 21, s. 634.

**Corresponding Federal Provision:** 218.1(1.2) before (a) and (a); SOR/2010-151, 7.02(a)(i) and (ii), (b) and (c).

**Qualifying consideration.**

**26.4.** A qualifying taxpayer that is resident in Québec and to which section 26.3 does not apply for a specified year of the qualifying taxpayer is deemed to be the recipient of a taxable supply, in the specified year, the value of the consideration for which is deemed to be equal to the total of all amounts each of which is the product obtained by multiplying an amount in respect of qualifying consideration for the specified year that is greater than zero by

(1) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of which is the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the qualifying consideration, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the qualifying consideration is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) in the case of a provincial investment plan as regards Québec, 100%;

(3) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(4) in any other case, the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the qualifying consideration, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the qualifying consideration is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec.

History: 2012, c. 28, s. 42; 2015, c. 21, s. 635.

**Corresponding Federal Provision:** 218.1(1.2) description of D; SOR/2010-151, 7.02(a)(iii), (b) and (c).

**Qualifying taxpayer resident in Québec.**

**26.5.** Despite sections 11 and 11.1 and for the purposes of sections 26.3 and 26.4, a qualifying taxpayer is deemed to be resident in Québec at a particular time if, at that time,

(1) the qualifying taxpayer has a qualifying establishment in Québec; or

(2) the qualifying taxpayer is resident in Canada and is

(a) a corporation incorporated or continued under the legislation of Québec and not continued elsewhere,

(b) a club, an association, an unincorporated organization, a partnership, or a branch of one of them, in respect of which a majority of the members having management and control of it are resident in Québec, or

(c) a trust, carrying on activities as a trust in Québec, that has an office or branch in Québec.

History: 2012, c. 28, s. 42.

**Corresponding Federal Provision:** 218.1(1.3).

**Agreement to provide property or a service.**

**27.** Where an agreement is entered into to provide property or a service,

(1) the entering into of the agreement is deemed to be a supply of the property or service made at the time the agreement is entered into; and

(2) any provision of property or a service under the agreement is deemed to be part of the supply referred to in paragraph 1 and not a separate supply.

History: 1991, c. 67, s. 27.

**Interpretation Bulletins:** TVQ, 51-1.

**Corresponding Federal Provision:** 133.

**Transfer of security interest.**

**28.** Where, under an agreement entered into in respect of a debt or obligation, a person transfers property or an interest in property for the purpose of securing payment of the debt or performance of the obligation, the transfer is deemed not to be a supply.

**Performance of obligation.**

Where, on payment of the debt or performance of the obligation or the extinguishing of the debt or obligation, the property or interest is retransferred, the retransfer of the property or interest is deemed not to be a supply.

History: 1991, c. 67, s. 28.

**Corresponding Federal Provision:** 134.

**Sponsorship of public sector bodies.**

**29.** Where a public sector body makes a supply of a service, or a supply of the use by way of licence of a copyright, trade-mark, trade-name or other similar property of the body, to a person who is the sponsor of an activity of the body for use by the person exclusively in publicizing the person's business, the supply by the body of the service or the use of the property is deemed not to be a supply.



**Exception.**

This section does not apply where it may reasonably be regarded that the consideration for the supply is primarily for a service of advertising by means of radio or television or in a newspaper, magazine or other publication published periodically, or for a prescribed service.

History: 1991, c. 67, s. 29; 1997, c. 85, s. 435.

**Corresponding Federal Provision:** 135.

**Supply to the Government or to a mandatary.**

**29.1.** Where a supply is made by the Gouvernement du Québec or any of its departments to a prescribed mandatary, or by such a mandatary to the Government, to any of its departments or to another prescribed mandatary, the supply is deemed not to be a supply.

History: 2012, c. 28, s. 43.

**Lease of property.**

**30.** A supply, by way of lease, licence or similar arrangement, of the use or right to use an immovable or corporeal movable property is deemed to be a supply of an immovable or corporeal movable property, as the case may be.

History: 1991, c. 67, s. 30.

**Corresponding Federal Provision:** 136(1).

**Supply of movable property delivered electronically.**

**30.0.1.** A supply of movable property delivered electronically is deemed to be a supply of incorporeal movable property.

History: 2002, c. 9, s. 154.

**30.1. (Repealed).**

History: 1993, c. 19, s. 173; 1995, c. 63, s. 312 [amended by 1997, c. 85, s. 772 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 573].

**Combined supply of immovables.**

**31.** Where a supply of an immovable includes the provision of a property described in subparagraph 1 of the second paragraph and a property described in subparagraph 2 of that paragraph,

- (1) the property described in subparagraph 1 of the second paragraph and the property described in subparagraph 2 of that paragraph are each deemed to be a separate property;
- (2) the provision of the property described in subparagraph 1 of the second paragraph is deemed to be a supply separate from the provision of the property described in subparagraph 2 of that paragraph; and
- (3) neither supply is incidental to the other.

**Interpretation.**

The property referred to in the first paragraph is

- (1) an immovable that is
  - (a) a residential complex,
  - (b) land, a building or part of a building that forms or is reasonably expected to form part of a residential complex, or
  - (c) a residential trailer park; or
- (2) another immovable that is not part of an immovable referred to in subparagraph 1.

History: 1991, c. 67, s. 31; 1994, c. 22, s. 377; 1997, c. 85, s. 436.

**Interpretation Bulletins:** TVQ. 31-1.

**Corresponding Federal Provision:** 136(2).

**31.1. (Repealed).**

History: 1994, c. 22, s. 378; 1997, c. 85, s. 437.

**Supply by way of sale of a multiple unit residential complex and addition.**

**32.** Where a builder of an addition to a multiple unit residential complex makes a supply of the complex or an interest in it by way of sale that, but for this section, would be a taxable supply and, but for the construction of the addition, would be an exempt supply described in section 97,

- (1) the addition and the remainder of the complex are each deemed to be a separate property;
- (2) the sale of the addition or interest in it is deemed to be a supply separate from the sale of the remainder of the complex or interest in it; and
- (3) neither supply is incidental to the other.

History: 1991, c. 67, s. 32; 1994, c. 22, s. 379.

**Interpretation Bulletins:** TVQ. 226-1/R1.

**Corresponding Federal Provision:** 136(3).

**Supply of a residential trailer park and additional area.**

**32.1.** Where a person who has increased the area of land included in a residential trailer park of the person (in this section referred to as the “additional area”) makes a supply of the park or an interest in it that, but for this section, would be a taxable supply and, but for the additional area, would be an exempt supply described in section 97.3,

- (1) the additional area and the remainder of the park are each deemed to be a separate property;
- (2) the sale of the additional area or the interest therein is deemed to be a supply separate from the sale of the remainder of the park or the interest in the park; and

(3) neither supply is incidental to the other.

History: 1994, c. 22, s. 380.

**Corresponding Federal Provision:** 136(4).

**Supply by way of lease, licence or similar arrangement and lease interval.**

**32.2.** Where a supply of property is made by way of lease, licence or similar arrangement to a person for consideration that includes a payment that is attributable to a period (in this section referred to as the “lease interval”) that is the whole or a part of the period during which possession or use of the property is provided under the arrangement,

(1) the supplier is deemed to have made, and the person is deemed to have received, a separate supply of the property for the lease interval;

(2) the supply of the property for the lease interval is deemed to be made on the earliest of

(a) the first day of the lease interval,

(b) the day on which the payment that is attributable to the lease interval becomes due, and

(c) the day on which the payment that is attributable to the lease interval is made; and

(3) the payment that is attributable to the lease interval is deemed to be consideration payable in respect of the supply of the property for the lease interval.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.1(1).

**Presumptions.**

**32.2.1.** If a recipient of a supply by way of lease, licence or similar arrangement of corporeal movable property exercises an option to purchase the property that is provided for under the arrangement and the recipient begins to have possession of the property under the agreement of purchase and sale of the property at the same time and place as the recipient ceases to have possession of the property as lessee or licensee under the arrangement, that time and place is deemed to be the time and place at which the property is delivered to the recipient in respect of the supply by way of sale of the property to the recipient.

History: 2001, c. 53, s. 281.

**Corresponding Federal Provision:** 136.1(1.1).

**Supply of a service and billing period.**

**32.3.** Where a supply of a service is made to a person for consideration that includes a payment that is attributable to a period (in this section referred to as the “billing period”) that is the whole or a part of the period during which the service is or is to be rendered under the agreement for the supply,

(1) the supplier is deemed to have made, and the person is deemed to have received, a separate supply of the service for the billing period;

(2) the supply of the service for the billing period is deemed to be made on the earliest of

(a) the first day of the billing period,

(b) the day on which the payment that is attributable to the billing period becomes due, and

(c) the day on which the payment that is attributable to the billing period is made; and

(3) the payment that is attributable to the billing period is deemed to be consideration payable in respect of the supply of the service for the billing period.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.1(2).

**Supply of an immovable situated partly in Québec.**

**32.4.** Where a taxable supply of an immovable includes the provision of an immovable of which part is situated in Québec and another part is situated outside Québec but within Canada, for the purpose of determining whether a taxable supply of the immovable is made in Québec and determining the tax payable, if any, under section 16 in respect of the supply,

(1) the provision of the part of the immovable that is situated in Québec and the provision of the part of the immovable that is situated outside Québec are each deemed to be a separate taxable supply made for separate consideration; and

(2) the supply of the part of the immovable that is situated in Québec is deemed to be made for consideration equal to the portion of the total consideration for all of the immovable that may reasonably be attributed to that part.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.2.

**Separate supply of a freight transportation service.**

**32.5.** For the purpose of determining the tax payable under section 16 in respect of a supply of a freight transportation service, within the meaning of section 193, that includes the provision of a service of transporting particular corporeal movable property to a destination in Québec and other corporeal movable property to a destination outside Québec but within Canada and determining whether the supply of the service is made in Québec,

(1) the provision of the service of transporting the particular property and the provision of the service of transporting the other property are each deemed to be a separate supply made for separate consideration; and

(2) the supply of the service of transporting the particular property is deemed to be made for consideration equal to the portion of the total consideration that may reasonably be attributed to the transportation of the particular property.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.3.

“telecommunications channel”.

**32.6.** For the purposes of section 32.7, “telecommunications channel” means a telecommunications circuit, line, frequency, channel, partial channel or other means of sending or receiving a telecommunication but does not include a satellite channel.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.4(1).

**Supply of a telecommunications channel.**

**32.7.** Where a person supplies a telecommunication service of granting to the recipient of the supply sole access to a telecommunications channel for transmitting telecommunications between a place in Québec and a place outside Québec but within Canada, the consideration for the supply of the service is deemed to be equal to the amount determined by the formula

$$(A / B) \times C.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the distance over which the telecommunications would be transmitted in Québec if the telecommunications were transmitted solely by means of cable and related telecommunications facilities located in Canada that connected, in a direct line, the transmitters for emitting and receiving the telecommunications;

(2) B is the distance over which the telecommunications would be transmitted in Canada if the telecommunications were transmitted solely by such means; and

(3) C is the total consideration paid or payable by the recipient for the sole access to the telecommunications channel.

History: 1997, c. 85, s. 438.

**Corresponding Federal Provision:** 136.4(2).

**Supply in a covering or container.**

**33.** Where corporeal movable property is supplied in a covering or container that is usual for that class of property, the covering or container is deemed to form part of the property so supplied.

History: 1991, c. 67, s. 33.

**Corresponding Federal Provision:** 137.

**Incidental supply.**

**34.** Where a particular property or service is supplied together with any other property or service for a single consideration, and it may reasonably be regarded that the provision of the other property or service is incidental to the provision of the particular property or service, the other property or service is deemed to form part of the particular property or service so supplied.

History: 1991, c. 67, s. 34; 1993, c. 19, s. 174; 1995, c. 1, s. 256.

**Corresponding Federal Provision:** 138.

**34.1.** *(Repealed).*

History: 1993, c. 19, s. 175; 1995, c. 63, s. 313 [amended by 1997, c. 85, s. 727 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 574].

**Interpretation**      **Bulletins:**      TVQ.      126-2/R2;  
TVQ. 138.1-1/R1.

**34.2.** *(Repealed).*

History: 1993, c. 19, s. 175; 1994, c. 22, s. 381; 1995, c. 63, s. 313 [amended by 1997, c. 85, s. 727].

**34.3.** *(Repealed).*

History: 1993, c. 19, s. 175; 1995, c. 1, s. 257.

**34.4.** *(Repealed).*

History: 1994, c. 22, s. 382; 1995, c. 1, s. 358.

**Financial services in a mixed supply.**

**35.** Where one or more financial services are supplied together with one or more other services that are not financial services, or with properties that are not capital properties of the supplier, for a single consideration, the supply of each of the services and properties is deemed to be a supply of a financial service if

(1) the financial services are related to the other services or the properties, as the case may be;

(2) it is the usual practice of the supplier to supply those or similar services, or those or similar properties and services, together in the ordinary course of the business of the supplier; and

(3) the total of all amounts each of which would be the consideration for a financial service so supplied if that financial service had been supplied separately, is greater than 50% of the total of all amounts each of which would be the consideration for a service or property so supplied if that service or property had been supplied separately.

History: 1991, c. 67, s. 35; 1994, c. 22, s. 383; 2012, c. 28, s. 44.

**Corresponding Federal Provision:** 139.

**Supply of membership with security.**

**36.** Where a person makes a supply of a share, bond or other security that represents capital stock or debt of a particular organization, and ownership of the security by the recipient of the supply is a condition of the recipient's, or another person's, obtaining a membership, or a right to acquire a membership, in the particular organization or in another organization that is related to the particular organization, the supply of the security is deemed to be a supply of a membership and not a supply of a financial service.

**Share in a credit union or in a cooperative corporation.**

A share in a credit union or in a cooperative corporation the main purpose of which is not to provide recreational, sporting or dining facilities is not a security for the purposes of the first paragraph.

History: 1991, c. 67, s. 36; 1994, c. 22, s. 384; 1997, c. 3, s. 117.

**Corresponding Federal Provision:** 140.

**37.** *(Repealed).*

History: 1991, c. 67, s. 37; 1994, c. 22, s. 385.

**38.** *(Repealed).*

History: 1991, c. 67, s. 38; 1994, c. 22, s. 385.

**Tax discounter.**

**39.** Notwithstanding section 35, where a discounter within the meaning of the Tax Rebate Discounting Act (Revised Statutes of Canada, 1985, chapter T-3) pays an amount to a person to acquire from that person a right to a refund of tax within the meaning of that Act,

(1) the discounter is deemed to have made a taxable supply of a service for consideration equal to the lesser of \$30 and 2/3 of the amount by which the amount of the refund exceeds the amount paid by the discounter to the person to acquire the right; and

(2) the discounter is deemed to have made a separate supply of a financial service for consideration equal to the amount by which the amount of the refund exceeds the total of the amount paid by the discounter to the person to acquire the right and the amount determined under paragraph 1.

History: 1991, c. 67, s. 39.

**Corresponding Federal Provision:** 158.

**Meaning of "feed".**

**39.1.** For the purposes of section 39.2, "feed" means

(1) grain or seed that is described in paragraph 2 of section 178 and used as feed for farm livestock that is ordinarily raised or kept to produce, or to be used as, food for human consumption or to produce wool;

(2) feed that is a complete feed, supplement, macro-premix, micro-premix or mineral feed, other than a trace mineral salt feed, the supply of which in bulk quantities of at least 20 kg would be a zero-rated supply included in Division IV of Chapter IV; and

(3) by-products of the food processing industry and plant or animal products, the supply of which in bulk quantities of at least 20 kg would be a zero-rated supply included in Division IV of Chapter IV.

History: 1994, c. 22, s. 386; 1995, c. 1, s. 258.

**Corresponding Federal Provision:** 164.1(1).

**Supply by a feedlot.**

**39.2.** Where, in the course of operating a feedlot that is a farming business within the meaning of the Taxation Act (chapter I-3), a person makes a supply of a service and the consideration for the supply (in this section referred to as the "total charge") includes a particular amount that is identified in the invoice or agreement in writing for the supply as being attributable to feed,

(1) the provision of the feed is deemed to be a supply separate from the supply of the service and not to be incidental to the provision of any other property or service;

(2) the portion, not exceeding 90%, of the total charge that is reasonably attributable to the feed and is included in the particular amount is deemed to be the consideration for the supply of the feed; and

(3) the difference between the total charge and the consideration for the supply of the feed is deemed to be the consideration for the supply of the service.

History: 1994, c. 22, s. 386.

**Corresponding Federal Provision:** 164.1(2).

**Definitions:**

**39.3.** For the purposes of sections 39.3 to 41,

**"estimated reserves";**

"estimated reserves" of minerals means the estimated quantities of minerals that geological and engineering data demonstrate, with reasonable certainty, to be recoverable under existing economic and operating conditions;

**"farm-out agreement";**

"farm-out agreement" means an agreement referred to in section 39.4;

**"natural resource right";**

"natural resource right" means

(1) a right to exploit a mineral deposit;

(2) a right to explore for a mineral deposit;

(3) a right of entry or user relating to a right referred to in paragraph 1 or 2; or

(4) a right to an amount computed by reference to the production, including profit, from, or to the value of production from, a mineral deposit;

**“specified mining or well-site equipment”;**

“specified mining or well-site equipment”, in relation to the exploration or development of unproven property under a farm-out agreement, means

(1) equipment, installations and structures for use at a mine site in the production of minerals from the mine and not in the milling, smelting, refining or other processing of the minerals after production; and

(2) equipment, installations and structures for use at a well site in the production of minerals from the well, including a heater, dehydrator or other well-site facility for the initial treatment of substances produced from the well to prepare such production for transportation but excluding

(a) any equipment, installation, structure or facility that serves or is intended to serve a well that has not been drilled in the course of the exploration or development under that agreement, and

(b) any equipment, installation, structure or facility for use in the refining of oil or the processing of natural gas including the separation therefrom of liquid hydrocarbons, sulphur or other joint products or by-products;

**“unproven property”.**

“unproven property” means an immovable for which estimated reserves of minerals have not been established.

History: 2001, c. 53, s. 282.

**Corresponding Federal Provision:** 162(1).

**Presumptions respecting a farm-out agreement.**

**39.4.** If, under an agreement in writing between a person (in this section referred to as the “farmor”) and another person (in this section referred to as the “farmee”), the farmor transfers to the farmee particular natural resource rights, or portions of them, relating to unproven property in consideration or part consideration for the farmee undertaking the exploration of the property for mineral deposits, providing information, or the right to it, gathered from the exploration and, subject to any conditions that may be provided in the agreement, developing the property for the production of minerals, the following rules apply:

(1) the value, as consideration, of any property or service given by the farmor to the farmee under the agreement is deemed to be nil to the extent that the property or service is given as consideration for any of the following (each of which is referred to in this section as the “farmee’s contribution”):

(a) the undertaking of that exploration or development,

(b) the provision of that information, or the right to it, and

(c) any transfer under the agreement by the farmee to the farmor of any interest in specified mining or well-site equipment that is used by the farmee exclusively in that exploration or development;

(2) the value of the farmee’s contribution as consideration for any property or service given by the farmor to the farmee under the agreement is deemed to be nil; and

(3) if part of the consideration given by the farmor for the farmee’s contribution is property or a service (each of which is referred to in this paragraph as the “farmor’s additional contribution”) that is not a natural resource right relating to unproven property,

(a) the farmee is deemed to have made, at the place at which the unproven property is situated, a taxable supply of a service to the farmor separate from any supply by the farmee under the agreement and that service is deemed to be consideration for the farmor’s additional contribution,

(b) the value of that service and the value of the farmor’s additional contribution as consideration for the supply of that service are each deemed to be equal to the fair market value of the farmor’s additional contribution determined at the time (in this paragraph referred to as the “time of transfer”) that

i. if the farmor’s additional contribution is a service, performance of the service commences, and

ii. in any other case, ownership of the farmor’s additional contribution is transferred to the farmee,

(c) all of the consideration for the farmor’s additional contribution and the consideration for the service deemed to have been supplied by the farmee are deemed to become due at the time of transfer, and

(d) if, in addition to the farmee’s contribution, the farmee supplies to the farmor other property or services, other than the service deemed under subparagraph *a* to have been supplied, for which part of the consideration is the farmor’s additional contribution, the value of the consideration for the supply of the other property or services is deemed to be equal to the amount by which the value of that consideration, determined without reference to this subparagraph, exceeds the fair market value of the farmor’s additional contribution.

History: 2001, c. 53, s. 282.

**Corresponding Federal Provision:** 162(4).

**Supply of rights relating to natural resources.**

**40.** The supply of the following rights is deemed not to be a supply:

(1) any right to exploit any mineral deposits, peat bogs or deposits of peat or any forestry, fishery or water resources;

- (2) any right to explore relating to the deposits, peat bogs or resources referred to in subparagraph 1;
- (3) any right of entry or user relating to a right referred to in subparagraph 1 or 2;
- (4) any right to an amount computed by reference to the production, including profit, from, or to an amount computed by reference to the value of production from, the deposits, peat bogs or resources referred to in subparagraph 1; or
- (5) a right to enter or use land to generate or evaluate the feasibility of generating electricity from the sun or wind.

**Fees and royalties.**

Any consideration paid or due, or any fee or royalty charged or reserved, in respect of a right referred to in the first paragraph is deemed not to be consideration for the right.

History: 1991, c. 67, s. 40; 1994, c. 22, s. 387; 2009, c. 15, s. 483.

**Corresponding Federal Provision:** 162(2).

**Supply of rights relating to natural resources.**

**41.** Section 40 does not apply to a supply of a right to take or remove forestry products, products that grow in water, fishery products, minerals or peat, to a right of entry or user relating to the products, minerals or peat, or to a right described in subparagraph 5 of the first paragraph of that section, if the supply is made

- (1) to a consumer; or
- (2) to a person who is not a registrant and who acquires the right in the course of a business of the person to make supplies of the products, minerals or peat or of electricity to consumers.

History: 1991, c. 67, s. 41; 1994, c. 22, s. 387; 2009, c. 15, s. 484.

**Corresponding Federal Provision:** 162(3).

2. — *Mandatory*

**Supply by a registrant on behalf of a person required to collect tax.**

**410.1.** Where a registrant, in the course of a commercial activity of the registrant, acts as mandatory in making a supply, otherwise than by auction, on behalf of a person who is required to collect tax in respect of the supply otherwise than as a consequence of the application of paragraph 1 of section 41.1 and the registrant and the person jointly elect in prescribed form containing prescribed information, the following rules apply:

- (1) the tax collectible in respect of the supply or any amount charged or collected by the registrant on behalf of the person as or on account of tax in respect of the supply is deemed to be collectible, charged or collected, as the case may be, by the registrant, and not by the person, for the purpose of

(a) determining the net tax of the registrant and the net tax, or the specified net tax, of the person, and

(b) applying sections 447 to 450 and 477.16 and section 20 of the Tax Administration Act (chapter A-6.002);

(2) the registrant and the person are solidarily liable for all obligations that arise from the application of this Title because of

- (a) the tax becoming collectible,
- (b) a failure to account for or pay, in the manner and within the time specified in this Title, an amount of net tax of the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to the supply,

(c) the registrant claiming, in respect of the supply, an amount as a deduction under sections 443.1 to 446.1 or sections 447 to 450 and 477.16 to which the registrant was not entitled or in excess of the amount to which the registrant was entitled,

(d) a failure to pay, in the manner and within the time specified in this Title, the amount of any underpayment of net tax by the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to a claim referred to in subparagraph c,

(e) a recovery of all or part of a bad debt relating to the supply in respect of which the registrant claimed a deduction under sections 443.1 to 446.1, or

(f) a failure to account for or pay, in the manner and within the time specified in this Title, an amount of net tax of the registrant, or an amount that was paid to the registrant or applied on account of a refund or rebate under Divisions II to IV of Chapter VIII to which the registrant was not entitled or that exceeds the refund or rebate to which the registrant was entitled, that is reasonably attributable to an amount required under section 446 to be added to the net tax of the registrant in respect of a bad debt referred to in subparagraph e; and

(3) the threshold amounts of the registrant and of the person under sections 462 and 462.1 must be determined as if all or part of the consideration that became due to the person, or was paid to the person without having become due, in respect of the supply had become due to the registrant, or had been paid to the registrant without having become due, as the case may be, and not to the person.

History: 1995, c. 63, s. 314; 1997, c. 85, s. 439; 2009, c. 5, s. 597; 2010, c. 31, s. 175; 2019, c. 14, s. 535.

**Interpretation Bulletins:** TVQ. 16-30/R1.

**Corresponding Federal Provision:** 177(1.1).

**Mandatory of supplier.**

**41.0.2.** If a registrant acts as mandatory of a supplier in charging and collecting consideration and tax payable in respect of a supply made by the supplier but the registrant does not act as mandatory in making the supply, the registrant is deemed to have acted as mandatory of the supplier in making the supply for the purposes of

(1) section 41.0.1; and

(2) if an election under section 41.0.1 is made in respect of the supply, any other provision that refers to a supply in respect of which an election under that section has been made.

History: 2009, c. 5, s. 598.

**Corresponding Federal Provision:** 177(1.11).

**Joint revocation.**

**41.0.3.** A registrant and a supplier who have made an election under section 41.0.1 may, in the prescribed form containing prescribed information, jointly revoke the election in respect of a supply made on or after the effective date specified in the revocation, and the election is thereby deemed, for the purposes of this Title, not to have been made in respect of that supply.

History: 2009, c. 5, s. 598.

**Corresponding Federal Provision:** 177(1.12).

**Supply by a registrant on behalf of a person not required to collect tax.**

**41.1.** Where a person (in this section referred to as the “mandator”) makes a supply, other than an exempt or zero-rated supply, of corporeal movable property to a recipient, otherwise than by auction, in the case where the mandator is not required to collect tax in respect of the supply except as provided in this section and a registrant (in this section referred to as the “mandatory”), in the course of a commercial activity of the mandatory, acts as mandatory in making the supply on behalf of the mandator, the following rules apply:

(1) where the mandator is a registrant and the property was last used, or acquired for consumption or use, by the mandator in an endeavour of the mandator, within the meaning of section 42.0.1, and the mandator and the mandatory jointly elect in writing, the supply of the property to the recipient is deemed to be a taxable supply for the following purposes:

(a) all purposes of this Title, other than determining whether the mandator may claim an input tax refund in respect of property or services acquired or brought into Québec by the mandator for consumption or use in making the supply to the recipient, and

(b) the purpose of determining whether the mandator may claim an input tax refund in respect of a service supplied by the mandatory relating to the supply of the property to the recipient; and

(2) in any other case, the supply of the property to the recipient is deemed to be a taxable supply made by the mandatory and not by the mandator, and the mandatory is deemed, except for the purposes of section 327.7, not to have made a supply to the mandator of a service relating to the supply of the property to the recipient.

History: 1994, c. 22, s. 388; 1995, c. 1, s. 259; 1995, c. 63, s. 315; 1997, c. 85, s. 439.

**Corresponding Federal Provision:** 177(1).

**Supply by an auctioneer.**

**41.2.** Where a registrant (in this section referred to as the “auctioneer”), acting as auctioneer and mandatory for another person (in this section referred to as the “mandator”) in the course of a commercial activity of the auctioneer, makes, on behalf of the mandator, a supply by auction of movable corporeal property to a recipient, the supply is deemed to be a taxable supply made by the auctioneer and not by the mandator, and the auctioneer is deemed, except for the purposes of section 327.7, not to have made a supply to the mandator of a service relating to the supply of the property to the recipient.

History: 1994, c. 22, s. 388; 1995, c. 63, s. 316; 1997, c. 85, s. 439.

**Corresponding Federal Provision:** 177(1.2).

**Supply of prescribed property by an auctioneer.**

**41.2.1.** Where a registrant (in this section referred to as the “auctioneer”), on a particular day, makes a particular supply by auction of prescribed property on behalf of another registrant (in this section referred to as the “mandator”) and, but for section 41.2, that supply would be a taxable supply made by the mandator, section 41.2 does not apply to the particular supply or to any supply made by the auctioneer to the mandator of a service relating to the particular supply where

(1) the auctioneer and the mandator jointly elect in prescribed form containing prescribed information in respect of the particular supply; and

(2) all or substantially all of the consideration for supplies made by auction on the particular day by the auctioneer on behalf of the mandator is attributable to supplies of prescribed property in respect of which the auctioneer and the mandator have elected under this section.

History: 1997, c. 85, s. 440.

**Corresponding Federal Provision:** 177(1.3).

**41.3.** *(Repealed).*

History: 1994, c. 22, s. 388; 1995, c. 63, s. 317; 1997, c. 85, s. 441.

**41.4.** *(Repealed).*

History: 1994, c. 22, s. 388; 1995, c. 1, s. 260; 1995, c. 63, s. 318; 1997, c. 85, s. 441.

**41.5.** *(Repealed).*

History: 1994, c. 22, s. 388; 1995, c. 63, s. 319; 1997, c. 85, s. 441.

**Supply of incorporeal movable property on behalf of an artist.**

**41.6.** Except for sections 294 to 297, 462 and 462.1, where a prescribed registrant, acting in the course of a commercial activity, makes a supply on behalf of another person of incorporeal movable property in respect of a product of an author, performing artist, painter, sculptor or other artist, the following rules apply:

- (1) the other person is deemed not to have made the supply to the recipient;
- (2) the registrant is deemed to have made the supply to the recipient; and
- (3) the registrant is deemed not to have made a supply to the other person of a service in relation to the supply to the recipient.

History: 1994, c. 22, s. 388; 1997, c. 85, s. 442.

**Corresponding Federal Provision:** 177(2).

3. — *Collecting bodies and collective societies*

**Definitions:**

**41.7.** In this subdivision 3,

**“collecting body”;**

“collecting body” has the meaning assigned by section 79 of the Copyright Act (Revised Statutes of Canada, 1985, chapter C-42);

**“collective society”;**

“collective society” means a collective society, within the meaning of section 2 of the Copyright Act, that is a registrant;

**“eligible author”;**

“eligible author” has the meaning assigned by section 79 of the Copyright Act;

**“eligible maker”;**

“eligible maker” has the meaning assigned by section 79 of the Copyright Act;

**“eligible performer”.**

“eligible performer” has the meaning assigned by section 79 of the Copyright Act.

History: 2015, c. 21, s. 636.

**Corresponding Federal Provision:** 177(1) and (2).

**Supply by collecting body or collective society.**

**41.8.** Where a collecting body or a collective society makes a taxable supply to a person that is an eligible author, eligible maker, eligible performer or a collective society and the supply includes a service of collecting or distributing the levy payable under section 82 of the Copyright Act (Revised Statutes of Canada, 1985, chapter C-42), the value of the consideration for the supply is, for the purpose of determining tax payable in respect of the supply, deemed to be equal to the amount determined by the formula

$$A - B.$$

**Interpretation.**

For the purposes of the formula in the first paragraph,

- (1) A is the value of that consideration as otherwise determined for the purposes of this Title; and
- (2) B is the part of the value of the consideration referred to in paragraph 1 that is exclusively attributable to the service.

History: 2015, c. 21, s. 636.

**Corresponding Federal Provision:** 177.1(3).

§2. — *Commercial activity*

**42.** *(Repealed).*

History: 1991, c. 67, s. 42; 1994, c. 22, s. 389.

**“endeavour”.**

**42.0.1.** For the purposes of sections 42.0.2 to 42.0.9, “endeavour” of a person means

- (1) a business of the person;
- (2) an adventure or concern of the person in the nature of trade; or
- (3) the making of a supply by the person of an immovable of the person, including anything done by the person in the course of or in connection with the making of the supply.

History: 1995, c. 1, s. 261; 1997, c. 85, s. 443.

**Corresponding Federal Provision:** 141.01(1).

**“consideration”.**

**42.0.1.1.** For the purposes of sections 42.0.1.2 to 42.0.5, “consideration” does not include nominal consideration.

History: 1997, c. 85, s. 444.

**Corresponding Federal Provision:** 141.01(1.1).

**Grants and subsidies.**

**42.0.1.2.** For the purposes of sections 42.0.1 to 42.0.9, where an amount is not consideration for a supply and is a grant, subsidy, forgivable loan or other assistance in the form



of money and the assistance may reasonably be considered to be provided for the purpose of funding an activity of the registrant that involves the making of taxable supplies for no consideration, the amount is deemed to be consideration for those supplies where it is received by the registrant from a person who is

(1) a government, a municipality or a band within the meaning of section 2 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5);

(2) a corporation that is controlled by a person referred to in paragraph 1 and one of the main purposes of which is to provide such assistance; or

(3) a trust, board, commission or other body that is established by a person referred to in paragraph 1 or 2 and one of the main purposes of which is to provide such assistance.

History: 1997, c. 85, s. 444; 2020, c. 16, s. 198.

**Corresponding Federal Provision:** 141.01(1.2).

**Consumption or use in the course of an endeavour.**

**42.0.2.** Where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person for the purpose of making taxable supplies for consideration in the course of that endeavour.

History: 1995, c. 1, s. 261; 1995, c. 63, s. 320; 1997, c. 85, s. 445.

**Corresponding Federal Provision:** 141.01(2)(a).

**Consumption or use in the course of an endeavour.**

**42.0.3.** Where a person acquires or brings into Québec property or a service for consumption or use in the course of an endeavour of the person, the person is deemed to have acquired or brought into Québec the property or service for consumption or use otherwise than in the course of commercial activities of the person, to the extent that the property or service is acquired or brought into Québec by the person

(1) for the purpose of making supplies in the course of that endeavour that are not taxable supplies made for consideration; or

(2) for a purpose other than the making of supplies in the course of that endeavour.

History: 1995, c. 1, s. 261; 1995, c. 63, s. 321; 1997, c. 85, s. 446.

**Corresponding Federal Provision:** 141.01(2)(b).

**Consumption or use in the course of an endeavour.**

**42.0.4.** Where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be in the course of commercial activities of the person, to the extent that the consumption or use is for the purpose of making taxable supplies for consideration in the course of that endeavour.

History: 1995, c. 1, s. 261; 1995, c. 63, s. 322; 1997, c. 85, s. 447.

**Corresponding Federal Provision:** 141.01(3)(a).

**Consumption or use in the course of an endeavour.**

**42.0.5.** Where a person consumes or uses property or a service in the course of an endeavour of the person, that consumption or use is deemed to be otherwise than in the course of commercial activities of the person, to the extent that the consumption or use is

(1) for the purpose of making supplies in the course of that endeavour that are not taxable supplies made for consideration; or

(2) for a purpose other than the making of supplies in the course of that endeavour.

History: 1995, c. 1, s. 261; 1995, c. 63, s. 323; 1997, c. 85, s. 448.

**Corresponding Federal Provision:** 141.01(3)(b).

**Taxable supply for no consideration or nominal consideration.**

**42.0.6.** Where a supplier makes a taxable supply (in this section referred to as a “free supply”) of property or a service for no consideration or nominal consideration in the course of a particular endeavour of the supplier and it can reasonably be regarded that among the purposes (in this section referred to as the “specified purposes”) for which the free supply is made is the purpose of facilitating, furthering or promoting the acquisition, consumption or use of other property or services by any other person, or an endeavour of any person, the following rules apply:

(1) for the purposes of sections 42.0.2 and 42.0.3, the supplier is deemed to have acquired or brought into Québec a particular property or service for use in the course of the particular endeavour, and for the specified purposes and not for the purpose of making the free supply, to the extent that the supplier acquired or brought into Québec the particular property or service for the purpose of making the free supply of that property or service or for consumption or use in the course of making the free supply; and

(2) for the purposes of sections 42.0.4 and 42.0.5, the supplier is deemed to have consumed or used a particular property or service for the specified purposes and not for the purpose of making the free supply, to the extent that he consumed or used the particular property or service for the purpose of making the free supply.

History: 1995, c. 1, s. 261 [amended by 1997, c. 85, s. 724]; 1995, c. 63, s. 324.

**Corresponding Federal Provision:** 141.01(4).

**Method of determining extent of use.**

**42.0.7.** Subject to sections 42.0.10 to 42.0.24, the methods used by a person in a fiscal year to determine the extent to which properties or services are acquired or brought into Québec by the person for the purpose of making taxable supplies for consideration or for other purposes and the extent to which the consumption or use of properties or services is for the purpose of making taxable supplies for consideration or for other purposes must be fair and reasonable and must be used consistently by the person throughout the year.

History: 1995, c. 1, s. 261; 1995, c. 63, s. 325; 1997, c. 85, s. 449; 2012, c. 28, s. 45; 2015, c. 21, s. 637.

**Corresponding Federal Provision:** 141.01(5).

**Application of sections 42.0.2 to 42.0.5.**

**42.0.8.** Where under a particular provision of this Title, other than sections 42.0.2 to 42.0.6, certain facts or circumstances are deemed to exist, and that deeming is dependent, in whole or in part, on the particular circumstance that property or a service is or was acquired or brought into Québec for consumption or use, or consumed or used, to a certain extent in the course of, or otherwise than in the course of, commercial activities or other activities, the following rules apply:

(1) for the purpose of determining whether the particular circumstance exists, that certain extent shall be determined under sections 42.0.2 to 42.0.5; and

(2) where it is determined that the particular circumstance exists and all other circumstances necessary for the particular provision to apply exist, the deeming by the particular provision applies notwithstanding sections 42.0.2 to 42.0.5.

History: 1995, c. 1, s. 261.

**Corresponding Federal Provision:** 141.01(6).

**Presumptions under other provisions.**

**42.0.9.** Where under a provision of this Title, the consideration for a supply is deemed not to be consideration for the supply, a supply is deemed to be made for no consideration or a supply is deemed not to have been made by a person, that deeming does not apply for the purposes of sections 42.0.1 to 42.0.6.

History: 1995, c. 1, s. 261.

**Corresponding Federal Provision:** 141.01(7).

**Definitions:**

**42.0.10.** For the purposes of this section and sections 42.0.11 to 42.0.24,

**“business input”;**

“business input” means an excluded input, an exclusive input or a residual input;

**“direct attribution method”;**

“direct attribution method” means a method, conforming to criteria, rules, terms and conditions specified by the Minister of National Revenue, of determining in the most direct manner the operative extent and the procurative extent of a property or a service;

**“direct input”;**

“direct input” means a property or a service, other than an excluded input, an exclusive input or a non-attributable input;

**“excluded input”;**

“excluded input” of a person means

(1) a property that is for use by the person as capital property;

(2) a property or a service that is acquired or brought into Québec by the person for use as an improvement to a property described in paragraph 1; or

(3) a prescribed property or service;

**“exclusive input”;**

“exclusive input” of a person means a property or a service (other than an excluded input) that is acquired or brought into Québec by the person for consumption or use directly and exclusively for the purpose of making a taxable supply for consideration or directly and exclusively for purposes other than making a taxable supply for consideration;

**“non-attributable input”;**

“non-attributable input” of a person means a property or a service that is

(1) not an excluded input or an exclusive input of the person;

(2) acquired or brought into Québec by the person; and

(3) not attributable to the making of any particular supply by the person;

**“operative extent”;**

“operative extent” of a property or a service means, as the case may be, the extent to which the consumption or use of the property or service is for the purpose of making a taxable supply for consideration or the extent to which the consumption or use of the property or service is for purposes other than making a taxable supply for consideration;

**“procurative extent”;**

“procurative extent” of a property or a service means, as the case may be, the extent to which the property or service is acquired or brought into Québec for the purpose of making a taxable supply for consideration or the extent to which the property or service is acquired or brought into Québec for purposes other than making a taxable supply for consideration;

**“qualifying institution”;**

“qualifying institution” for a particular fiscal year means a person that meets the conditions set out in the definition of “qualifying institution” in subsection 1 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

**“residual input”;**

“residual input” means a direct input or a non-attributable input;

**“specified method”.**

“specified method” means a method, conforming to criteria, rules, terms and conditions specified by the Minister of National Revenue, of determining the operative extent and the procurative extent of a property or a service.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(1).

**Clarification.**

**42.0.11.** For the purposes of sections 42.0.10 and 42.0.12 to 42.0.24, the following rules apply:

(1) a consideration does not include a nominal consideration; and

(2) a person is deemed to be a financial institution of a prescribed class throughout a fiscal year of the person if the person is a financial institution of that class at any time in the fiscal year.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(2) and (3).

**Allocation of exclusive inputs.**

**42.0.12.** The following rules apply in respect of an exclusive input of a financial institution:

(1) if the exclusive input is acquired or brought into Québec for consumption or use directly and exclusively for the purpose of making a taxable supply for consideration, the financial institution is deemed to have acquired or brought into Québec the exclusive input for consumption or use exclusively in the course of commercial activities of the financial institution; and

(2) if the exclusive input is acquired or brought into Québec for consumption or use directly and exclusively for purposes other than that mentioned in paragraph 1, the financial institution is deemed to have acquired or brought into Québec the exclusive input for consumption or use exclusively otherwise than in the course of commercial activities of the financial institution.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(6).

**Residual inputs — prescribed extent of use.**

**42.0.13.** If a financial institution is a qualifying institution for any of its fiscal years, the following rules apply for the fiscal year in respect of a residual input:

(1) the extent to which the consumption or use of the residual input is for the purpose of making a taxable supply for consideration is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution;

(2) the extent to which the consumption or use of the residual input is for purposes other than that mentioned in paragraph 1 is deemed to be equal to the amount by which 100% exceeds the prescribed percentage for the prescribed class of the financial institution;

(3) the extent to which the residual input is acquired or brought into Québec by the financial institution for the purpose of making a taxable supply for consideration is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution;

(4) the extent to which the residual input is acquired or brought into Québec by the financial institution for purposes other than that mentioned in paragraph 3 is deemed to be equal to the amount by which 100% exceeds the prescribed percentage for the prescribed class of the financial institution; and

(5) for the purpose of determining an input tax refund in respect of the residual input, the value of B in the formula in the first paragraph of section 199 is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(8).

**Residual inputs — elected extent of use.**

**42.0.14.** Subject to the second paragraph, if a person is a financial institution (other than a qualifying institution) of a prescribed class throughout any of the person’s fiscal years and the person made an election under subsection 9 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) for the fiscal year, the following rules apply for the fiscal year in respect of each residual input of the person:

(1) the extent to which the consumption or use of the residual input is for the purpose of making a taxable supply for consideration is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution;

(2) the extent to which the consumption or use of the residual input is for purposes other than that mentioned in subparagraph 1 is deemed to be equal to the amount by

which 100% exceeds the prescribed percentage for the prescribed class of the financial institution;

(3) the extent to which the residual input is acquired or brought into Québec by the financial institution for the purpose of making a taxable supply for consideration is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution;

(4) the extent to which the residual input is acquired or brought into Québec by the financial institution for purposes other than that mentioned in subparagraph 3 is deemed to be equal to the amount by which 100% exceeds the prescribed percentage for the prescribed class of the financial institution; and

(5) for the purpose of determining an input tax refund in respect of the residual input, the value of B in the formula in the first paragraph of section 199 is deemed to be equal to the prescribed percentage for the prescribed class of the financial institution.

**Revocation of election.**

The election referred to in the first paragraph in respect of a fiscal year of the person ceases to have effect at the beginning of the fiscal year and is deemed never to have been made for the purposes of this Title if, under subsection 30 of section 141.02 of the Excise Tax Act, the election ceases to have effect at the beginning of the fiscal year and is deemed never to have been made for the purposes of Part IX of that Act.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(9) and (30).

**Non-attributable inputs — specified method.**

**42.0.15.** If a financial institution (other than a qualifying institution) has not made the election referred to in section 42.0.14 in respect of any of its fiscal years, the financial institution shall use a specified method to determine for the fiscal year the operative extent and the procurative extent of each of its non-attributable inputs.

**Exception.**

Despite the first paragraph, if a financial institution (other than a qualifying institution) has not made the election referred to in section 42.0.14 in respect of any of its fiscal years and no specified method applies during the fiscal year to a particular non-attributable input of the financial institution, the financial institution shall use another attribution method to determine for the fiscal year the operative extent and the procurative extent of the particular non-attributable input.

**Specified method.**

The specified method used by a financial institution in accordance with the first paragraph, or the other attribution

method used by the financial institution in accordance with the second paragraph, to determine the operative extent and the procurative extent of a non-attributable input for any of its fiscal years must be the same as that used, if applicable, by the financial institution for the fiscal year in respect of the non-attributable input in accordance with subsection 10 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or subsection 11 of that section, as the case may be.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(10) and (11).

**Direct inputs.**

**42.0.16.** If a financial institution (other than a qualifying institution) has not made the election referred to in section 42.0.14 in respect of any of its fiscal years, the financial institution shall use a direct attribution method to determine for the fiscal year the operative extent and the procurative extent of each of its direct inputs.

**Exception.**

Despite the first paragraph, if a financial institution (other than a qualifying institution) has not made the election referred to in section 42.0.14 in respect of any of its fiscal years and no direct attribution method applies during the fiscal year to a particular direct input of the financial institution, the financial institution shall use another attribution method to determine in the most direct manner for the fiscal year the operative extent and the procurative extent of the particular direct input.

**Same method as under the Excise Tax Act.**

The direct attribution method used by a financial institution in accordance with the first paragraph, or the other attribution method used by the financial institution in accordance with the second paragraph, to determine the operative extent and the procurative extent of a direct input for any of its fiscal years must be the same as that used, if applicable, by the financial institution for the fiscal year in respect of the direct input in accordance with subsection 12 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or subsection 13 of that section, as the case may be.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(12) and (13).

**Excluded inputs.**

**42.0.17.** A financial institution shall use a specified method to determine for any of its fiscal years the operative extent and the procurative extent of each of its excluded inputs.

**Exception.**

Despite the first paragraph, if no specified method applies during any of the fiscal years of a financial institution to a

particular excluded input of the financial institution, the financial institution shall use another attribution method to determine for the fiscal year the operative extent and the procurative extent of the particular excluded input.

**Same method as under the Excise Tax Act.**

The specified method used by a financial institution in accordance with the first paragraph, or the other attribution method used by the financial institution in accordance with the second paragraph, to determine the operative extent and the procurative extent of an excluded input for any of its fiscal years must be the same as that used, if applicable, by the financial institution for the fiscal year in respect of the excluded input in accordance with subsection 14 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or subsection 15 of that section, as the case may be.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(14) and (15).

**Attribution method — conditions.**

**42.0.18.** Any method that a financial institution is required in accordance with any of sections 42.0.15 to 42.0.17 to use in respect of any of its fiscal years must be

- (1) fair and reasonable;
- (2) used consistently by the financial institution throughout the fiscal year; and
- (3) subject to section 42.0.19, determined by the financial institution no later than the day on which the financial institution is required to file the return provided for in Division IV of Chapter VIII for the first reporting period in the fiscal year.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(16).

**Alteration or substitution of method.**

**42.0.19.** Any method used by a financial institution in accordance with any of sections 42.0.15 to 42.0.17 in respect of any of its fiscal years may not, after the day on which the financial institution is required to file the return provided for in Division IV of Chapter VIII for the first reporting period in the fiscal year, be altered or substituted with another method for the fiscal year, unless the Minister consents to the alteration or substitution.

**Deemed consent to the alteration or substitution.**

Where the Minister of National Revenue consents, in accordance with subsection 17 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), that a method used by a financial institution for any of its fiscal years be altered or substituted with

another method for the fiscal year, the Minister is deemed to consent to the alteration or substitution.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(17).

**Use of particular methods.**

**42.0.20.** Where, in accordance with subsection 20 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the Minister of National Revenue has authorized the use of particular methods in respect of the fiscal year of a person, the following rules apply:

- (1) to determine the operative extent and the procurative extent of each of the person's business inputs, the particular methods must be used consistently by the person throughout the fiscal year and as specified in the application filed for that purpose with the Minister of National Revenue under subsection 18 of section 141.02 of the Excise Tax Act; and
- (2) sections 42.0.12 to 42.0.17 do not apply for the fiscal year in respect of the person's business inputs.

**Authorization deemed never to have been granted.**

The authorization referred to in the first paragraph in respect of a fiscal year of the person ceases to have effect at the beginning of the fiscal year and is deemed never to have been granted for the purposes of this Title if, under subsection 23 of section 141.02 of the Excise Tax Act, the authorization ceases to have effect at the beginning of the fiscal year and is deemed never to have been granted for the purposes of Part IX of that Act.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(21) and (23).

**Use of particular methods.**

**42.0.21.** Despite sections 42.0.12, 42.0.13 and 42.0.17, where a person has made an election under subsection 27 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) for a fiscal year to use particular methods described in an application filed by the person under subsection 18 of section 141.02 of that Act to determine the operative extent and the procurative extent of each of the business inputs of the person, and where the conditions of subsections 27 and 28 of section 141.02 of that Act are met, the particular methods must be used for the fiscal period.

**Revocation of election.**

The election referred to in the first paragraph in respect of a fiscal year of the person ceases to have effect at the beginning of the fiscal year and is deemed never to have been made for the purposes of this Title if, under subsection 30 of section 141.02 of the Excise Tax Act, the election ceases to be in force at the beginning of the fiscal

year and is deemed never to have been made for the purposes of Part IX of that Act.

History: 2012, c. 28, s. 46.

**Corresponding Federal Provision:** 141.02(27) and (30).

**Burden of proof.**

**42.0.22.** For the purposes of a contestation filed or an appeal brought by a financial institution under the Tax Administration Act (chapter A-6.002) and pertaining to an assessment under this Title for a reporting period in a fiscal year in respect of an issue relating to the determination, under any of sections 42.0.15 to 42.0.17, 42.0.20 and 42.0.21, of the operative extent or the procurative extent of a business input, the burden of establishing the following facts is on the financial institution:

(1) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with the first paragraph of section 42.0.15 or 42.0.17, the financial institution used a specified method consistently throughout the fiscal year;

(2) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with the second paragraph of section 42.0.15 or 42.0.17, no specified method applied to the business input and the other attribution method used by the financial institution was fair and reasonable and used consistently by the financial institution throughout the fiscal year;

(3) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with the first paragraph of section 42.0.16, the financial institution used a direct attribution method consistently throughout the fiscal year;

(4) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with the second paragraph of section 42.0.16, no direct attribution method applied to the business input and the other attribution method used by the financial institution was fair and reasonable and used consistently by the financial institution throughout the fiscal year;

(5) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with section 42.0.20, the particular methods referred to in that section were used consistently by the financial institution, and as specified in the application referred to in subparagraph 1 of the first paragraph of section 42.0.20, throughout the fiscal year; and

(6) in the case of the determination of the operative extent or the procurative extent of the business input in accordance with section 42.0.21, the particular methods referred to in that section are fair and reasonable, were used consistently by the financial institution, and as specified in the application referred to in the first paragraph of section 42.0.21,

throughout the fiscal year, and, where the Minister of National Revenue has provided modifications to those methods under paragraph *e* of subsection 27 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the modified methods are not fair and reasonable for the purposes of that determination.

History: 2012, c. 28, s. 46; 2020, c. 12, s. 141.

**Corresponding Federal Provision:** 141.02(31).

**Ministerial direction.**

**42.0.23.** Despite sections 42.0.15 to 42.0.17, if under subsection 32 of section 141.02 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) the Minister of National Revenue directed a financial institution to use another method to determine, for a particular fiscal year or any subsequent fiscal year, the operative extent and the procurative extent of a business input, the other method must also be used by the financial institution in respect of that business input for such a fiscal year.

History: 2012, c. 28, s. 46; 2015, c. 36, s. 202.

**Corresponding Federal Provision:** 141.02(32).

**Method directed by the Minister.**

**42.0.24.** If a financial institution is required to use another method because of section 42.0.23 in respect of a business input for a fiscal year, the Minister assesses the net tax of the financial institution for a reporting period included in the fiscal year and the financial institution contests or appeals the assessment in respect of an issue relating to the application of that section, the following rules apply:

(1) the burden of proving that the other method is fair and reasonable is on the Minister; and

(2) if a court of last resort determines that the other method is not fair and reasonable, section 42.0.23 may not be applied to require the financial institution to use a particular method for the fiscal year in respect of the business input.

History: 2012, c. 28, s. 46; 2020, c. 12, s. 142.

**Corresponding Federal Provision:** 141.02(33).

**Supply of movable property in the course of commercial activities.**

**42.1.** A person is deemed to have made a supply of movable property in the course of a commercial activity where the person makes a supply, other than an exempt supply, of movable property that

(1) was last acquired or brought into Québec by the person for consumption or use in the course of the person's commercial activities;

(2) was consumed or used by the person in the course of a commercial activity of the person after it was last acquired or brought into Québec by the person;

(3) was manufactured or produced by the person in the course of a commercial activity of the person or for consumption or use in the course of a commercial activity of the person, and was not deemed to have been acquired by the person; or

(4) was manufactured or produced by the person and consumed or used in the course of a commercial activity of the person, and was not deemed to have been acquired by the person.

History: 1994, c. 22, s. 390.

**Corresponding Federal Provision:** 141.1(1)(a).

**Supply of movable property otherwise than in the course of commercial activities.**

**42.2.** A person is deemed to have made a supply of movable property otherwise than in the course of commercial activities where the person makes a supply, other than a supply made by way of lease, licence or similar arrangement in the course of a business of the person, of movable property that

(1) was last acquired or brought into Québec by the person exclusively for consumption or use in the course of activities of the person that are not commercial activities and was not consumed or used by the person in the course of commercial activities of the person after it was last acquired or brought into Québec by the person; or

(2) was manufactured or produced by the person in the course of activities of the person that are not commercial activities exclusively for consumption or use in the course of activities of the person that are not commercial activities, was not consumed or used in the course of a commercial activity of the person and was not deemed to have been acquired by the person.

History: 1994, c. 22, s. 390.

**Corresponding Federal Provision:** 141.1(1)(b).

**Supply by way of sale of movable property or a service in the course of commercial activities.**

**42.3.** A person is deemed to have made a supply of movable property or a service in the course of commercial activities of the person where the person makes a supply by way of sale of movable property or a service that was acquired, brought into Québec, manufactured or produced by the person exclusively for the purpose of making a supply of that property or service by way of sale in the course of a business of the person or in the course of an adventure or concern of the person in the nature of trade, except where

- (1) the supply is an exempt supply;
- (2) section 42.4 applies in respect of the supply; or
- (3) the person is an individual or a partnership, all of the members of which are individuals, who carries on the

business or engages in the adventure or concern without a reasonable expectation of profit.

History: 1994, c. 22, s. 390; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 141.1(2)(a).

**Supply by way of sale of movable property or a service.**

**42.4.** Where a person makes a supply by way of sale of movable property or a service that was acquired, brought into Québec, manufactured or produced by the person exclusively for the purpose of making an exempt supply of the property or service by way of sale, the person is deemed to have made the supply otherwise than in the course of commercial activities.

History: 1994, c. 22, s. 390.

**Corresponding Federal Provision:** 141.1(2)(b).

**Things done in the course of commercial activities.**

**42.5.** To the extent that a person does anything, other than make a supply, in connection with the acquisition, establishment, disposition or termination of a commercial activity of the person, the person is deemed to have done that thing in the course of commercial activities of the person.

History: 1994, c. 22, s. 390.

**Corresponding Federal Provision:** 141.1(3)(a).

**Things done otherwise than in the course of commercial activities.**

**42.6.** To the extent that a person does anything, other than make a supply, in connection with the acquisition, establishment, disposition or termination of an activity of the person that is not a commercial activity, the person is deemed to have done that thing otherwise than in the course of commercial activities.

History: 1994, c. 22, s. 390.

**Corresponding Federal Provision:** 141.1(3)(b).

**Sale of movable property of a municipality.**

**42.6.1.** Despite sections 42.1 to 42.6, a supply (other than an exempt supply) made by way of sale of movable property of a municipality is deemed to have been made in the course of its commercial activities.

History: 2015, c. 21, s. 638.

**Corresponding Federal Provision:** 141.2(1).

**Sale of movable property of a designated municipality.**

**42.6.2.** Despite sections 42.1 to 42.6, a supply (other than an exempt supply) made by way of sale of movable property of a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII is deemed to have been made in the course of its commercial activities if the property is designated municipal property of the person.

History: 2015, c. 21, s. 638.

**Corresponding Federal Provision:** 141.2(2).

**42.7.** (*Repealed*).

History: 1995, c. 63, s. 326; 2012, c. 28, s. 47.

**Use in commercial activities.**

**43.** Where substantially all of the consumption or use of property or a service by a person, other than a financial institution, is in the course of the person's commercial activities, all of the consumption or use of the property or service by the person is deemed to be in the course of those activities.

History: 1991, c. 67, s. 43; 1994, c. 22, s. 391; 2012, c. 28, s. 48.

**Corresponding Federal Provision:** 141(1).

**Intended use in commercial activities.**

**44.** Where substantially all of the consumption or use for which a person, other than a financial institution, acquired or brought into Québec property or a service is in the course of the person's commercial activities, all of the consumption or use for which the person acquired or brought the property or service is deemed to be in the course of those activities.

History: 1991, c. 67, s. 44; 1994, c. 22, s. 391; 2012, c. 28, s. 48.

**Corresponding Federal Provision:** 141(2).

**Use in other activities.**

**45.** Where substantially all of the consumption or use of property or a service by a person, other than a financial institution, is in the course of particular activities of the person that are not commercial activities, all of the consumption or use is deemed to be in the course of those particular activities.

History: 1991, c. 67, s. 45; 1994, c. 22, s. 391; 2012, c. 28, s. 48.

**Interpretation Bulletins:** TVQ. 206.3-5.

**Corresponding Federal Provision:** 141(3).

**Intended use in other activities.**

**46.** Where substantially all of the consumption or use for which a person, other than a financial institution, acquired or brought into Québec property or a service is in the course of particular activities of the person that are not commercial activities, all of the consumption or use for which the person acquired or brought the property or service is deemed to be in the course of those particular activities.

History: 1991, c. 67, s. 46; 1994, c. 22, s. 391; 2012, c. 28, s. 48.

**Corresponding Federal Provision:** 141(4).

**Immovable that includes a residential complex.**

**47.** For the purposes of sections 43 to 46, where an immovable includes a residential complex and another part that is not part of the residential complex,

(1) the residential complex is deemed to be a property separate from the other part; and

(2) where property or a service is acquired or brought into Québec for consumption or use in relation to the immovable, sections 43 to 46 apply to the property or service only to the extent that it is acquired or brought into Québec for consumption or use in relation to the part that is not part of the residential complex.

History: 1991, c. 67, s. 47; 1994, c. 22, s. 391; 1997, c. 85, s. 450.

**Corresponding Federal Provision:** 141(5).

**Supply made by a government or municipality.**

**48.** The following supplies, when made for consideration by a government or municipality or a board, commission or other body established by a government or municipality are, for greater certainty, deemed to be made in the course of a commercial activity, except where the supply is an exempt supply:

(1) a supply of a service of testing or inspecting any property for the purpose of verifying or certifying that the property meets particular standards of quality or is suitable for consumption, use or supply in a particular manner;

(2) a supply to a consumer of a right to hunt or fish;

(3) a supply of a right to take or remove forestry products, products that grow in water, fishery products, minerals or peat, where the supply is made to

(a) a consumer, or

(b) a person who is not a registrant and who acquires the right in the course of a business of the person of making supplies of the products, minerals or peat to consumers;

(4) a supply of a licence, permit, quota or similar right in respect of the bringing into Québec of alcoholic beverages; and

(5) a supply of a right to enter, to have access to or to use property of the government, municipality or other body.

History: 1991, c. 67, s. 48; 1994, c. 22, s. 392.

**Corresponding Federal Provision:** 146.

**Foreign convention.**

**48.1.** The following supplies, when made by a sponsor of a foreign convention, are deemed to have been made otherwise than in the course of a commercial activity of the sponsor:

(1) a supply of an admission to the convention;

(2) a supply by way of lease, licence or similar arrangement of an immovable for use by the recipient of the supply exclusively as the site for the promotion, at the convention, of a business of, or of property or services supplied by, the recipient; and



(3) a supply of related convention supplies to the recipient of the supply referred to in paragraph 2.

History: 1994, c. 22, s. 393.

**Corresponding Federal Provision:** 189.2.

**49.** *(Repealed).*

History: 1991, c. 67, s. 49; 1994, c. 22, s. 394; 1995, c. 1, s. 262.

**50.** *(Repealed).*

History: 1991, c. 67, s. 50; 1997, c. 3, s. 135; 1997, c. 85, s. 451.

**DIVISION III  
CONSIDERATION**

**Value of consideration — general rule.**

**51.** The value of the consideration, or any part thereof, for a supply is deemed to be equal,

(1) where the consideration or that part is expressed in money, to the amount of the money; and

(2) where the consideration or that part is expressed otherwise than in money, to the fair market value of the consideration or that part at the time the supply was made.

History: 1991, c. 67, s. 51.

**Interpretation Bulletins:** TVQ. 51-1; TVQ. 51-2; TVQ. 51-3; TVQ. 350.7.2-1/R1.

**Corresponding Federal Provision:** 153(1).

**51.1.** *(Repealed).*

History: 1994, c. 22, s. 395; 1995, c. 63, s. 327; 1997, c. 85, s. 452.

“provincial levy”.

**52.** For the purposes of this section, “provincial levy” means a duty, fee or tax imposed under an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut in respect of the supply, consumption or use of property or a service.

**Consideration.**

The consideration for a supply of property or a service includes

(1) any duty, fee or tax imposed under an Act of Canada, other than tax imposed under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), that is payable by the recipient, or payable or collectible by the supplier, in respect of that supply or in respect of the production, importation into Canada, consumption or use of the property or service;

(2) any provincial levy that is payable by the recipient, or payable or collectible by the supplier, in respect of that supply or in respect of the consumption or use of the property or service, other than tax payable under this Title

and the prescribed duties, fees or taxes payable by the recipient;

(3) any other amount that is collectible by the supplier under an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut that is equal to, or is collectible on account of or in lieu of, a provincial levy, except where the amount is payable by the recipient and the provincial levy is a prescribed duty, fee or tax.

**Presumption.**

If, under Title I, a person is deemed to be the recipient of a supply in respect of which another person would, but for that deeming, be the recipient, a reference in this section to the recipient of the supply shall be read as a reference to that other person.

History: 1991, c. 67, s. 52; 2001, c. 53, s. 283; 2003, c. 2, s. 311; 2012, c. 28, s. 49.

**Interpretation Bulletins:** TVQ. 225-1.

**Corresponding Federal Provision:** 154(1) to (3).

**52.1.** *(Repealed).*

History: 1993, c. 19, s. 176; 1995, c. 63, s. 328; 1997, c. 85, s. 453.

**Combined consideration.**

**53.** The second paragraph shall apply where

(1) consideration is paid for a supply and other consideration is paid for one or more other supplies or matters; and

(2) the consideration for one of the supplies or matters exceeds the consideration that would be reasonable if the other supply were not made or the other matter were not provided.

**Presumption.**

The consideration for each of the supplies and matters is deemed to be that part of the total of all amounts, each of which is consideration for one of those supplies or matters, that may reasonably be attributed to each of those supplies and matters.

History: 1991, c. 67, s. 53.

**Corresponding Federal Provision:** 153(2).

**Barter between registrants.**

**54.** The value of the consideration or a part of the consideration for a supply of property of a particular class or kind is deemed to be nil where

(1) the consideration or that part of the consideration for the supply of the property is property of that class or kind; and

(2) both the supplier and the recipient are registrants; and

(3) the property is acquired by the recipient and the consideration or that part thereof is acquired by the supplier as inventory for use exclusively in commercial activities of the recipient or supplier, as the case may be.

History: 1991, c. 67, s. 54.

**Corresponding Federal Provision:** 153(3).

**Trade-in as consideration.**

**54.1.** Where, at the time a supplier makes a supply of corporeal movable property to a recipient, the supplier accepts, in full or partial consideration for the supply, other property (in this section and in section 54.2 referred to as the “trade-in”) that is used corporeal movable property or a leasehold interest therein and is acquired for consumption, use or supply in the course of a commercial activity of the supplier, and the recipient is not required to collect the tax in respect of the supply of the trade-in otherwise than by reason of the application of subparagraph 3 of the second paragraph of section 422, the value of the consideration for the supply made by the supplier is deemed to be equal to the amount by which the value of the consideration for that supply, as otherwise determined, exceeds

(1) except where paragraph 2 applies, the amount credited to the recipient in respect of the trade-in; and

(2) where the supplier and the recipient are not dealing with each other at arm’s length at the time the supply is made and the amount credited to the recipient in respect of the trade-in exceeds the fair market value of the trade-in at the time ownership thereof is transferred to the supplier, that fair market value.

History: 1997, c. 85, s. 454 [amended by 1998, c. 16, s. 311]; 2002, c. 9, s. 155; 2019, c. 14, s. 536.

**Interpretation Bulletins:** TVQ, 206.1-10.

**Corresponding Federal Provision:** 153(4).

**Leaseback agreement.**

**54.1.1.** If a person (in this section and sections 54.1.2 to 54.1.5 referred to as the “lessee”) makes a supply by way of sale of corporeal movable property to another person (in this section referred to as the “lessor”), the lessee is not required to collect tax in respect of that supply and the lessor immediately makes a taxable supply of the property by way of lease to the lessee under an agreement (in this section and sections 54.1.2 to 54.1.5 referred to as the “original leaseback agreement”), the value of the consideration for a supply of the property by way of lease that, at a particular time, becomes due or is paid without having become due under a particular agreement that is the original leaseback agreement or a subsequent lease in respect of that agreement, is deemed to be equal to the amount determined by the formula

$A - B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the value of the consideration as otherwise determined; and

(2) B is the amount (in this section referred to as the “purchase credit”) that is equal to the lesser of

(a) the value of A, and

(b) the amount determined by the formula

$C / D$ , or

(c) if there is no unused total purchase credit within the meaning of subparagraph 1 of the third paragraph, zero.

**Interpretation.**

For the purposes of the formula in subparagraph *b* of subparagraph 2 of the second paragraph,

(1) C is the amount (in this section and section 54.1.5 referred to as the “unused total purchase credit”) by which the consideration for the supply by way of sale exceeds the total of all amounts each of which is the purchase credit that was determined in calculating the amount deemed under this section to be the value of any consideration that, before the particular time, became due or was paid without having become due under the original leaseback agreement or a subsequent lease in respect of that agreement; and

(2) D is the specified number of remaining lease payments under the particular agreement at the particular time.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.1).

**Specified number of remaining lease payments.**

**54.1.2.** For the purposes of section 54.1.1, “specified number of remaining lease payments”, at a particular time, in respect of a particular agreement for the supply of property by way of lease that is an original leaseback agreement or a subsequent lease in respect of that agreement, is the amount determined by the formula

$A - B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the total number of payments that the lessee was obligated to make as consideration for the supplies of the property by way of lease under the particular agreement based on the terms of that agreement at the time it was entered into; and

(2) B is the total number of payments referred to in subparagraph 1 that, before the particular time, became due or were paid by the lessee.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.2).

“subsequent lease”.

**54.1.3.** For the purposes of sections 54.1.1 to 54.1.5, “subsequent lease”, in respect of an original leaseback agreement for the supply of property by way of lease to a lessee, means

(1) an agreement for the supply of the property by way of lease that constitutes a new agreement between the lessee and an assignee of the rights and obligations of the person who is the supplier under the original leaseback agreement or under an agreement referred to in this paragraph or paragraph 2; or

(2) an agreement for the supply of the property by way of lease to the lessee that succeeds, as a new agreement, either the original leaseback agreement or a particular agreement referred to in paragraph 1 or in this paragraph upon a renewal or variation of that original leaseback agreement or particular agreement.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.3).

**Subsequent lease — presumption.**

**54.1.4.** For the purposes of sections 54.1.1, 54.1.2 and 54.1.5, where a supplier agrees, at any time, to renew, vary, terminate, otherwise than upon the exercise of an option to purchase, or assign a particular agreement for the supply of property by way of lease that is an original leaseback agreement or a subsequent lease in respect of that agreement and the renewal, variation, termination or assignment does not constitute a novation of the particular agreement but has the effect of changing the number of payments that the lessee is obligated to make for supplies by way of lease of the property under the particular agreement, the following rules apply:

(1) the supplier and lessee are deemed to have, at that time, entered into a subsequent lease in respect of the original leaseback agreement; and

(2) all supplies by way of lease for which consideration becomes due, or is paid without having become due, at or after the time the renewal, variation, termination or assignment takes effect that would, but for this section, be made under the particular agreement are deemed to be made under that subsequent lease and not under the particular agreement.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.4).

**Purchase option.**

**54.1.5.** Except for a purpose contemplated in paragraph 1 of section 54.2, if a supply of property by way of sale is made to a lessee on the exercise by the lessee of an option to purchase the property provided for in an original leaseback agreement entered into by the lessee in respect of the property, or in a subsequent lease in respect of that agreement, to which section 54.1.1 applied, and immediately before the earliest time at which the consideration for the supply becomes due or is paid without having become due, there is an unused total purchase credit in respect of the property, the following rules apply:

(1) the value of the consideration for the supply is deemed to be equal to the amount determined by the formula

$A - B$ ; and

(2) section 54.1.1 does not apply to any consideration that, after that earliest time, becomes due or is paid without having become due for any supply of the property by way of lease that was made under the original leaseback agreement or under a subsequent lease in respect of that agreement.

**Interpretation.**

For the purposes of this formula,

(1) A is the value of the consideration for the supply as otherwise determined; and

(2) B is that unused total purchase credit.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.5).

**Presumption.**

**54.1.6.** For the purposes of sections 54.1.1 to 54.1.5, if a person makes a supply of property by way of sale to a recipient with whom the person is not dealing at arm’s length and the consideration for the supply exceeds the fair market value of the property at the time ownership of the property is transferred to the recipient, the consideration for the supply is deemed to be equal to that fair market value.

History: 2001, c. 53, s. 284.

**Corresponding Federal Provision:** 153(4.6).

**Exception.**

**54.2.** Sections 54.1 and 54.1.1 do not apply

(1) for the purpose of determining, for the purposes of any provision of this Title, whether the value of consideration for a supply of property equals, exceeds or is less than another amount specified in another provision;

(2) for the purposes of sections 294, 295, 297, 462 and 462.1; or

(3) to any supply of a trade-in that is a zero-rated supply, other than a zero-rated supply under section 197.2 made by a small supplier who is not a registrant, a supply made outside Québec or a supply in respect of which no tax is payable because of paragraph 1 of section 75.1 or section 334;

(4) *(paragraph repealed)*.

History: 1997, c. 85, s. 454 [amended by 1998, c. 16, s. 311]; 2001, c. 51, s. 263; 2002, c. 9, s. 156; 2003, c. 9, s. 456; 2005, c. 38, s. 363; 2019, c. 14, s. 537.

**Corresponding Federal Provision:** 153(5).

**Exchange of natural gas liquids for make-up gas.**

**54.3.** If natural gas is transported by pipeline to a straddle plant at which natural gas liquids or ethane (each of which is referred to in this section as “natural gas liquids”) is recovered from the natural gas, the residue gas is returned to the pipeline after the recovery along with other natural gas (in this section referred to as “make-up gas”) that is supplied solely to make up for the loss of energy content due to the recovery, and the consideration or a part of the consideration for any supply of the natural gas liquids, or the right to recover the liquids, or any supply of make-up gas is, in the case of a supply of natural gas liquids or the right to recover the liquids, the make-up gas, and, in the case of a supply of make-up gas, the natural gas liquids or the right to recover the liquids, the value of that consideration or part, as the case may be, is deemed to be nil.

History: 2001, c. 53, s. 285.

**Corresponding Federal Provision:** 153(6).

**Non-arm’s length supply.**

**55.** Where a supply of property or a service is made between persons not dealing with each other at arm’s length for no consideration or for consideration less than the fair market value of the property or service at the time the supply is made, and the recipient of the supply is not a registrant who is acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the recipient,

(1) if no consideration is paid for the supply, the supply is deemed to be made for consideration, paid at that time, of a value equal to the fair market value of the property or service at that time; and

(2) if consideration is paid for the supply, the value of the consideration is deemed to be equal to the fair market value of the property or service at that time.

**Exception.**

This section does not apply in respect of

(1) a supply of property or a service made by a person where

(a) an amount is deemed under section 290 to be the total consideration for the supply, or

(b) in the absence of the first paragraph,

i. the person, because of section 203 or 206, would not be entitled to claim an input tax refund in respect of the acquisition or bringing into Québec of the property or service by the person,

ii. section 286 would apply to the supply, or

iii. the supply would be an exempt supply referred to in Division V.1 or VI of Chapter III; or

(2) a supply by way of sale, other than by way of gift, of a used road vehicle made between related individuals.

History: 1991, c. 67, s. 55; 1993, c. 19, s. 177; 1994, c. 22, s. 396; 1995, c. 63, s. 329; 1997, c. 85, s. 455; 2002, c. 9, s. 157.

**Corresponding Federal Provision:** 156(1) and (2).

**Supply by way of sale of a used road vehicle.**

**55.0.1.** Where a taxable supply by way of sale of a used road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the vehicle is made for no consideration or for consideration less than the estimated value of the vehicle, the following rules apply:

(1) if no consideration is paid for the supply, the supply is deemed to be made for consideration, paid at that time, of a value equal to the estimated value of the vehicle; and

(2) if the consideration for the supply is less than the estimated value of the vehicle, the value of the consideration is deemed to be equal to that estimated value.

**Exceptions.**

This section does not apply in respect of

(1) a supply of a road vehicle made following the exercise by the recipient of a right to acquire the vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into by the recipient and the supplier;

(2) a supply of a road vehicle deemed to be made or received for no consideration or for consideration equal to the fair market value of the vehicle;

(3) a supply of a road vehicle in respect of which tax is deemed to be collected or paid; or

(4) a supply of a road vehicle made between individuals related to each other otherwise than by way of gift.

History: 1995, c. 1, s. 263; 2002, c. 9, s. 158.

**Interpretation Bulletins:** TVQ. 16-12/R2.

**Estimated value of a used road vehicle.**

**55.0.2.** For the purposes of section 55.0.1, the estimated value of a road vehicle is

(1) in the case of a vehicle for which the average wholesale price is listed in the most recent edition, on the first day of the month in which the vehicle is supplied, of the Guide d'Évaluation Hebdo (Automobiles et Camions Légers) published by Société Trader Corporation, that price less an amount of \$500;

(1.1) *(paragraph repealed)*;

(2) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the Canadian Motorcycle Dealers Blue Book published by All Seasons Publications Ltd., that price less an amount of \$500;

(3) in the case of a vehicle for which an average wholesale price is listed in the most recent edition, on the first day of the month preceding the month in which the vehicle is supplied, of the Canadian ATV, Snowmobile & Watercraft Dealers Blue Book published by All Seasons Publications Ltd., that price less an amount of \$500; and

(4) in any other case, the value of the vehicle determined by the Minister.

History: 1995, c. 1, s. 263; 1995, c. 63, s. 330; 1997, c. 14, s. 333; 2000, c. 39, s. 281; 2017, c. 1, s. 446; 2017, c. 29, s. 247.

**Interpretation Bulletins:** TVQ. 16-12/R2.

**Damage or unusual wear.**

**55.0.3.** Where section 55.0.1 applies to the supply of a road vehicle that is damaged or shows unusual wear and at the time of the supply the recipient provides the person mentioned in the second paragraph with a written estimate of the vehicle or of the repairs to be carried out in respect of the vehicle, the estimated value of the vehicle described in section 55.0.2 may be reduced by an amount equal to

(1) the amount by which that value exceeds the value of the vehicle stated in the written estimate; or

(2) the amount by which the value stated in the written estimate of the repairs to be carried out in respect of the vehicle exceeds \$500.

**Person to whom the written estimate must be given.**

The person referred to in the first paragraph is

(1) in the case of a supply under section 20.1, the Minister or a person prescribed for the purposes of section 473.1;

(2) in the case of a supply of a motor vehicle by way of retail sale, the supplier of the vehicle and, as the case may be,

the Minister or a person prescribed for the purposes of section 473.1.1; and

(3) in any other case, the supplier of the vehicle.

**Written estimate.**

The written estimate must be made by a person who has been issued a certificate of professional qualification as an estimator of automobile damage by the Groupement des assureurs automobiles, established by the Automobile Insurance Act (chapter A-25), in the course of the person's professional practice within a certified appraisal centre or an establishment accredited by the Groupement.

History: 1995, c. 1, s. 263; 1995, c. 63, s. 331; 2001, c. 51, s. 264; 2004, c. 21, s. 528; 2005, c. 23, s. 274.

**Value of consideration — determination.**

**55.1.** The Minister may determine the value of the consideration for the taxable supply of property or a service on which the tax must be calculated if either

(1) the supply is not a supply in respect of which section 55 or 55.0.1 applies, or would apply, but for the second paragraph of those sections, and if

(a) the supply is made for no consideration, or

(b) the value of the consideration for the supply of the property or service is less than the fair market value of the property or service; or

(2) the consideration for the supply of the property or service

(a) is not shown on the invoice or on any other document recording the supply, or

(b) is combined with the consideration for any other supply that is not a taxable supply other than a zero-rated supply.

History: 1993, c. 19, s. 178; 2002, c. 9, s. 159.

**Consideration in foreign currency.**

**56.** Where the consideration for a supply is expressed in a foreign currency, the value of the consideration shall be computed on the basis of the value of that foreign currency in Canadian currency on the day the tax is payable, or on such other day as is acceptable to the Minister.

History: 1991, c. 67, s. 56.

**Corresponding Federal Provision:** 159.

**Early or late payments.**

**57.** Where corporeal movable property or services are supplied and the amount of consideration for the supply shown in the invoice in respect of the supply may be reduced if the amount thereof is paid within a time specified in the

invoice or an additional amount is charged to the recipient by the supplier if the amount of the consideration is not paid within a reasonable period specified in the invoice, the consideration due is deemed to be the amount of consideration shown in the invoice.

History: 1991, c. 67, s. 57.

**Interpretation Bulletins:** TVQ, 57-2/R1.

**Corresponding Federal Provision:** 161.

**58.** *(Repealed).*

History: 1991, c. 67, s. 58; 1994, c. 22, s. 397; 1997, c. 85, s. 456.

**58.1.** *(Repealed).*

History: 1994, c. 22, s. 398; 1997, c. 85, s. 456.

**58.2.** *(Repealed).*

History: 1994, c. 22, s. 398; 1997, c. 85, s. 456.

**Payment by a trade union or association.**

**58.3.** Where an individual, because of membership in a trade union or association referred to in paragraph 1 of section 172, participates in activities of the union or association and, as a consequence, is unable to perform duties, under a contract of employment, for the individual's employer during a period during which the individual would, were it not for the individual's participation in those activities, be obligated to provide such services, and the union or association pays an amount to the employer as compensation for expenses incurred by the employer as a consequence of the individual's participation in those activities or for remuneration or benefits given by the employer to the individual in respect of that period, the amount is deemed not to be consideration for a supply.

History: 1994, c. 22, s. 398.

**Corresponding Federal Provision:** 164.2.

**59.** *(Repealed).*

History: 1991, c. 67, s. 59; 1994, c. 22, s. 399.

**Bets and games of chance.**

**60.** Where a particular person bets an amount on a game of chance, a race or other event, the following rules apply:

- (1) the person with whom the bet is placed is deemed to have made a supply of a service to the particular person;
- (2) where the bet is placed in Québec, that supply is deemed to have been made in Québec; and
- (3) the consideration for that supply is deemed to be equal to the amount obtained by multiplying the amount by which the total amount in respect of the bet that is given by the particular person to the person with whom the bet is placed, including any amount given as or on account of tax imposed on the particular person under this Title, exceeds the tax

imposed on the particular person under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) by 100/109.975.

History: 1991, c. 67, s. 60; 1997, c. 85, s. 457; 2010, c. 5, s. 211; 2011, c. 6, s. 238; 2012, c. 28, s. 50.

**Corresponding Federal Provision:** 187.

**61.** *(Repealed).*

History: 1991, c. 67, s. 61; 1995, c. 63, s. 332; 1997, c. 85, s. 458.

**Contribution by a competitor.**

**62.** Where a competitor in a competitive event contributes an amount to the prizes to be given to competitors in the event, the contribution is deemed not to be consideration for a supply.

**Exception.**

This section does not apply in respect of a contribution, made as part of the fee or charge paid by the competitor in a competitive event for the right or privilege of participating in the event, that is not separately identified as a contribution to the prizes.

History: 1991, c. 67, s. 62.

**Corresponding Federal Provision:** 188(3) and (4).

**Penalty for failure to return rolling stock.**

**62.1.** An amount that is paid as or on account of demurrage, or by one railway corporation to another railway corporation as or on account of a penalty for failure to return rolling stock within a stipulated time, is deemed not to be consideration for a supply.

History: 1994, c. 22, s. 400.

**Corresponding Federal Provision:** 162.1.

**Definitions:**

**63.** For the purposes of this section and sections 64 to 66,

**“base fraction”;**

“base fraction”, at a particular time, of a tour package means the proportion that the part of the amount that would be charged by the first supplier of the package for a supply at that time of the package that is, at that time, reasonably attributable to the taxable portion of the package is of the amount that would be charged by the first supplier of the package for a supply at that time of the package;

**“first supplier”;**

“first supplier” of a tour package means the person who first supplies the package in Québec;

**“initial taxable percentage”;**

“initial taxable percentage” of a tour package means the proportion, at the time the first supplier of the package determines the amount to be charged by that supplier for a supply of the package, that the part of that amount that is, at

that time, reasonably attributable to the taxable portion of the package is of that amount;

**“taxable percentage”;**

“taxable percentage”, at a particular time, of a tour package means

(1) where the difference between the base fraction at that time of the package and the initial taxable percentage of the package or the base fraction of the package at an earlier time is more than 10%, the base fraction of the package at the particular time, and

(2) in any other case, the initial taxable percentage of the package;

**“taxable portion”;**

“taxable portion” of a tour package means all property and services included in the tour package and in respect of which tax under section 16 would be payable if the property or service were supplied otherwise than as part of a tour package;

**“tour package”.**

“tour package” means a combination of two or more services, or of property and services, that includes transportation services, accommodation, a right to use a campground or trailer park, or guide or interpreter services, where the property and services are supplied together for an all-inclusive price.

History: 1991, c. 67, s. 63; 1995, c. 63, s. 333; 2019, c. 14, s. 538.

**Corresponding Federal Provision:** 163(3).

**Taxable portion of a tour package — supplier.**

**64.** The consideration for a supply of the taxable portion of a tour package, where the supply is made by the first supplier of the package, is deemed to be the amount determined by the formula

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the taxable percentage of the package at the time the supply is made; and

(2) B is the total consideration for the entire tour package.

History: 1991, c. 67, s. 64.

**Corresponding Federal Provision:** 163(1)(a).

**Taxable portion of a tour package — other person.**

**65.** The consideration for a supply of the taxable portion of a tour package, where the supply is made by any person other than the first supplier of the package, is deemed to be the amount determined by the formula

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the percentage that the consideration for the supply to the person of the taxable portion of the package is of the total consideration paid or payable by the person for the entire tour package; and

(2) B is the total consideration paid or payable to the person for the entire tour package.

History: 1991, c. 67, s. 65.

**Corresponding Federal Provision:** 163(1)(b).

**Taxable and non-taxable parts.**

**66.** The provision of the part of the tour package that is the taxable portion of the package is deemed to be a separate supply from the provision of the remaining part of the package and neither supply is deemed to be incidental to the other.

History: 1991, c. 67, s. 66.

**Corresponding Federal Provision:** 163(2).

**Donation — value of consideration.**

**66.1.** Where a charity or a public institution makes a taxable supply of property or a service to another person, where the value of the property or service is included in determining the amount of the advantage in respect of a gift by the other person to the charity or public institution under section 7.22 of the Taxation Act (chapter I-3) and where a receipt referred to in section 712 or 752.0.10.3 of that Act may be issued, or could be issued if the other person were an individual, in respect of part of the consideration for the supply, the value of the consideration for the supply is deemed to be equal to the fair market value of the property or service at the time the supply is made.

History: 2019, c. 14, s. 539.

**67. (Repealed).**

History: 1991, c. 67, s. 67; 1995, c. 63, s. 334.

**DIVISION IV  
SPECIFIC RULES RESPECTING TAXATION**

**§1. — Rules respecting calculation**

**Supply by a small supplier.**

**68.** Where a person makes a taxable supply and the consideration, or a part thereof, for the supply becomes due, or is paid before it becomes due, at a time when the person is a small supplier who is not a registrant, that consideration or part thereof, as the case may be, shall not be included in calculating the tax payable in respect of the supply.

**Exception.**

This section does not apply in respect of

- (1) a supply of an immovable by way of sale;
- (2) a supply of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply;
- (3) a supply by way of sale of movable property by a municipality that is capital property of the municipality; or
- (4) a supply by way of sale of designated municipal property of a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII that is capital property of the person.

History: 1991, c. 67, s. 68; 1995, c. 63, s. 335; 2015, c. 21, s. 639.

**Corresponding Federal Provision:** 166.

**Rounding of tax.**

**69.** Where tax that is at any time payable under section 16 in respect of one or more supplies included in an agreement, invoice or receipt is an amount that includes a fraction of a cent, the fraction,

- (1) if less than half of a cent, may be disregarded; and
- (2) if equal to or greater than half of a cent, is deemed to be an amount equal to one cent.

History: 1991, c. 67, s. 69; 1997, c. 85, s. 459.

**Corresponding Federal Provision:** 165.2(2).

**Pay telephones.**

**69.1.** Where the consideration for a supply of a telecommunication service is paid by depositing coins in a coin-operated telephone and the tax payable is equal to a fraction of \$0.05 or to the total of a multiple of \$0.05 and a fraction of \$0.05, the fraction

- (1) if less than \$0.025, may be disregarded; and
- (2) if equal to or greater than \$0.025, is deemed to be an amount equal to \$0.05.

History: 1994, c. 22, s. 401; 1997, c. 85, s. 460.

**Corresponding Federal Provision:** 165.1(1).

**69.2.** *(Repealed).*

History: 1994, c. 22, s. 401; 1995, c. 63, s. 336.

**69.3.** *(Repealed).*

History: 1995, c. 1, s. 264; 1997, c. 85, s. 461; 2007, c. 12, s. 318.

**Cash register.**

**69.3.1.** If a registrant ordinarily uses a cash register to determine the tax payable by a recipient in respect of a

taxable supply made by the registrant to the recipient and the cash register does not permit the determination of the tax by multiplying the value of the consideration for the supply by 9.975%, or 14.975% if the registrant determines a total amount made up of both the tax provided for in this Title and the tax provided for in Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:

- (1) the registrant may, by means of the cash register, determine the tax payable by multiplying the value of the consideration by 9.97%; and
- (2) the registrant may, by means of the cash register, determine the total amount made up of both the tax provided for in this Title and the tax provided for in Part IX of the Excise Tax Act by multiplying the value of the consideration by 14.97%.

History: 2009, c. 5, s. 599; 2010, c. 5, s. 212; 2011, c. 6, s. 239; 2012, c. 28, s. 51.

**69.4.** *(Repealed).*

History: 1995, c. 1, s. 264; 2007, c. 12, s. 318.

**Penalty.**

**69.4.1.** Every registrant who applies the rules set out in section 69.3.1 in circumstances other than those described in that section shall incur a penalty of 1% of the tax collected in the period during which the irregularity continues.

History: 2009, c. 5, s. 600.

**Supply by means of a mechanical coin-operated device.**

**69.5.** Where the consideration for a supply of corporeal movable property or a service is paid by depositing a single coin in a mechanical coin-operated device that is designed to accept only a single coin of \$0.25 or less as the total consideration for the supply and the corporeal movable property is dispensed from the device or the service is rendered through the operation of the device, the tax payable in respect of the supply is equal to zero.

**Presumption.**

For the purposes of the first paragraph, a supply of a right to use the device is deemed to be a supply of a service rendered through the operation of the device.

History: 1997, c. 85, s. 462 [amended by 2009, c. 5, s. 676]; 2009, c. 5, s. 601.

**Corresponding Federal Provision:** 165.1(2).

**Calculation of tax.**

**69.6.** Where two or more taxable supplies are included in an invoice, agreement or receipt, the tax payable under section 16 in respect of those supplies, calculated on the consideration for those supplies that is indicated in the



invoice, agreement or receipt, may be calculated on the total of that consideration.

History: 1997, c. 85, s. 462 [amended by 2009, c. 5, s. 676].

**Corresponding Federal Provision:** 165.2(1).

**70.** *(Repealed).*

History: 1991, c. 67, s. 70; 1994, c. 22, s. 402.

**Coin-operated device.**

**71.** Where a supply is made, and the consideration therefor is paid, by means of a coin-operated device, the following rules apply:

(1) the recipient is deemed to have received the supply, paid the consideration for the supply, and paid any tax payable in respect of the supply, on the day the consideration for the supply is inserted into the device;

(2) the supplier is deemed to have made the supply, received the consideration for the supply, and collected any tax payable in respect of the supply, on the day the consideration for the supply is removed from the device.

History: 1991, c. 67, s. 71.

**Corresponding Federal Provision:** 160.

**72.** *(Repealed).*

History: 1991, c. 67, s. 72; 1994, c. 22, s. 403.

**73.** *(Repealed).*

History: 1991, c. 67, s. 73; 1993, c. 19, s. 179; 1994, c. 22, s. 403.

**74.** *(Repealed).*

History: 1991, c. 67, s. 74; 1994, c. 22, s. 403.

§2. — *Supplies not subject to taxation*

**Supply of assets of a business.**

**75.** Where a supplier makes a supply of a business or part of a business that was established or carried on by the supplier or that was established or carried on by another person and acquired by the supplier, and, under the agreement for the supply, the recipient is acquiring ownership, possession or use of all or substantially all of the property that can reasonably be regarded as being necessary for the recipient to be capable of carrying on the business or part as a business,

(1) the supplier is deemed to have made a separate supply of each property and service that is supplied under the agreement for consideration equal to that part of the consideration for the supply of the business or part that can reasonably be attributed to that property or service; and

(2) except where the supplier is a registrant and the recipient is not a registrant, the supplier and the recipient may make a

joint election in prescribed form containing prescribed information to have section 75.1 apply to those supplies.

History: 1991, c. 67, s. 75; 1993, c. 19, s. 180; 1994, c. 22, s. 404.

**Interpretation Bulletins:** TVQ. 75-2/R1.

**Corresponding Federal Provision:** 167(1).

**Effect of election.**

**75.1.** Where a supplier and a recipient make an election under section 75 and the recipient, if a registrant, files the election with the Minister not later than the day on or before which the return under Chapter VIII is required to be filed for the recipient's first reporting period in which tax would, but for this section, have become payable in respect of the supply of any property or service made under the agreement for the supply of the business or part of the business to which the election applies, or on such later day as the Minister may determine on application of the recipient,

(1) no tax is payable in respect of a supply of any property or service made under the agreement other than

(a) a taxable supply of a service that is to be rendered by the supplier,

(b) a taxable supply of property by way of lease, licence or similar arrangement,

(c) where the recipient is not a registrant, a taxable supply by way of sale of an immovable, and

(d) *(subparagraph repealed)*;

(2) where, but for this section, tax would have been payable by the recipient, otherwise than by reason of section 20.1, in respect of a supply made under the agreement of property that was capital property of the supplier and that is being acquired by the recipient for use as capital property of the recipient, the recipient is deemed to have so acquired the property for use exclusively in the course of commercial activities of the recipient; and

(3) where, notwithstanding this section, tax would not have been payable by the recipient or would have been payable by the recipient under section 20.1 in respect of a supply made under the agreement of property that was capital property of the supplier and that is being acquired by the recipient for use as capital property of the recipient, the recipient is deemed to have so acquired the property for use exclusively in activities of the recipient that are not commercial activities.

History: 1994, c. 22, s. 405; 1995, c. 63, s. 337 [amended by 1997, c. 85, s. 728; 2019, c. 14, s. 575].

**Interpretation Bulletins:** TVQ. 75-2/R1; TVQ. 206.1-10.

**Corresponding Federal Provision:** 167(1.1).

**Goodwill.**

**75.2.** Where a supplier makes a supply of a business or part of a business that was established or carried on by the supplier or that was established or carried on by another person and acquired by the supplier, the recipient is acquiring ownership, possession or use of all or substantially all of the property that can reasonably be regarded as being necessary for the recipient to be capable of carrying on the business or part as a business, and part of the consideration for the supply can reasonably be attributed to goodwill of the business or part, that part of the consideration shall not be included in calculating the tax payable in respect of the supply.

History: 1994, c. 22, s. 405.

**Corresponding Federal Provision:** 167.1.

**Definitions:**

**75.3.** For the purposes of this section and sections 75.4 to 75.9,

**“authorized foreign bank”;**

“authorized foreign bank” has the meaning assigned by section 2 of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1);

**“foreign bank branch”;**

“foreign bank branch” means a branch within the meaning of paragraph *b* of the definition of “branch” in section 2 of the Bank Act;

**“qualifying supply”.**

“qualifying supply” means a supply of a property or service that is made in Québec under an agreement for the supply, other than an agreement between a supplier that is a registrant and a recipient that is not a registrant at the time the agreement is entered into, and

(1) that is made by a corporation resident in Québec related to the recipient;

(2) that is made after 27 June 1999, and before

(a) if the Superintendent makes an order under subsection 1 of section 534 of the Bank Act in respect of the recipient after 22 June 2007 but before 22 June 2008, the day that is one year after the day on which the Superintendent makes the order, and

(b) in any other case, 22 June 2008; and

(3) that is received by a recipient that

(a) is a person not resident in Canada,

(b) is, or has filed an application with the Superintendent for an order under subsection 1 of section 524 of the Bank Act to become, an authorized foreign bank, and

(c) acquired the property or service for consumption, use or supply by the recipient for the purposes of the establishment

and commencement of business in Québec by the recipient as an authorized foreign bank at a foreign bank branch of the authorized foreign bank.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11.

**Joint election.**

**75.4.** If a supplier and a recipient of a qualifying supply make a joint election in accordance with section 75.9 in respect of the qualifying supply, the following rules apply:

(1) the supplier is deemed to have made, and the recipient is deemed to have received, a separate supply of each property and service that is supplied under the agreement for the qualifying supply for consideration equal to that portion of the consideration for the qualifying supply that can reasonably be attributed to the property or service;

(2) the portion of the consideration for the qualifying supply attributed to goodwill is deemed to be attributed to a taxable supply of incorporeal movable property unless section 75.2 applies to the qualifying supply; and

(3) sections 75.5 to 75.8 apply to the supply of each property and service that is supplied under the agreement for the qualifying supply.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11(2).

**Rules.**

**75.5.** If a supplier and a recipient make a joint election referred to in section 75.4 in respect of a qualifying supply made at a particular time, the following rules apply:

(1) no tax is payable in respect of the supply of a property or service made under the agreement for the qualifying supply other than

(a) a taxable supply of a service that is to be rendered by the supplier,

(b) a taxable supply of a service unless paragraph 1 of section 75 applies to the qualifying supply,

(c) a taxable supply of property by way of lease, licence or similar arrangement,

(d) if the recipient is not a registrant, a taxable supply by way of sale of an immovable,

(e) a taxable supply of a property or service, if the property or service was previously supplied under an agreement for a qualifying supply and, because of this section, no tax was payable in respect of that previous supply of a property or service, or

(f) a taxable supply of incorporeal movable property, other than capital property, if the percentage determined by the following formula is greater than 10%:

A – B;

(2) if, but for this section, tax would have been payable by the recipient, otherwise than because of section 20.1, in respect of a supply of property made under the agreement for the qualifying supply that is capital property of the supplier that the recipient acquired for use as capital property, the recipient is deemed to have acquired the property for use exclusively in the course of commercial activities of the recipient;

(3) if, despite this section, tax would not have been payable by the recipient, or would so have been because of section 20.1, in respect of a supply of property made under the agreement for the qualifying supply that is capital property of the supplier that the recipient acquired for use as capital property, the recipient is deemed to have acquired the property for use exclusively in activities of the recipient that are not commercial activities; and

(4) if the recipient acquires, under the agreement for the qualifying supply, property of the supplier that was used by the supplier immediately before the particular time otherwise than as capital property and, but for this section, tax would have been payable by the recipient, otherwise than because of section 20.1, in respect of the supply of the property, the recipient is deemed to have acquired the property for consumption, use or supply in the course of commercial activities of the recipient and otherwise than as capital property.

**Interpretation.**

For the purposes of the formula in subparagraph *f* of subparagraph 1 of the first paragraph,

(1) A is the extent, expressed as a percentage of the total use of the property by the supplier, to which the supplier used the property in commercial activities of the supplier immediately before the particular time; and

(2) B is the extent, expressed as a percentage of the total use of the property by the recipient, to which the recipient used the property in commercial activities of the recipient immediately after the particular time.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11(3).

**Basic tax content.**

**75.6.** If a supplier and a recipient make a joint election referred to in section 75.4 in respect of a qualifying supply and, under the agreement for the qualifying supply, the supplier makes a supply of property that is, immediately before the time the qualifying supply is made, a capital

property of the supplier and, because of section 75.5, no tax is payable in respect of the supply of the property, the basic tax content of the property of the recipient at any time is to be determined by applying the following rules:

(1) if the last acquisition of the property by the recipient is the acquisition of the property by the recipient at the time the qualifying supply is made, any reference in the definition of “basic tax content” in section 1 to the last acquisition or bringing into Québec of the property by the person is to be read as a reference to the last acquisition or bringing into Québec of the property by the supplier; and

(2) if the last supply to the recipient of the property is the supply to the recipient of the property at the time the qualifying supply is made, the reference in the definition of “basic tax content” in section 1 to the last supply of the property to the person is to be read as a reference to the last supply of the property to the supplier.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11(4)(a) and (b).

**Adjustment to recipient’s net tax.**

**75.7.** If a supplier and a recipient make a joint election referred to in section 75.4 in respect of a qualifying supply made before 17 November 2005 under an agreement for the qualifying supply and tax is paid by the recipient in respect of a property or service supplied under the agreement for the qualifying supply despite no tax being payable in respect of that supply because of section 75.5, the tax is deemed, except for the purposes of section 75.6 and despite section 75.5, to have been payable by the recipient in respect of the supply of the property or service and the recipient may deduct, in determining the net tax of the recipient for the reporting period in which the election is filed with the Minister, the total of all amounts each of which is an amount determined by the formula

A – B.

**Interpretation.**

For the purposes of the formula,

(1) A is the amount of tax paid, although no tax is payable because of section 75.5, by the recipient in respect of the supply of the property or service made under the agreement for the qualifying supply; and

(2) B is the total of

(a) all amounts each of which is an input tax refund that the recipient was entitled to claim in respect of the property or service supplied under the agreement for the qualifying supply,

(b) all amounts each of which is an amount, other than an amount determined under this section, that may be deducted

by the recipient under this Title in determining the net tax of the recipient for a reporting period in respect of the property or service supplied under the agreement for the qualifying supply, and

(c) all amounts, other than amounts referred to in subparagraphs *a* and *b*, in respect of the tax paid that may be otherwise recovered by way of rebate or refund or otherwise by the recipient in respect of the property or service supplied under the agreement for the qualifying supply.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11(5).

**Application of section 25 of c. A-6.002.**

**75.8.** If a supplier and a recipient make a joint election referred to in section 75.4 in respect of a qualifying supply, section 25 of the Tax Administration Act (chapter A-6.002) applies to any assessment or reassessment of an amount payable by the recipient in respect of the supply of a property or service made under the agreement for the qualifying supply.

**Time limit.**

However, the Minister has until the day that is four years after the later of the following days to make an assessment or reassessment solely for the purpose of taking into account any tax, net tax or any other amount payable by the recipient or remittable by the supplier in respect of the supply of a property or service made under the agreement for the qualifying supply:

(1) the day on which the election referred to in section 75.4 is filed with the Minister; and

(2) the day on which the qualifying supply is made.

History: 2009, c. 5, s. 602; 2010, c. 31, s. 175.

**Corresponding Federal Provision:** 167.11(6).

**Valid joint election.**

**75.9.** A joint election referred to in section 75.4 made by a supplier and a recipient in respect of a qualifying supply is valid only if

(1) the recipient files the election with the Minister in the prescribed form containing prescribed information not later than the particular day that is the latest of

(a) if the recipient is

i. a registrant at the time the qualifying supply is made, the day on which the return under Chapter VIII is required to be filed for the recipient's reporting period in which tax would, but for this section and sections 75.3 to 75.8, have become payable in respect of the supply of a property or service made under the agreement for the qualifying supply, or

ii. not a registrant at the time the qualifying supply is made, the day that is one month after the end of the recipient's reporting period in which tax would, but for this section and sections 75.3 to 75.8, have become payable in respect of the supply of a property or service made under the agreement for the qualifying supply,

(b) 22 June 2008, and

(c) the day that the Minister may determine on application of the recipient;

(2) the qualifying supply is made on or before the day that is one year after the day on which the recipient received for the first time a qualifying supply in respect of which an election referred to in section 75.4 has been made; and

(3) on or before the day on which the election referred to in section 75.4 is filed with the Minister in respect of the qualifying supply, the recipient has not made an election referred to in section 75.1 in respect of the qualifying supply.

History: 2009, c. 5, s. 602.

**Corresponding Federal Provision:** 167.11(7).

**Merger or amalgamation.**

**76.** Where two or more corporations are merged or amalgamated to form a new corporation, otherwise than as the result of the acquisition of the property of one corporation by another corporation pursuant to the purchase of the property by the other corporation, or as the result of the distribution of the property to the other corporation on the winding-up of the corporation,

(1) except as otherwise provided in this Title, the new corporation is deemed to be a separate person from each of the merged or amalgamated corporations;

(2) for the purposes of sections 444, 446 and 462 to 462.1.1, for the purpose of applying the provisions of this Title in respect of property or a service acquired or brought into Québec by a merged or amalgamated corporation, and for prescribed purposes and provisions, the new corporation is deemed to be the same corporation as, and a continuation of, each merged or amalgamated corporation; and

(3) the transfer of any property by a merged or amalgamated corporation to the new corporation as a consequence of the merger or amalgamation is deemed not to be a supply.

History: 1991, c. 67, s. 76; 1994, c. 22, s. 406; 1995, c. 63, s. 338; 1997, c. 3, s. 135; 2001, c. 53, s. 286.

**Corresponding Federal Provision:** 271.

**Winding-up.**

**77.** Where at any time a particular corporation is wound up and not less than 90% of the issued shares of each class of the capital stock of the particular corporation were, immediately before that time, owned by another corporation,

(1) for the purposes of sections 444, 446 and 462 to 462.1.1, for the purpose of applying the provisions of this Title in respect of property or a service acquired or brought into Québec by the other corporation as a consequence of the winding-up, and for prescribed purposes and provisions, the other corporation is deemed to be the same corporation as, and a continuation of, the particular corporation; and

(2) the transfer of any property to the other corporation as a consequence of the winding-up is deemed not to be a supply.

History: 1991, c. 67, s. 77; 1994, c. 22, s. 407; 1995, c. 63, s. 339; 1997, c. 3, s. 135; 2001, c. 53, s. 287.

**Corresponding Federal Provision:** 272.

**78.** *(Repealed).*

History: 1991, c. 67, s. 78; 1997, c. 3, s. 118; 1997, c. 85, s. 463.

**79.** *(Repealed).*

History: 1991, c. 67, s. 79; 1997, c. 3, s. 119; 1997, c. 85, s. 463.

**Supply of a road vehicle of a deceased individual.**

**79.1.** No tax is payable in respect of the supply of a road vehicle of a deceased individual, which road vehicle must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the vehicle, if the supply is made by the succession of the individual in accordance with the individual's will or the laws relating to the transmission of property on death or in settlement of rights arising out of the individual's marriage.

History: 1993, c. 19, s. 181; 1997, c. 85, s. 464; 2002, c. 6, s. 214; 2005, c. 1, s. 349.

**Supply of property of a deceased individual.**

**80.** No tax is payable in respect of the supply of property of a deceased individual made by the succession of the individual where

(1) immediately before death, the individual held the property for consumption, use or supply in the course of a business carried on immediately before the individual's death;

(2) the succession of the individual makes a supply of the property, in accordance with the individual's will or the laws relating to the transmission of property on death, to another individual who is a beneficiary of the individual's succession and a registrant;

(3) the property is received for consumption, use or supply in the course of commercial activities of the other individual; and

(4) the succession and the other individual make a joint election for the purposes of this section.

**Acquisition of property.**

The other individual is deemed to have acquired the property for use exclusively in commercial activities of the individual.

History: 1991, c. 67, s. 80; 1994, c. 22, s. 408; 1997, c. 85, s. 465.

**Corresponding Federal Provision:** 167(2).

**Supply of a road vehicle by way of gift.**

**80.1.** No tax is payable in respect of the supply by way of gift of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the vehicle, where the supply is made between related individuals.

**Supply in settlement of rights arising out of marriage.**

Similarly, no tax is payable in respect of the supply of such a road vehicle where the supply is made between individuals in settlement of rights arising out of their marriage.

History: 1993, c. 19, s. 182; 1995, c. 1, s. 265; 1997, c. 85, s. 466; 2002, c. 6, s. 215; 2005, c. 1, s. 350.

**80.1.1.** *(Repealed).*

History: 1995, c. 1, s. 266; 1995, c. 63, s. 340; 2015, c. 21, s. 640.

**Supply of a used road vehicle between two corporations.**

**80.1.2.** No tax is payable in respect of a supply by way of sale of a used road vehicle made between two corporations, other than business corporations, in connection with a transfer under a law of rights and obligations.

History: 2002, c. 9, s. 160.

**80.2.** *(Repealed).*

History: 1993, c. 19, s. 182; 1995, c. 63, s. 341.

**Interpretation Bulletins:** TVQ. 80.2-1/R1; TVQ. 80.2-2/R1; TVQ. 80.2-3.

**Convention.**

**80.3.** Where a sponsor of a convention makes a taxable supply by way of lease, licence or similar arrangement to a person not resident in Québec of an immovable that is acquired by the person exclusively for use as a site for the promotion, at the convention, of a business of, or of property or services supplied by, the person, no tax is payable in respect of that supply to the person or in respect of any supply by the sponsor to the person of property or services that are acquired by the person for consumption or use as related convention supplies in respect of the convention.

History: 1994, c. 22, s. 409.

**Corresponding Federal Provision:** 167.2(2).

§3. — *Goods not subject to taxation brought into Québec*

**Goods not subject to taxation.**

**81.** The goods to which subparagraph 2 of the fourth paragraph of section 17 refers are the following:

(1) goods referred to in section 1 of Schedule VII to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) goods from Canada outside Québec that would be goods to which, with the necessary modifications, paragraph 1 applies if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of the schedule to the Customs Tariff (Statutes of Canada, 1997, chapter 36);

(2.1) goods from Canada outside Québec, if

(a) the goods are brought into Québec by

i. an individual who was formerly resident in Québec and is, at the time the goods are brought into Québec, returning to resume residence in Québec after being resident in another province, the Northwest Territories, the Yukon Territory or Nunavut for a period of not less than one year,

ii. an individual who is resident in Québec and is, at the time the goods are brought into Québec, returning after being absent from Québec for a period of not less than one year, or

iii. an individual who is, at the time the goods are brought into Québec, entering Québec with the intention of establishing a residence for a period of not less than 12 months (other than a person who enters Canada in order to reside in Canada for the purpose of employment for a temporary period not exceeding 36 months or for the purpose of studying at an educational institution), and

(b) the goods brought into Québec are for the individual's household or personal use and were owned by and in the possession of the individual before the time they were brought into Québec, provided that, where the goods were owned by and in the possession of the individual for less than 31 days before the time they were brought into Québec, the individual paid a tax of the same nature as the tax payable under this Title that is imposed by the province or territory from which the goods were brought and the individual is not entitled to claim a rebate or a refund of that tax;

(3) medals, trophies and other prizes, not including usual merchantable goods, that are won outside Québec in competitions, that are bestowed, received or accepted outside Québec or that are donated by persons outside Québec, for heroic deeds, valour or distinction;

(4) printed matter that is to be made available to the general public, without charge, for the promotion of tourism, where the printed matter is brought into Québec

(a) by or on the order of a government outside Québec or by an agency or representative of such a government, or

(b) by a board of trade, chamber of commerce, municipal or automobile association or similar organization to which it was supplied for no consideration, other than shipping and handling charges;

(5) goods that are brought into Québec by a charity or a public institution and that have been donated to the charity or institution;

(6) goods that are brought into Québec by a particular person if the goods are supplied to the particular person by a person not resident in Québec for no consideration, other than shipping and handling charges, as replacement parts or as replacement property under a warranty;

(6.1) goods that are brought into Québec solely for the purpose of fulfilling an obligation under a warranty to repair or replace the goods if defective, where replacement goods are supplied for no additional consideration, other than shipping and handling charges, and shipped outside Québec without being consumed or used in Québec except to the extent reasonably necessary or incidental to the transportation of the goods;

(7) goods to the supply of which any of Divisions I, II, III or IV of Chapter IV, except paragraph 3.1 of section 178, or section 198.1 or 198.2 applies;

(7.1) a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply made in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2;

(8) goods, other than prescribed goods, that are sent to the recipient of the supply of the goods at an address in Québec by mail or courier, that are from outside Canada and the value of which is not more than \$20;

(8.1) goods that are prescribed property for the purposes of section 24.1 and that are sent, by mail or courier, to the recipient of the supply of the goods at an address in Québec, where the supplier is registered under Division I of Chapter VIII at the time the goods are brought into Québec;

(9) prescribed goods brought into Québec in prescribed circumstances, under prescribed terms and conditions;

(10) containers to which section 9 of Schedule VII to the Excise Tax Act applies or to which that section could so apply but for the fact that the goods are from Canada outside Québec;

(11) money, certificates or other documents evidencing a right that is a financial instrument;

(12) goods from Canada outside Québec that are supplied to a person by lease, licence or similar arrangement under which continuous possession or use of the goods is provided for a period of more than three months in circumstances in which tax under subsection 1 of section 165 of the Excise Tax Act is payable by the person in respect of the supply;

(13) a mobile home or floating home that has been used or occupied in Québec as a place of residence for individuals;

(14) grain, seeds or mature stalks having no leaves, flowers, seeds or branches, of hemp plants of the genera Cannabis brought into Québec and coming from outside Canada, if

(a) in the case of grain or seeds, they are not further processed than sterilized or treated for seeding purposes and are not packaged, prepared or sold for use as feed for wild birds or as pet food;

(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or they are industrial hemp for the purposes of the Cannabis Act (Statutes of Canada, 2018, chapter 16); and

(c) the bringing into Québec is made in accordance with the Controlled Drugs and Substances Act or the Cannabis Act, if applicable; and

(15) goods from Canada outside Québec to the supply of which paragraph 3.1 of section 178 applies.

History: 1991, c. 67, s. 81; 1993, c. 19, s. 183; 1994, c. 22, s. 410; 1995, c. 1, s. 267; 1995, c. 63, s. 342 [amended by 1997, c. 85, s. 772 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]]; 1997, c. 85, s. 467; 2001, c. 51, s. 265; 2001, c. 53, s. 288; 2003, c. 2, s. 312; 2009, c. 5, s. 603; 2012, c. 28, s. 52 [amended by 2019, c. 14, s. 605]; 2015, c. 21, s. 641; 2017, c. 29, s. 248; 2019, c. 14, s. 540.

**Interpretation Bulletins:** TVQ. 16-18/R2.

**Corresponding Federal Provision:** sch. VII and X, 19.

## DIVISION V SPECIFIC RULES RESPECTING TIME OF TAXATION

### Time of taxation — general rule.

**82.** Tax under section 16 in respect of a taxable supply is payable by the recipient on the earlier of the day the consideration for the supply is paid and the day the consideration for the supply becomes due.

History: 1991, c. 67, s. 82.

**Interpretation Bulletins:** TVQ. 51-3; TVQ. 83-1; TVQ. 92-1/R1; TVQ. 350.7.2-1/R1.

**Corresponding Federal Provision:** 168(1).

### Exception.

**82.1.** Notwithstanding section 82, tax under section 16 in respect of a supply referred to in section 20.1 is payable at the time the supply is made.

History: 1993, c. 19, s. 184.

### Exception.

**82.2.** Notwithstanding section 82, tax under section 16 in respect of the supply of a motor vehicle by way of retail sale, other than a supply under section 20.1, is payable at the time of the registration of the vehicle under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply.

### Tax payable at time of delivery.

Notwithstanding the first paragraph, tax is payable at the time the motor vehicle is delivered to the recipient if the vehicle is not registered within 15 days after that time.

History: 2001, c. 51, s. 266.

### Consideration deemed to become due.

**83.** The consideration, or a part thereof, for a taxable supply is deemed to become due on the earliest of

(1) the earlier of the day the supplier first issues an invoice in respect of the supply for that consideration or part and the date of that invoice,

(2) the day the supplier would, but for an undue delay, have issued an invoice in respect of the supply for that consideration or part, and

(3) the day the recipient is required to pay that consideration or part to the supplier pursuant to an agreement in writing.

### Exception.

Notwithstanding the first paragraph, where property is supplied by way of lease, licence or similar arrangement under an agreement in writing, the consideration, or any part thereof, for the supply is deemed to become due on the day the recipient is required to pay the consideration or part to the supplier pursuant to the agreement.

History: 1991, c. 67, s. 83; 2009, c. 15, s. 485.

**Interpretation Bulletins:** TVQ. 51-3; TVQ. 83-1; TVQ. 350.7.2-1/R1.

**Corresponding Federal Provision:** 152(1) and (2).

### Consideration that is not money.

**84.** Where consideration that is not money is given or required to be given, the consideration that is given or

required to be given is deemed to be paid or required to be paid, as the case may be.

History: 1991, c. 67, s. 84.

**Corresponding Federal Provision:** 152(3).

**Partial consideration.**

**85.** Notwithstanding section 82, where consideration for a taxable supply is paid or becomes due on more than one day, tax under section 16 in respect of the supply is payable on each day that is the earlier of the day a part of the consideration is paid and the day that part becomes due.

**Calculation.**

The tax that is payable on each such day shall be calculated on the value of the part of the consideration that is paid or becomes due, as the case may be, on that day.

History: 1991, c. 67, s. 85.

**Interpretation Bulletins:** TVQ. 92-1/R1.

**Corresponding Federal Provision:** 168(2).

**Consideration not paid or due.**

**86.** Notwithstanding sections 82 and 85, where all or any part of the consideration for a taxable supply has not been paid or become due on or before the last day of the calendar month immediately following the first calendar month in which,

(1) where the supply is of corporeal movable property by way of sale, other than a supply described in paragraph 2 or 3, the ownership or possession of the property is transferred to the recipient,

(2) where the supply is of corporeal movable property by way of sale under which the supplier delivers the property to the recipient on approval, consignment, or other similar terms, the recipient acquires ownership of the property or makes a supply of it to any person, other than the supplier, or

(3) where the supply is under an agreement in writing for the construction, renovation or alteration of, or repair to any immovable or any ship or other marine vessel, and it may reasonably be expected that the construction, renovation, alteration or repair will require more than three months to complete, the construction, renovation, alteration or repair is substantially completed,

tax under section 16 in respect of the supply, calculated on the value of that consideration or part, as the case may be, is payable on that day.

History: 1991, c. 67, s. 86; 1995, c. 63, s. 343.

**Corresponding Federal Provision:** 168(3).

**Continuous supply.**

**87.** Section 86 does not apply in respect of a supply of water, electricity, natural gas, steam or any other property

where the property is delivered to the recipient on a continuous basis by means of a wire, pipeline or other conduit and the supplier invoices the recipient in respect of that supply on a regular or periodic basis.

History: 1991, c. 67, s. 87.

**Corresponding Federal Provision:** 168(4).

**Taxable supply of immovable property by way of sale.**

**88.** Tax under section 16 in respect of a taxable supply of immovable property by way of sale is payable on the earlier of the day ownership of the property is transferred to the recipient and the day possession of the property is transferred to the recipient under the agreement for the supply.

**Residential unit held in co-ownership.**

Notwithstanding the first paragraph, in the case of a supply of a residential unit held in co-ownership, where possession of the unit is transferred, after 30 June 1992 and before the declaration of co-ownership relating to the complex in which the unit is situated is entered in the land register, to the recipient under the agreement for the supply, the tax is payable on the earlier of the day ownership of the unit is transferred to the recipient and the day that is 60 days after the day the declaration of co-ownership is entered in the land register.

**Applicability.**

This section applies notwithstanding sections 82 and 85.

History: 1991, c. 67, s. 88; 1997, c. 3, s. 135.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Corresponding Federal Provision:** 168(5).

**Value not ascertainable.**

**89.** Where under section 86 or 88 tax is payable on a particular day and the value of the consideration, or any part thereof, for the taxable supply is not ascertainable on that day,

(1) tax calculated on the value of the consideration or part, as the case may be, that is ascertainable on that day is payable on that day; and

(2) tax calculated on the value of the consideration or part, as the case may be, that is not ascertainable on that day is payable on the day the value becomes ascertainable.

History: 1991, c. 67, s. 89.

**Corresponding Federal Provision:** 168(6).

**Retention of consideration.**

**90.** Notwithstanding sections 82, 85, 86, 88 and 89, where the recipient of a taxable supply retains, pursuant to an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or of the Parliament of Canada, or pursuant to an agreement in writing for the



construction, renovation or alteration of, or repair to, any immovable or any ship or other marine vessel, a part of the consideration for the supply pending full and satisfactory performance of the supply, or any part thereof, tax under section 16 calculated on the value of that part of the consideration, is payable on the earlier of the day that part is paid and the day it becomes payable.

History: 1991, c. 67, s. 90; 2003, c. 2, s. 313.

**Corresponding Federal Provision:** 168(7).

**Combined supply.**

**91.** For the purposes of sections 82, 82.2, 85 to 90 and 92, where a supply of any combination of service, movable property or immovable property (each of which is in this section referred to as an “element”) is made and the consideration for each element is not separately identified,

(1) where the value of a particular element can reasonably be regarded as exceeding the value of each of the other elements, the supply of all of the elements is deemed to be a supply only of the particular element; and

(2) in any other case, the supply of all of the elements is deemed, where one of the elements is immovable property, to be a supply only of immovable property, and in any other case, to be a supply only of a service.

History: 1991, c. 67, s. 91; 2001, c. 51, s. 267.

**Corresponding Federal Provision:** 168(8).

**Deposit.**

**92.** For the purposes of sections 82, 82.2 and 85 to 91, a deposit, whether refundable or not, given in respect of a supply shall not be considered as consideration paid for the supply unless and until the supplier applies the deposit as consideration for the supply.

**Exception.**

This section does not apply in respect of a deposit relating to a covering or container to which section 33 applies.

History: 1991, c. 67, s. 92; 2001, c. 51, s. 268.

**Interpretation Bulletins:** TVQ, 92-1/R1.

**Corresponding Federal Provision:** 168(9).

**CHAPTER III  
EXEMPT SUPPLY**

**DIVISION I  
IMMOVABLE**

**93.** *(Repealed).*

History: 1991, c. 67, s. 93; 1997, c. 85, s. 468.

**Supply of a residential complex or addition.**

**94.** A supply by way of sale of a residential complex or an interest in a residential complex made by a person who is not

a builder of the complex or, if the residential complex is a multiple unit residential complex, an addition to the complex, is exempt, unless

(1) the person claimed an input tax refund in respect of the last acquisition by the person of the residential complex or in respect of an improvement to the complex acquired or brought into Québec by the person after the complex was last acquired by the person; or

(2) the recipient is registered under Division I of Chapter VIII and

(a) the recipient made a taxable supply by way of sale (in this section referred to as the “prior supply”) of the residential complex or interest in that complex to a prior recipient who is the person or, if the person is a personal trust other than a testamentary trust, the settlor of the trust or, in the case of a testamentary trust that arose as a result of the death of an individual, the deceased individual,

(b) the prior supply is the last supply by way of sale of the residential complex or interest to the prior recipient,

(c) the supply is not made more than one year after the day that is the day on which the prior recipient acquired the interest, or that is the earlier of the day on which the prior recipient acquired ownership of the residential complex and the day on which the prior recipient acquired possession of the complex, under the agreement for the prior supply,

(d) the residential complex has not been occupied as a place of residence or lodging after the construction or last substantial renovation of the complex was substantially completed,

(e) the supply is made pursuant to a right or obligation of the recipient to purchase the residential complex or interest that is provided for under the agreement for the prior supply, and

(f) the recipient makes an election under this section jointly with the person in prescribed form containing prescribed information that is filed with the Minister with the recipient’s return in which the recipient is required to report the tax in respect of the supply.

History: 1991, c. 67, s. 94; 1994, c. 22, s. 411; 2003, c. 2, s. 314.

**Corresponding Federal Provision:** sch. V, part I, 2.

**Supply of a residential complex or addition by the builder.**

**95.** A supply by way of sale of a residential complex or an interest therein made by an individual who is a builder of the complex or, where the complex is a multiple unit residential complex, an addition thereto is exempt, if

(1) at any time after the construction or substantial renovation of the complex or addition is substantially completed, the complex is used primarily as a place of

residence of the individual, an individual related to the individual or a former spouse of the individual; and

(2) the complex is not used primarily for any other purpose after the construction or substantial renovation is substantially completed and before that time.

**Application.**

The first paragraph does not apply if the individual claimed an input tax refund in respect of the last acquisition by the individual of the immovable included in the residential complex or in respect of the acquisition or bringing into Québec by the individual, after the immovable was last acquired by the individual, of an improvement to the immovable.

History: 1991, c. 67, s. 95; 1994, c. 22, s. 411.

**Corresponding Federal Provision:** sch. V, part I, 3.

**Supply of a single unit residential complex or residential unit held in co-ownership by the builder.**

**96.** A supply by way of sale of a single unit residential complex (in this section referred to as the “complex”) or a residential unit held in co-ownership (in this section referred to as the “unit”) or an interest in the complex or unit made by a builder of the complex or unit is exempt where,

(1) in the case of a unit situated in a residential complex (in this section referred to as the “premises”) that was converted by the builder from use as a multiple unit residential complex to use as a complex held in co-ownership, the builder received an exempt supply of the premises by way of sale or was deemed under section 225 to have received a taxable supply of the premises by way of sale, and that supply was the last supply of the premises made by way of sale to the builder; or

(2) in any case, the builder received an exempt supply of the complex or unit by way of sale or was deemed under section 223 or 224 to have received a taxable supply of the complex or unit by way of sale, and that supply was the last supply of the complex or unit made by way of sale to the builder.

**Application.**

The first paragraph does not apply if,

(1) after the complex, unit or premises were last acquired by the builder, the builder carried on, or engaged another person to carry on for the builder, the substantial renovation of the complex, unit or premises; or

(2) the builder claimed an input tax refund in respect of the last acquisition by the builder of the complex, unit or premises or in respect of the acquisition or bringing into Québec by the builder, after the complex, unit or premises

were last acquired by the builder, of an improvement to the complex, unit or premises.

History: 1991, c. 67, s. 96; 1994, c. 22, s. 411.

**Interpretation Bulletins:** TVQ. 16-17/R3.

**Corresponding Federal Provision:** sch. V, part I, 4.

**Supply of a multiple unit residential complex or addition by the builder.**

**97.** A supply by way of sale of a multiple unit residential complex or an interest therein made by a person who is a builder of the complex or an addition thereto is exempt where

(1) in the case of a person who is a builder of the complex, the person received an exempt supply of the complex by way of sale, or was deemed under section 225 to have received a taxable supply of the complex by way of sale, and that supply was the last supply of the complex made by way of sale to the person; and

(2) in the case of a person who is a builder of an addition to the complex, the person received an exempt supply of the addition by way of sale, or was deemed under section 226 to have received a taxable supply of the addition by way of sale, and that supply was the last supply of the addition made by way of sale to the person.

**Application.**

The first paragraph does not apply if,

(1) after the complex was last supplied to the person, the person carried on, or engaged another person to carry on for the person, the substantial renovation of the complex; or

(2) the person claimed an input tax refund in respect of the last acquisition by the person of the complex or an addition thereto or in respect of the acquisition or bringing into Québec by the person, after the complex was last acquired by the person, of an improvement to the complex, other than an input tax refund in respect of the construction of an addition to the complex.

History: 1991, c. 67, s. 97; 1994, c. 22, s. 411.

**Interpretation Bulletins:** TVQ. 226-1/R1.

**Corresponding Federal Provision:** sch. V, part I, 5.

**Supply of a building.**

**97.1.** A supply by way of sale of a building, or that part of a building, in which one or more residential units are located, or an interest in such a building or part, is exempt where

(1) both immediately before and immediately after the earlier of the time ownership of the building, part or interest is transferred to the recipient of the supply (in this section referred to as the “purchaser”) and the time possession thereof is transferred to the purchaser under the agreement

for the supply, the building or part forms part of a residential complex; and

(2) immediately after the earlier of the time ownership of the building, part or interest is transferred to the purchaser and the time possession thereof is transferred to the purchaser under the agreement for the supply, the purchaser is a recipient described in subparagraph *a* of subparagraph 1 of the first paragraph of section 100 of an exempt supply, described by subparagraph 1 of the first paragraph of that section, of the land included in the complex.

History: 1994, c. 22, s. 412.

**Corresponding Federal Provision:** sch. V, part I, 5.1.

**Supply of land.**

**97.2.** A supply by way of sale of land that forms part of a residential complex or an interest in such land is exempt where

(1) immediately before the earlier of the time ownership thereof is transferred to the recipient of the supply and the time possession thereof is transferred to the recipient of the supply under the agreement for the supply, the land is subject to a lease, licence or similar arrangement by which a supply that is an exempt supply described by subparagraph 1 of the first paragraph of section 100 was made; and

(2) if a supply by way of sale were made of the residential complex immediately before that earlier time, the supply would be an exempt supply described in any of sections 94 to 97.

History: 1994, c. 22, s. 412.

**Corresponding Federal Provision:** sch. V, part I, 5.2.

**Supply of a residential trailer park.**

**97.3.** A supply of a residential trailer park or an interest therein made by a person is exempt where

(1) the person received an exempt supply, described by this section, of the park or was deemed under section 222.2, 243, 258 or 261 to have received a taxable supply of the land included in the park as a consequence of using the land for purposes of the park, and that supply was the last supply of the park made by way of sale to the person; and

(2) if the person increased the area of land included in the park (in this section referred to as the “additional area”), the person received an exempt supply, described by this section, of the additional area or was deemed under section 222.3, 243, 258 or 261 to have made a taxable supply of the additional area as a consequence of using the additional area for purposes of the park, and that supply was the last supply of the additional area made by way of sale to the person.

**Application.**

The first paragraph does not apply if the person claimed an input tax refund in respect of the last acquisition by the person of the park or an additional area thereof or in respect of the acquisition or bringing into Québec by the person, after the park was last acquired by the person, of an improvement to the park, other than an input tax refund in respect of an improvement to an additional area that was acquired or brought into Québec by the person before the additional area was last acquired by the person.

History: 1994, c. 22, s. 412.

**Corresponding Federal Provision:** sch. V, part I, 5.3.

**Supply of a residential complex or a residential unit by way of lease.**

**98.** A supply is exempt where the supply is

(1) of a residential complex or a residential unit in a residential complex by way of lease, licence or similar arrangement for the purpose of its occupation as a place of residence or lodging by an individual, where the period throughout which continuous occupation of the complex or unit is given to the same individual under the arrangement is at least one month; or

(2) of a residential unit by way of lease, licence or similar arrangement for the purpose of its occupation as a place of residence or lodging by an individual, where the consideration for the supply does not exceed \$20 for each day of occupation.

History: 1991, c. 67, s. 98; 1994, c. 22, s. 413; 1997, c. 85, s. 469.

**Corresponding Federal Provision:** sch. V, part I, 6.

**Supply to lessee making exempt supplies.**

**99.** A supply of property is exempt if the property is land, a building, or the part of a building, that consists solely of residential units, and the supply is made by way of lease, licence or similar arrangement to a recipient (in this section referred to as the “lessee”) for a lease interval (within the meaning assigned by section 32.2) throughout which the lessee or a sub-lessee makes, or holds the property for the purpose of making, one or more supplies of the property, parts of the property or leases, licences or similar arrangements in respect of the property or parts of it and all or substantially all of those supplies are

(1) exempt supplies described by section 98 or 100; or

(2) supplies that are made, or are reasonably expected to be made, to other lessees or sub-lessees described in this section.

History: 1991, c. 67, s. 99; 1994, c. 22, s. 413; 1997, c. 85, s. 470; 2001, c. 53, s. 289; 2009, c. 15, s. 486.

**Corresponding Federal Provision:** sch. V, part I, 6.1.

**Supply to lessee making exempt supplies.**

**99.0.1.** A supply made by way of lease, licence or similar arrangement of property is exempt if the property is a residential complex or is land, a building or the part of a building, that forms or is reasonably expected to form part of a residential complex, and if the supply is made to a recipient (in this section referred to as the “lessee”) for a lease interval (within the meaning assigned by section 32.2) throughout which all or substantially all of the property is

(1) supplied, or is held for the purpose of being supplied, in one or more supplies, by the lessee or a sub-lessee for the purpose of the occupancy of the property or parts of the property by individuals as a place of residence or lodging and all or substantially all of the supplies of the property or parts of the property are exempt supplies described in section 98; or

(2) used, or held for the purpose of being used, by the lessee or a sub-lessee in the course of making exempt supplies and, as part of one or more exempt supplies, possession or use of all or substantially all of the residential units situated in the property is given under a lease, licence or similar arrangement for the purpose of their occupancy by an individual as a place of residence.

History: 2009, c. 15, s. 487.

**Corresponding Federal Provision:** sch. V, part I, 6.11.

**Supply of meals.**

**99.1.** A supply of meals made by a person who is making a supply, described by paragraph 1 of section 98, of a residential complex or unit is exempt where the meals are provided, to the occupant of the complex or unit, in the complex or unit or in the residential complex in which the unit is located under an arrangement whereby at least 10 meals per week are supplied for a single consideration determined before any meal is provided under the arrangement.

History: 1994, c. 22, s. 414.

**Corresponding Federal Provision:** sch. V, part I, 6.2.

**Supply of land or a site in a residential trailer park.**

**100.** A supply is exempt where the supply is

(1) of land, other than a site in a residential trailer park, by way of lease, licence or similar arrangement under which continuous possession or occupation of the land is provided for a period of at least one month, made to

(a) the owner, lessee or person in occupation or possession of a residential unit that is or is to be affixed to the land for the purpose of its use and enjoyment as a place of residence for individuals, or

(b) a person who is acquiring possession of the land for the purpose of constructing a residential complex on it in the course of a commercial activity;

(2) of a site in a residential trailer park, by way of lease, licence or similar arrangement under which continuous possession or occupation of the site is provided for a period of at least one month, made to the owner, lessee or person in occupation or possession of

(a) a mobile home situated or to be situated on the site, or

(b) a travel trailer, motor home or similar vehicle or trailer situated or to be situated on the site; or

(3) of a lease, licence or similar arrangement referred to in subparagraph 1 or 2 by way of assignment.

**Application.**

The first paragraph does not apply to a supply of land on which the residential unit, mobile home, travel trailer, motor home or similar vehicle or trailer is or is to be affixed or situated, or any land contiguous to it, that is not reasonably necessary for the use and enjoyment of the unit, home, vehicle or trailer as a place of residence for individuals.

History: 1991, c. 67, s. 100; 1994, c. 22, s. 415; 1997, c. 85, s. 471.

**Interpretation Bulletins:** TVQ. 222.2-1.

**Corresponding Federal Provision:** sch. V, part I, 7.

**Supply by way of sale of a parking space.**

**101.** A supply by way of sale of a parking space that is the subject of a declaration of co-ownership entered in the land register made by a supplier to a person is exempt if

(1) the supplier, at the same time or as part of the same supply, makes a supply, included in any of sections 94 to 96, by way of sale to the person of a residential unit held in co-ownership described by that declaration; and

(2) the space was, at any time, supplied to the supplier by way of sale and the supplier did not, after that time, claim an input tax refund in respect of an improvement to the space.

History: 1991, c. 67, s. 101; 1994, c. 22, s. 415; 1995, c. 1, s. 268; 1997, c. 85, s. 472; 2001, c. 53, s. 290.

**Corresponding Federal Provision:** sch. V, part I, 8.

**Supply of a parking space by way of lease, licence or similar arrangement.**

**101.1.** A supply of a parking space by way of lease, licence or similar arrangement under which any such space is made available throughout a period of at least one month, is exempt where the supply is

(1) made to a person (in this paragraph referred to as an “occupier”) who is a lessee or person in occupation or possession of a single unit residential complex, a residential

unit in a multiple unit residential complex or a site in a residential trailer park where

(a) the space forms part of the residential complex or residential trailer park, as the case may be, or

(b) the supplier of the space is an owner or occupier of the single unit residential complex, residential unit or site, as the case may be, and the use of the space is incidental to the use and enjoyment of the complex, unit or site, as the case may be, as a place of residence for individuals;

(2) made to the owner, lessee or person in occupation or possession of a residential unit held in co-ownership described by a declaration of co-ownership entered in the land register if the space is the subject of that declaration; or

(3) made by a supplier to the owner, lessee or person in occupation or possession of a floating home where the home is moored to mooring facilities or a wharf under an agreement with the supplier for a supply that is an exempt supply described in section 106.2 and the use of the space is incidental to the use and enjoyment of the home as a place of residence for individuals.

History: 1994, c. 22, s. 416; 1995, c. 1, s. 269; 1997, c. 85, s. 473; 2001, c. 53, s. 291.

**Corresponding Federal Provision:** sch. V, part I, 8.1.

“settlor”.

**101.1.1.** For the purposes of section 102, “settlor”, in relation to a testamentary trust constituted by reason of the death of an individual, means that individual.

History: 1997, c. 85, s. 474.

**Corresponding Federal Provision:** sch. V, part I, 9(1).

**Exempt supply — exception.**

**102.** A supply of an immovable by way of sale made by an individual or a personal trust is exempt, except where the supply is

(1) a supply of an immovable that is, immediately before the time ownership or possession of the property is transferred to the recipient of the supply under the agreement for the supply, capital property used primarily

(a) in a business carried on by the individual or trust with a reasonable expectation of profit, or

(b) where the individual or trust is a registrant,

i. in making a taxable supply of the immovable by way of lease, licence or similar arrangement, or

ii. in any combination of the uses described in subparagraph *a* and subparagraph *i*;

(2) a supply of an immovable made

(a) in the course of a business of the individual or trust, or

(b) in the course of an adventure or concern in the nature of trade of the individual or trust, where the individual or trust has filed an election with and as prescribed by the Minister for that purpose in prescribed form containing prescribed information;

(2.1) a supply of a part of a parcel of land, which parcel the individual, trust or settlor of a testamentary trust subdivided or severed into parts, except where

(a) the parcel was subdivided or severed into two parts and the individual, trust or settlor of a testamentary trust did not subdivide or sever that parcel from another parcel of land, or

(b) the recipient of the supply is an individual who is related to, or is a former spouse of, the individual or settlor of a testamentary trust and is acquiring the part for the personal use and enjoyment of the recipient;

(3) a supply deemed under any of sections 256 to 262 to have been made;

(4) a supply of a residential complex or an interest in a residential complex; or

(5) a particular supply to a recipient who is registered under Division I of Chapter VIII and who has made an election under this subparagraph jointly with the individual or trust in prescribed form containing prescribed information and filed with the Minister with the recipient’s return in which the recipient is required to report the tax in respect of the supply, if

(a) the recipient made a taxable supply by way of sale (in this section referred to as the “prior supply”) of the immovable to a person (in this section referred to as the “prior recipient”) who is the individual, trust or settlor of the trust and that supply is the last supply by way of sale of the immovable to the prior recipient,

(b) the day the particular supply is made is not more than one year after the particular day that is the earlier of the day on which, under the agreement for the prior supply, the prior recipient acquired ownership of the immovable and the day the prior recipient acquired possession of the immovable, and

(c) the particular supply is made pursuant to a right or obligation of the recipient to purchase the immovable that is provided for under the agreement for the prior supply.

**Parcel of land deemed not to have been subdivided.**

For the purposes of subparagraph 2.1 of the first paragraph, a part of a parcel of land that the individual, trust or settlor of a testamentary trust supplies to a person who has the right to acquire it by expropriation, and the remainder of that parcel, are deemed not to have been subdivided or severed from

each other by the individual, trust or settlor of a testamentary trust, as the case may be.

History: 1991, c. 67, s. 102; 1994, c. 22, s. 417; 1997, c. 85, s. 475; 2003, c. 2, s. 315.

**Interpretation Bulletins:** TVQ. 16-30/R1.

**Corresponding Federal Provision:** sch. V, part I, 9(2).

**Supply of farmland.**

**103.** A supply of farmland by way of sale made by an individual to another individual who is related to or who is a former spouse of the individual, is exempt where

(1) the farmland was used at any time by the individual in a commercial activity that is the business of farming;

(2) the farmland was not used, immediately before the time ownership of the property is transferred under the supply, by the individual in a commercial activity other than the business of farming; and

(3) the other individual is acquiring the farmland for the personal use and enjoyment of the other individual or any individual related thereto.

History: 1991, c. 67, s. 103.

**Corresponding Federal Provision:** sch. V, part I, 10.

**Supply of farmland.**

**104.** A supply by an individual of farmland, deemed under section 221 or 261 to have been made, is exempt where

(1) the farmland was used at any time by the individual in a commercial activity that is the business of farming;

(2) the farmland was not used, immediately before the supply is deemed to have been made, by the individual in a commercial activity other than the business of farming; and

(3) the farmland, immediately after the time the supply is deemed to have been made, is for the personal use and enjoyment of the individual or of an individual related to him.

History: 1991, c. 67, s. 104.

**Corresponding Federal Provision:** sch. V, part I, 11.

**Supply of farmland.**

**105.** A supply of farmland by way of sale made by a person that is a partnership, trust or corporation to a particular individual, an individual related to or a former spouse of the particular individual, is exempt where

(1) immediately before the time ownership of the property is transferred under the supply,

(a) all or substantially all of the property of the person is used in a commercial activity that is the business of farming;

(b) the particular individual is a member of the partnership, a beneficiary of the trust or a shareholder of or related to the corporation, as the case may be; and

(c) the particular individual, the spouse of the particular individual or a child, within the meaning of paragraph *d* of section 451 of the Taxation Act (chapter I-3), of the particular individual is actively engaged in the business of the person; and

(2) immediately after the time ownership of the property is transferred under the supply, the farmland is for the personal use and enjoyment of the individual to whom the supply was made or of an individual related thereto.

History: 1991, c. 67, s. 105; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** sch. V, part I, 12.

**Supply to the owner or lessee of a residential unit held in co-ownership.**

**106.** A supply of property or a service, made by a corporation or syndicate established upon the registration in the land register of a declaration of co-ownership, to the owner or lessee of a residential unit held in co-ownership described by that declaration, is exempt if the property or service relates to the occupancy or use of the unit.

History: 1991, c. 67, s. 106; 2001, c. 53, s. 292.

**Corresponding Federal Provision:** sch. V, part I, 13.

**Supply by a cooperative housing corporation to a person.**

**106.1.** A supply of property or a service made by a cooperative housing corporation to a person who, because the person is a shareholder of the corporation or a lessee or sub-lessee of a shareholder of the corporation, is entitled to occupy or use a residential unit in a residential complex administered or owned by the corporation, where the supply relates to the occupation or use of a residential unit in the complex, is exempt.

History: 1994, c. 22, s. 418.

**Corresponding Federal Provision:** sch. V, part I, 13.1.

**Supply of a right to use mooring facilities or a wharf.**

**106.2.** A supply, made to a person who is the owner, lessee or person in occupation or possession of a floating home, of a right to use mooring facilities or a wharf for a period of at least one month in connection with the use and enjoyment of the home as a place of residence for individuals, is exempt.

History: 1994, c. 22, s. 418.

**Corresponding Federal Provision:** sch. V, part I, 13.2.

**Supply of a right to use a washing machine or clothes-dryer.**

**106.3.** A supply to a consumer of the right to use a washing machine or clothes-dryer that is located in a common area of a residential complex is exempt.

History: 1997, c. 85, s. 476.

**Corresponding Federal Provision:** sch. V, part I, 13.3.

**Supply of part of the common area of a residential complex that is used as a laundry.**

**106.4.** A supply by way of lease, licence or similar arrangement of that part of the common area of a residential complex that is used as a laundry, made to a person who so acquires the property for use in the course of making supplies described in section 106.3, is exempt.

History: 1997, c. 85, s. 476.

**Corresponding Federal Provision:** sch. V, part I, 13.4.

**Sections 222.2, 222.3 and 223 to 231.1 deemed in force at all times.**

**107.** For the purposes of sections 96, 97, 97.2 and 97.3, sections 222.2, 222.3 and 223 to 231.1 are deemed to have been in force at all times.

History: 1991, c. 67, s. 107; 1994, c. 22, s. 419.

**Corresponding Federal Provision:** sch. V, part I, 14.

## DIVISION II HEALTH CARE SERVICE

### Definitions:

**108.** In this division,

**“cosmetic service supply”;**

“cosmetic service supply” means a supply of property or a service that is made for cosmetic purposes and not for medical or reconstructive purposes;

**“health care institution”;**

“health care institution” means

(1) a centre operated by an institution, within the meaning of the Act respecting health services and social services (chapter S-4.2) or within the meaning of the Act respecting health services and social services for Cree Native persons (chapter S-5), for the purpose of providing health or hospital care, acute or chronic care or rehabilitative care, or any other institution operated for the purpose of providing such care;

(1.1) a centre referred to in paragraph 1 that is primarily for persons with mental health problems, or any other institution primarily for persons with mental health problems;

(2) a facility, or part thereof, operated for the purpose of providing residents of the facility who have limited physical or mental capacity for self-supervision and self-care with

(a) nursing and personal care under the direction or supervision of qualified medical and nursing care staff or other personal and supervisory care, other than domestic services of an ordinary household nature, according to the individual requirements of the residents,

(b) assistance with the activities of daily living and social, recreational and other related services to meet the psycho-social needs of the residents, and

(c) meals and accommodation;

**“home care service”;**

“home care service” means a household or personal care service, such as bathing, feeding, assistance with dressing or medication, cleaning, laundering, meal preparation and child care, if the service is rendered to an individual who, due to age, infirmity or disability, requires assistance;

**“institutional health care service”;**

“institutional health care service” means any of the following when provided in a health care institution:

(1) a laboratory, radiological or other diagnostic service;

(2) a medication, biological substance or related preparation when administered, or a medical or surgical prosthesis when installed, in the facility in conjunction with the supply of a service or property included in any of paragraphs 1 and 3 to 7;

(3) the use of an operating room, case room or anaesthetic facilities, including necessary equipment or supplies;

(4) medical or surgical equipment or supplies

(a) used by the operator of the institution in providing a service included in any of paragraphs 1 to 3 and 5 to 7, or

(b) supplied to a patient or resident of the institution otherwise than by way of sale;

(5) the use of occupational therapy, physiotherapy or radiotherapy facilities;

(6) lodging;

(7) a meal other than one served in a restaurant, cafeteria or similar place where meals are served;

(8) a service rendered by a person remunerated for that purpose by the operator of the institution;

**“medical practitioner”;**

“medical practitioner” means a physician within the meaning of the Medical Act (chapter M-9) or a dentist within the meaning of the Dental Act (chapter D-3) and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine or dentistry;

**“practitioner”;**

“practitioner” means a person who practices the profession of acupuncture, audiology, chiroprody, chiropractic, dietetics, midwifery, naturopathy as a naturopathic doctor, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology or speech-language pathology in Québec and who

(1) where the person is required to be licensed or otherwise authorized to practise that profession in Québec, is so licensed or otherwise authorized;

(2) where the person is not required to be so licensed or otherwise authorized, has qualifications equivalent to those necessary to be licensed or otherwise authorized to practise

in another province, the Northwest Territories, the Yukon Territory or Nunavut;

(3) (*paragraph repealed*);

**“qualifying health care supply”.**

“qualifying health care supply” means a supply of a property or service that is made for the purpose of

- (1) maintaining health;
- (2) preventing disease;
- (3) treating, relieving or remediating an injury, illness, disorder or disability;
- (4) assisting (otherwise than financially) an individual in coping with an injury, illness, disorder or disability; or
- (5) providing palliative health care.

History: 1991, c. 67, s. 108; 1992, c. 21, s. 373; 1992, c. 21, s. 375; 1992, c. 21, s. 387; O.C. 1468-92; 1994, c. 22, s. 420; 1994, c. 23, s. 23; O.C. 587-95; 1995, c. 1, s. 270; 1995, c. 63, s. 344; 1997, c. 85, s. 477; 2001, c. 53, a. 293 [amended by 2003, c. 2, s. 352]; 2003, c. 2, s. 316; 2005, c. 1, s. 351; 2009, c. 5, s. 604; 2011, c. 6, s. 240; 2015, c. 21, s. 642; 2015, c. 24, s. 169.

**Interpretation Bulletins:** TVQ. 108-1/R2; TVQ. 119.1-1/R2.

**Corresponding Federal Provision:** sch. V, part II, 1.

**Cosmetic service.**

**108.1.** For the purposes of this division, other than section 116, a cosmetic service supply and a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes are deemed not to be included in this division.

History: 2011, c. 6, s. 241.

**Corresponding Federal Provision:** sch. V, part II, 1.1.

**Exclusion.**

**108.2.** For the purposes of this division, other than sections 116 and 118 to 119.2, a supply that is not a qualifying health care supply is deemed not to be included in this division.

History: 2015, c. 21, s. 643.

**Corresponding Federal Provision:** sch. V, part II, 1.2.

**Institutional health care service.**

**109.** A supply of an institutional health care service made by the operator of a health care institution, when rendered to a patient or resident, is exempt.

History: 1991, c. 67, s. 109; 1992, c. 21, s. 375; 2001, c. 53, s. 294; 2011, c. 6, s. 242.

**Interpretation Bulletins:** TVQ. 108-1/R2.

**Corresponding Federal Provision:** sch. V, part II, 2.

**Lease of medical equipment.**

**110.** A supply by way of lease of medical equipment or supplies, made by the operator of a health care institution to a consumer on the written order of a medical practitioner, is exempt.

History: 1991, c. 67, s. 110; 1992, c. 21, s. 375; 2009, c. 15, s. 488.

**Corresponding Federal Provision:** sch. V, part II, 3.

**Ambulance service.**

**111.** A supply of an ambulance service made by a person who carries on the business of supplying ambulance services is exempt.

**Exception.**

However, such a supply does not include a supply of an air ambulance service referred to in section 197.1.

History: 1991, c. 67, s. 111; 1997, c. 85, s. 478.

**Corresponding Federal Provision:** sch. V, part II, 4.

**Medical or dental service.**

**112.** A supply of a consultative, diagnostic, treatment or other health care service that is rendered by a medical practitioner to an individual is exempt.

History: 1991, c. 67, s. 112; 2007, c. 12, s. 319; 2009, c. 15, s. 489; 2011, c. 6, s. 243.

**Interpretation Bulletins:** TVQ. 176-4/R2.

**Corresponding Federal Provision:** sch. V, part II, 5.

**Nursing services.**

**113.** A supply of a nursing service rendered to an individual by a nurse or a nursing assistant is exempt if the service is rendered within a nurse-patient relationship.

History: 1991, c. 67, s. 113; 1992, c. 21, s. 375; 1997, c. 3, s. 120; 1997, c. 85, s. 479; 2009, c. 15, s. 490.

**Corresponding Federal Provision:** sch. V, part II, 6.

**Health care service rendered by practitioner.**

**114.** A supply of an acupuncture, audiological, chiropractic, chiropractic, midwifery, naturopathic, occupational therapy, optometric, osteopathic, physiotherapy, podiatric, psychological or speech-language pathology service is exempt if the service is rendered to an individual by a practitioner of the service.

History: 1991, c. 67, s. 114; 1997, c. 85, s. 480; 2001, c. 53, s. 295 [amended by 2003, c. 2, s. 353]; 2009, c. 5, s. 605; 2009, c. 15, s. 491; 2015, c. 24, s. 170.

**Corresponding Federal Provision:** sch. V, part II, 7.

**Dietetic service.**

**114.1.** A supply of a dietetic service rendered by a practitioner of the service is exempt if



- (1) the service is rendered to an individual;
- (2) the supply is made to a public sector body; or
- (3) the supply is made to the operator of a health care institution.

History: 1997, c. 85, s. 481; 2009, c. 15, s. 492.

**Corresponding Federal Provision:** sch. V, part II, 7.1.

**Social work service.**

**114.2.** A supply of a service rendered in the practise of the profession of social work is exempt in the case where

(1) the service is rendered to an individual within a professional-client relationship between the particular individual who renders the service and the individual and is provided for the prevention, assessment or remediation of, or to assist the individual in coping with, a physical, emotional, behavioural or mental disorder or disability of the individual or of another individual to whom the individual is related or to whom the individual provides care or supervision otherwise than in a professional capacity; and

(2) the particular individual is licensed or otherwise certified to practise the profession of social work in Québec.

History: 2009, c. 5, s. 606; 2009, c. 15, s. 493.

**Corresponding Federal Provision:** sch. V, part II, 7.2.

**Pharmacist service.**

**114.3.** A supply of a service (other than a service described in paragraph 3 of section 174) rendered in the practice of the profession of pharmacy by a particular individual is exempt if

(1) the service is rendered by the particular individual within a pharmacist-patient relationship between the particular individual and another individual and is provided for the promotion of the health of the other individual or for the prevention or treatment of a disease, disorder or dysfunction of the other individual; and

(2) the particular individual is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of pharmacy.

History: 2015, c. 21, s. 644.

**Corresponding Federal Provision:** sch. V, part II, 7.3.

**Dental hygienist service.**

**115.** A supply of a dental hygienist service is exempt.

History: 1991, c. 67, s. 115.

**Corresponding Federal Provision:** sch. V, part II, 8.

**Services payable by a provincial government.**

**116.** A supply, other than a zero-rated supply, of any property or service is exempt to the extent that the consideration for the supply is payable or reimbursed by the Gouvernement du Québec pursuant to the Health Insurance Act (chapter A-29) or the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) or by the government of another province, the Northwest Territories, the Yukon Territory or Nunavut under a health care plan established for the insured persons of that province or territory under an Act of the legislature of that province or territory.

History: 1991, c. 67, s. 116; 1995, c. 1, s. 271; 1999, c. 89, s. 53; O.C. 149-2000; 2003, c. 2, s. 317.

**Corresponding Federal Provision:** sch. V, part II, 9.

**Prescribed health care service.**

**117.** A supply of a diagnostic, treatment or other health care service rendered to an individual is exempt if the service is a prescribed service and the supply is made on the order of

(1) a medical practitioner or a practitioner;

(2) a nurse authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to order such a service if the order is made within a nurse-patient relationship; or

(3) a person who is authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of pharmacy and to order such a service, if the order is made within a pharmacist-patient relationship.

History: 1991, c. 67, s. 117; 2009, c. 15, s. 494; 2015, c. 21, s. 645.

**Corresponding Federal Provision:** sch. V, part II, 10.

**Service relating to meals.**

**118.** A supply of food and beverages, including the services of a caterer, made to an operator of a health care institution under a contract to provide on a regular basis meals for the patients or residents of the institution is exempt.

History: 1991, c. 67, s. 118; 1992, c. 21, s. 375.

**Interpretation Bulletins:** TVQ. 108-1/R2.

**Corresponding Federal Provision:** sch. V, part II, 11.

**119. (Repealed).**

History: 1991, c. 67, s. 119; 1997, c. 85, s. 482.

**Home-care service.**

**119.1.** A supply of a home care service that is rendered to an individual in the individual's place of residence, whether the recipient of the supply is the individual or any other person, is exempt where

- (1) the supplier is a government;
- (2) the supplier is a municipality;
- (3) a government, municipality or organization administering a government or municipal program in respect of home care services pays an amount
  - (a) to the supplier in respect of the supply, or
  - (b) to any person for the purpose of the acquisition of the service; or
- (4) another supply of a home care service rendered to the individual is made in the circumstances described in paragraph 1, 2 or 3.

History: 1994, c. 22, s. 421; 1995, c. 1, s. 272; 2015, c. 21, s. 646.

**Interpretation Bulletins:** TVQ. 119.1-1/R2.

**Corresponding Federal Provision:** sch. V, part II, 13.

**Training service.**

**119.2.** A supply (other than a zero-rated supply or a prescribed supply) of a training service or of a service of designing a training plan is exempt if

- (1) the training is specially designed to assist individuals with a disorder or disability in coping with the effects of the disorder or disability or to alleviate or eliminate those effects and is given or, in the case of a service of designing a training plan, is to be given to a particular individual with the disorder or disability or to another individual who provides personal care or supervision to the particular individual otherwise than in a professional capacity; and
- (2) any of the following conditions is met:
  - (a) a person acting in the capacity of a practitioner, medical practitioner, social worker or nurse, and in the course of a professional-client relationship between the person and the particular individual, has certified in writing that the training is or, in the case of a service of designing a training plan, will be an appropriate means to assist the particular individual in coping with the effects of the disorder or disability or to alleviate or eliminate those effects,
  - (b) a prescribed person, or a member of a prescribed class of persons, has, subject to prescribed circumstances or conditions, certified in writing that the training is or, in the case of a service of designing a training plan, will be an appropriate means to assist the particular individual in coping with the effects of the disorder or disability or to alleviate or eliminate those effects, or
  - (c) the supplier
    - i. is a government,

- ii. is paid an amount to make the supply by a government or organization administering a government program targeted at assisting individuals with a disorder or disability, or
- iii. receives evidence satisfactory to the Minister that, for the purpose of the acquisition of the service, an amount has been paid or is payable to a person by a government or organization administering a government program targeted at assisting individuals with a disorder or disability.

**Exception.**

For the purposes of this section, a training service or a service of designing a training plan does not include training that is similar to the training ordinarily given to individuals who

- (1) do not have a disorder or disability; and
- (2) do not provide personal care or supervision to an individual with a disorder or disability.

History: 2009, c. 15, s. 495; 2015, c. 24, s. 171.

**Corresponding Federal Provision:** sch. V, part II, 14 and 15.

**DIVISION III  
EDUCATIONAL SERVICE**

**Definitions:**

**120.** In this division,

**“elementary or secondary school student”;**  
“elementary or secondary school student” means an individual who is enrolled for

- (1) educational services at the elementary level provided by a school authority;
- (2) educational services at the secondary level provided by a school authority or for services equivalent to such services;

**“regulatory body”;**  
“regulatory body” means a body constituted or empowered by an Act of the Legislature of Québec to regulate the practice of a profession or trade in Québec by setting standards of knowledge or proficiency for practitioners of a profession or trade;

**“vocational school”.**  
“vocational school” means an institution established and operated primarily to provide students with correspondence courses, or instruction in courses, that develop or enhance students’ occupational skills.

History: 1991, c. 67, s. 120; 1994, c. 22, s. 422; 1997, c. 85, s. 483.

**Interpretation Bulletins:** TVQ. 127-1/R1; TVQ. 127-2/R1; TVQ. 127-3/R1.

**Corresponding Federal Provision:** sch. V, part III, 1.

**Courses at the elementary and secondary levels.**

**121.** A supply made by a school authority that consists in providing individuals with educational services primarily for elementary or secondary school students is exempt.

History: 1991, c. 67, s. 121.

**Corresponding Federal Provision:** sch. V, part III, 2.

**Supply during an extra-curricular activity.**

**122.** A supply of food, beverages, a service or an admission made by a school authority primarily to elementary or secondary school students during the course of an extra-curricular activity organized under the authority and responsibility of the school authority is exempt.

**Exception.**

This section does not apply to food or beverages prescribed for the purposes of section 131 or food or beverages supplied through a vending machine.

History: 1991, c. 67, s. 122; 1997, c. 85, s. 484.

**Corresponding Federal Provision:** sch. V, part III, 3.

**Service performed by a student.**

**123.** A supply made by a school authority of a service performed by an elementary or secondary school student or by an instructor of an elementary or secondary school student in the course of the student's program of studies is exempt.

History: 1991, c. 67, s. 123.

**Corresponding Federal Provision:** sch. V, part III, 4.

**Student transportation service.**

**124.** A supply of a service of transporting elementary or secondary school students to or from a school of a school authority is exempt, if the supply is made by a school authority to a person who is not a school authority.

History: 1991, c. 67, s. 124; 2002, c. 9, s. 161.

**Interpretation Bulletins:** TVQ. 124-1/R1; TVQ. 124-2/R1.

**Corresponding Federal Provision:** sch. V, part III, 5.

**Course leading to a professional accreditation or title.**

**125.** The following supplies, made by a professional association, public college, vocational school, government, regulatory body or university are exempt:

(1) a supply that consists in providing an individual with an educational service leading to, or for the purpose of maintaining or upgrading, a professional accreditation or professional title recognized by the regulatory body;

(2) a supply that consists in administering an examination or a supply of a certificate in respect of an educational service, a professional accreditation or a professional title referred to in subparagraph 1.

**Exception — election.**

This section does not apply if the supplier has made an election under this section in prescribed form containing prescribed information.

History: 1991, c. 67, s. 125; 1994, c. 22, s. 423.

**Interpretation Bulletins:** TVQ. 127-1/R1.

**Corresponding Federal Provision:** sch. V, part III, 6.

**Course leading to a diploma.**

**126.** A supply made by a school authority, public college or university that consists in providing an individual with, or administering an examination in respect of, an educational service for which credit may be obtained toward a diploma is exempt.

History: 1991, c. 67, s. 126.

**Interpretation Bulletins:** TVQ. 126-1/R2; TVQ. 126-2/R2; TVQ. 127-2/R1; TVQ. 127-3/R1.

**Corresponding Federal Provision:** sch. V, part III, 7.

**Supply in respect of a course.**

**126.1.** A supply of a service or membership the consideration for which is required to be paid by the recipient of a supply because the recipient receives the supply included in section 126 is exempt.

History: 1994, c. 22, s. 424.

**Interpretation Bulletins:** TVQ. 126-2/R2.

**Corresponding Federal Provision:** sch. V, part III, 7.

**Vocational training.**

**127.** A supply, other than a zero-rated supply, made by a government, school authority, vocational school, public college or university that consists in providing an individual with, or administering an examination in respect of, an educational service leading to a certificate, diploma, permit or similar document, or a class or rating in respect of a licence or permit, that attests to the competence of an individual to practise a trade or vocation is exempt.

**Exception.**

This section does not apply where the supplier has made an election under this section in prescribed form containing prescribed information.

History: 1991, c. 67, s. 127; 1994, c. 22, s. 425; 1997, c. 85, s. 485; 2003, c. 2, s. 318.

**Interpretation Bulletins:** TVQ. 127-1/R1; TVQ. 127-2/R1; TVQ. 127-3/R1.

**Corresponding Federal Provision:** sch. V, part III, 8.

**Private and prerequisite courses.**

**128.** The following supplies are exempt:

(1) a supply of an educational service that consists in instructing an individual in a course that either follows a

program of studies at the elementary or secondary level established or approved by the Minister of Education, Recreation and Sports or is approved for credit at the elementary or secondary level by the Minister;

(2) a supply of an educational service that consists in instructing an individual in a course that is a prescribed equivalent of a course described in paragraph 1;

(3) a supply of an educational service that consists in instructing an individual in a prerequisite course the successful completion of which is mandatory for admittance into a course described in paragraph 1 or 2.

History: 1991, c. 67, s. 128; 1993, c. 51, s. 72; 1994, c. 16, s. 50; 1994, c. 22, s. 425 [amended by 1995, c. 63, s. 540]; 1999, c. 83, s. 310; 2005, c. 1, s. 352; 2005, c. 28, s. 195.

**Corresponding Federal Provision:** sch. V, part III, 9.

**129.** *(Repealed).*

History: 1991, c. 67, s. 129; 1993, c. 51, s. 72; 1994, c. 16, s. 50; 1994, c. 22, s. 426.

**Second-language courses.**

**130.** A supply of an educational service that consists in instructing individuals in, or administering examinations in respect of, language courses that form part of a program of second-language instruction in either English or French is exempt, where the supply is made by a school authority, vocational school, public college or university or in the course of a business established and operated primarily to provide instruction in languages.

History: 1991, c. 67, s. 130; 2001, c. 53, s. 296.

**Corresponding Federal Provision:** sch. V, part III, 11.

**Meals at a school cafeteria.**

**131.** A supply of food or beverages made in an elementary or secondary school cafeteria primarily to students of the school is exempt, except where the supply is for a reception, meeting, party or similar private event.

**Exception.**

This section does not apply to prescribed food or beverages or food or beverages supplied through a vending machine.

History: 1991, c. 67, s. 131.

**Corresponding Federal Provision:** sch. V, part III, 12.

**Meals at a university or public college.**

**132.** A supply of a meal to a student enrolled at a university or public college is exempt where the meal is provided under a plan that is for a period of at least one month and under which the student purchases 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.

History: 1991, c. 67, s. 132; 1997, c. 85, s. 486.

**Interpretation Bulletins:** TVQ. 133-1/R1.

**Corresponding Federal Provision:** sch. V, part III, 13.

**Catering services.**

**133.** 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 to students under a plan referred to in section 132 or in an elementary or secondary school cafeteria primarily to students of the school is exempt.

**Exception.**

This section does not apply to the extent that the food, beverages or service are provided for a reception, conference or other special occasion or event.

History: 1991, c. 67, s. 133.

**Interpretation Bulletins:** TVQ. 133-1/R1.

**Corresponding Federal Provision:** sch. V, part III, 14.

**Lease of movable property.**

**134.** A supply of movable property made by way of lease by a school authority to an elementary or secondary school student is exempt.

History: 1991, c. 67, s. 134.

**Corresponding Federal Provision:** sch. V, part III, 15.

**Public college or university courses not leading to a diploma.**

**135.** A supply made by a school authority, public college or university of an educational service that consists in instructing individuals in, or administering an examination in respect of, a course is exempt where the service is part of a program that consists of two or more courses and is subject to the review of, and is approved by, the school authority, college or university.

**Exception.**

This section does not apply to courses in sports, games, hobbies or other recreational pursuits that are designed to be taken primarily for recreational purposes.

History: 1991, c. 67, s. 135; 1994, c. 22, s. 427.

**Interpretation Bulletins:** TVQ. 135-1.

**Corresponding Federal Provision:** sch. V, part III, 16.

**DIVISION IV  
CHILD AND PERSONAL CARE SERVICE**

**Child care service.**

**136.** A supply of a child care service, the primary purpose of which is to provide care and supervision to children 14

years of age or under for periods normally less than 24 hours per day is exempt.

**Exception.**

However, the supply does not include a supply of a service of supervising an unaccompanied child made by a person in connection with a taxable supply by that person of a passenger transportation service.

History: 1991, c. 67, s. 136; 2001, c. 53, s. 297.

**Corresponding Federal Provision:** sch. V, part IV, 1.

**Personal care service.**

**137.** A supply of a service of providing care and supervision and a place of residence for children or disabled or underprivileged individuals in an institution operated by the supplier for the purpose of providing such services is exempt.

History: 1991, c. 67, s. 137; 1992, c. 21, s. 375; 1994, c. 22, s. 428.

**Corresponding Federal Provision:** sch. V, part IV, 2.

**Respite care.**

**137.1.** A supply of a service of providing care and supervision to a person with limited physical or mental capacity for self-supervision and self-care due to an infirmity or disability is an exempt supply if the service is rendered primarily at an establishment of the supplier.

History: 2001, c. 53, s. 298.

**Corresponding Federal Provision:** sch. V, part IV, 3.

**DIVISION V  
LEGAL AID SERVICE**

**Professional legal aid service.**

**138.** A supply of a professional legal aid service provided under a legal aid program authorized by the Gouvernement du Québec and made by a corporation responsible for administering legal aid under the Act respecting legal aid and the provision of certain other legal services (chapter A-14) is exempt.

History: 1991, c. 67, s. 138; 1997, c. 3, s. 135; 2010, c. 12, s. 34.

**Interpretation Bulletins:** TVQ. 138-1/R1; TVQ. 678-2.

**Corresponding Federal Provision:** sch. V, part V, 1.

**DIVISION V.1  
CHARITIES**

**General exemption.**

**138.1.** A supply made by a charity of any property or service is exempt, except a supply of

- (1) property or a service referred to in Chapter IV;
- (2) property or a service, other than a supply that is deemed to have been made under section 60 or that is deemed only under section 32.2 or section 32.3 to have been made, where

the supply is deemed under this Title to have been made by the charity;

(3) movable property, other than property that was acquired, manufactured or produced by the charity for the purpose of making a supply by way of sale of the property and property supplied by way of lease, licence or similar arrangement in conjunction with an exempt supply by way of lease, licence or similar arrangement by the charity of immovable property, where, immediately before the time tax would first become payable in respect of the supply if it were a taxable supply, that property is used, otherwise than in making the supply, in commercial activities of the charity or, in the case of capital property, primarily in such activities;

(4) corporeal movable property (other than property supplied by way of lease, licence or similar arrangement in conjunction with the exempt supply of an immovable by way of lease, licence or similar arrangement) that was acquired, manufactured or produced by the charity for the purpose of making a supply of the property and was neither donated to the charity nor used by another person before its acquisition by the charity, or any service supplied by the charity in respect of such property, other than such property or such a service supplied under a contract for catering;

(4.1) a specified service as defined in section 350.17.1 if the supply is made to a registrant at a time when a designation of the charity under sections 350.17.1 to 350.17.4 is in effect;

(5) an admission in respect of a place of amusement unless the maximum consideration for a supply by the charity of such an admission does not exceed one dollar;

(6) a service involving, or a membership or other right entitling a person to, instruction or supervision in any recreational or athletic activity except where

(a) it could reasonably be expected, given the nature of the activity or the degree of relevant skill or ability required for participation in it, that such services, memberships or rights supplied by the charity would be provided primarily to children 14 years of age or under and the services are not supplied as part of, membership is not in, or the right is not in respect of, a program involving overnight supervision throughout a substantial portion of the program, or

(b) such services, memberships or rights supplied by the charity are intended to be provided primarily to individuals who are underprivileged or who have a disability;

(7) a membership, other than a membership described in subparagraphs *a* and *b* of paragraph 6, where the membership

(a) entitles the member to an admission in respect of a place of amusement the supply of which, were it made separately from the supply of the membership, would be a taxable supply, or to a discount on the value of consideration for a supply of such an admission, except where the value of the

admission or discount is insignificant in relation to the consideration for the membership, or

(b) includes a right to participate in a recreational or athletic activity, or use facilities, at a place of amusement, except where the value of the right is insignificant in relation to the consideration for the membership;

(8) services of performing artists in a performance where the supply is made to a person who makes taxable supplies of admissions in respect of the performance;

(9) a right, other than an admission, to play or participate in a game of chance where the charity is a prescribed person or the game is a prescribed game of chance;

(10) a residential complex, or an interest therein, where the supply is made by way of sale;

(11) an immovable where the supply is made by way of sale to an individual or a personal trust, other than a supply of an immovable on which is situated a structure that was used by the charity as an office or in the course of commercial activities or of making exempt supplies;

(12) an immovable where the supply is made by way of sale and, immediately before the time tax would first become payable in respect of the supply if it were a taxable supply, the immovable is used, otherwise than in making the supply, primarily in commercial activities of the charity;

(13) an immovable in respect of which an election under section 272 is in effect at the time tax would become payable in respect of the supply if it were a taxable supply;

(14) designated municipal property, if the charity is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII;

(15) a parking space if

(a) the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the charity;

(b) at the time the supply is made, it is reasonable to expect that the specified parking area (as defined in section 139) in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a property of, or a facility or establishment operated by, a particular person that is a municipality, a school authority, a hospital authority, a public college or a university; and

(c) any of the following conditions is met:

i. under the governing documents of the charity, the charity is expected to use a significant part of its income or assets for

the benefit of one or more of the particular persons referred to in subparagraph *b*,

ii. the charity and any particular person referred to in subparagraph *b* have entered into one or more agreements with each other or with other persons in respect of the use by the individuals referred to in that subparagraph of parking spaces in the specified parking area (as defined in section 139) in relation to the supply, or

iii. any particular person referred to in subparagraph *b* performs any function or activity in respect of supplies by the charity of parking spaces in the specified parking area (as defined in section 139) in relation to the supply; or

(16) a service rendered to an individual for the purpose of enhancing or otherwise altering the individual's physical appearance and not for medical or reconstructive purposes or a right entitling a person to such a service.

History: 1997, c. 85, a. 487 [amended by 2009, c. 5, s. 677]; 2001, c. 53, s. 299; 2003, c. 2, s. 319; 2009, c. 5, s. 607; 2015, c. 21, s. 647; 2017, c. 29, s. 249.

**Interpretation Bulletins:** TVQ. 16-29/R1; TVQ. 108-1/R2; 138-1/R1; TVQ. 151-1; TVQ. 162-3/R1.

**Corresponding Federal Provision:** sch. V, part V.1, 1.

**Supply of admissions to a fund-raising activity.**

**138.2.** A supply made by a charity of an admission to a fund-raising dinner, ball, concert, show or like fund-raising activity is exempt where part of the consideration for the supply may reasonably be regarded as an amount that is donated to charity and in respect of which a receipt referred to in section 712 or 752.0.10.3 of the Taxation Act (chapter I-3) may be issued or could be issued if the recipient of the supply were an individual.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677].

**Corresponding Federal Provision:** sch. V, part V.1, 2.

**Supply of movable property or a service in the course of a fund-raising activity.**

**138.3.** A supply by way of sale of movable property or a service made by a charity in the course of a fund-raising activity is exempt, but does not include

(1) a supply of any property or service where the charity makes supplies of such property or services in the course of that activity on a regular or continuous basis throughout the year or a significant portion of the year;

(2) a supply of any property or service where the agreement for the supply entitles the recipient to receive from the charity property or services on a regular or continuous basis throughout the year or a significant portion of the year;

(3) a supply of property or a service referred to in any of paragraphs 1 to 3 or 9 of section 138.1; or

(4) a supply of an admission in respect of a place of amusement at which the principal activity is the placing of bets or the playing of games of chance.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677].

**Corresponding Federal Provision:** sch. V, part V.1, 3.

**Meal at place of residence — poverty or disability.**

**138.4.** A supply made by a charity of food or beverages to seniors, underprivileged individuals or individuals with a disability under a program established and operated for the purpose of providing prepared food to such individuals in their places of residence and any supply of food or beverages made to the charity for the purposes of the program are exempt.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677].

**Interpretation Bulletins:** TVQ. 108-1/R2.

**Corresponding Federal Provision:** sch. V, part V.1, 4.

**Supply of property or a service for no consideration.**

**138.5.** A supply made by a charity of any property or service is exempt if all or substantially all of the supplies of the property or service by the charity are made for no consideration, but not including a supply of

(1) blood or blood derivatives; or

(2) a parking space if the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the charity.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677]; 2015, c. 21, s. 648.

**Corresponding Federal Provision:** sch. V, part V.1, 5.

**Supply of corporeal movable property or a service — nominal consideration.**

**138.6.** A supply by way of sale made by a charity to a recipient of corporeal movable property (other than capital property of the charity or, if the charity is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, designated municipal property), or of a service purchased by the charity for the purpose of making a supply by way of sale of the service, is exempt if the total charge for the supply is equal to the usual charge by the charity for such supplies to such recipients and

(1) if the charity does not charge the recipient any amount as tax in respect of the supply, the total charge for the supply does not, and could not reasonably be expected to, exceed the direct cost of the supply; and

(2) if the charity charges the recipient an amount as tax in respect of the supply, the consideration for the supply does not, and could not reasonably be expected to, equal or exceed the direct cost of the supply determined without reference to tax imposed under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and without

reference to any tax that became payable under this Title at a time when the charity was a registrant.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677]; 2001, c. 53, s. 300; 2012, c. 28, s. 53; 2015, c. 21, s. 649.

**Interpretation Bulletins:** TVQ. 1-8.

**Corresponding Federal Provision:** sch. V, part V.1, 5.1.

**Meal or short-term accommodation — poverty or suffering.**

**138.6.1.** A supply made by a charity of food, beverages or short-term accommodation is exempt if the supply is made in the course of an activity the purpose of which is to relieve poverty, suffering or distress of individuals and is not fund-raising.

History: 2001, c. 53, s. 301.

**Corresponding Federal Provision:** sch. V, part V.1, 5.2.

**Admissions — non-commercial gambling activities.**

**138.7.** A supply made by a charity of an admission in respect of a place of amusement at which the principal activity is the placing of bets or the playing of games of chance is exempt where

(1) the administrative function and the other functions performed in operating the game and taking the bets are performed exclusively by volunteers; and

(2) in the case of a bingo or casino, the game is not conducted in premises or at a place, including any temporary structure, that is used primarily for the purpose of conducting gambling activities.

History: 1997, c. 85, s. 487 [amended by 2009, c. 5, s. 677].

**Corresponding Federal Provision:** sch. V, part V.1, 6.

**Supply of a parking space.**

**138.8.** A supply (other than a supply by way of sale) of a parking space in a parking lot made by a charity is exempt if

(1) at the time the supply is made, either

(a) all of the parking spaces in the specified parking area (as defined in section 139) in relation to the supply are reserved for use by individuals who are accessing a hospital centre, or

(b) it is reasonable to expect that the specified parking area (as defined in section 139) in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a hospital centre;

(2) it is not the case that

(a) all or substantially all of the parking spaces in the specified parking area (as defined in section 139) in relation to the supply are reserved for use by persons other than individuals accessing a hospital centre otherwise than in a professional capacity,

(b) the supply or the amount of the consideration for the supply is conditional on the parking space being used by a person other than an individual accessing a hospital centre otherwise than in a professional capacity, or

(c) the agreement for the supply is entered into in advance and, under the terms of the agreement for the supply, use of a parking space in the specified parking area (as defined in section 139) in relation to the supply is made available for a total period of time that is more than 24 hours and the use is to be by a person other than an individual accessing a hospital centre otherwise than in a professional capacity; and

(3) no election made by the charity under section 272 is in effect, in respect of the property on which the parking space is situated, at the time tax under this Title would become payable in respect of the supply if it were a taxable supply.

History: 2015, c. 21, s. 650.

**Corresponding Federal Provision:** sch. V, part V.1, 7.

## DIVISION VI PUBLIC SECTOR BODY

### Definitions:

**139.** In this division,

**“authorized party”;**

“authorized party” means a party, including any regional or local association of the party, a candidate or a referendum committee governed by an Act of the Legislature of Québec or of the Parliament of Canada that imposes requirements relating to election finances or referendum expenses;

**“designated activity”;**

“designated activity” of an organization means an activity in respect of which the organization is designated to be a municipality for the purposes of section 165 or 166 or subdivision 5 of Division I of Chapter VII;

**“designated body of the Gouvernement du Québec”;**

“designated body of the Gouvernement du Québec” means a body that is established by the Gouvernement du Québec and designated to be a municipality for the purposes of sections 383 to 397;

**“local municipality”;**

“local municipality” of a regional municipality means a municipality that has jurisdiction over an area that forms part of the territory of the regional municipality;

**“municipal body”;**

“municipal body” means a municipality or a designated body of the Gouvernement du Québec;

**“municipal transit service”;**

“municipal transit service” means a public passenger transportation service, other than a charter service or a service that is part of a tour, that is supplied by a transit authority all or substantially all of whose supplies are of public passenger transportation services provided within and in the vicinity of the territory of a municipality;

**“para-municipal organization”;**

“para-municipal organization” of a municipal body means an organization, other than a government, of the municipal body and that

(1) where the municipal body is a municipality,

(a) is designated to be a municipality for the purposes of section 165 or 166 or subdivision 5 of Division I of Chapter VII, or

(b) is established by the municipal body and is a municipality by reason of paragraph 2 of the definition of “municipality” in section 1; or

(2) where the municipal body is a designated body of the Gouvernement du Québec, is a municipality by reason of paragraph 2 of the definition of “municipality” in section 1;

**“public sector body”;**

“public sector body” does not include a charity;

**“public service body”;**

“public service body” does not include a charity;

**“regional municipality”;**

“regional municipality” means a municipality that has general jurisdiction over the territory of more than one local municipality within the meaning of the Act respecting municipal territorial organization (chapter O-9);

**“specified parking space”;**

“specified parking space” in relation to a supply of a parking space, means all of the parking spaces that could be chosen for use in parking under the agreement for the supply of the parking space if all of those parking spaces were vacant and none were reserved for specific users;

**“transit authority”.**

“transit authority” means

(1) a division, department or agency of a government, a municipality or a school authority, the primary purpose of which is to supply public passenger transportation services;

(2) a non-profit organization that

(a) receives funding from a government, municipality or school authority to support the supply of public passenger transportation services; or

(b) that is established and operated for the purpose of providing public passenger transportation services to disabled individuals.

History: 1991, c. 67, s. 139; 1994, c. 22, s. 429; 1996, c. 2, s. 952; 1997, c. 85, s. 488; 2005, c. 38, s. 364; 2015, c. 21, s. 651.

**Interpretation Bulletins:** TVQ. 167-1; TVQ. 407-3/R2.

**Corresponding Federal Provision:** sch. V, part VI, 1.

**140. (Repealed).**

History: 1991, c. 67, s. 140; 1997, c. 85, s. 489.



**Para-municipal organization.**

**140.1.** For the purposes of the definition of “para-municipal organization” in section 139, such an organization is the organization of a municipal body if

(1) all or substantially all of the shares of the organization are owned by the municipal body or all or substantially all of the assets held by the organization are owned by the municipal body or are assets the disposition of which is controlled by the municipal body so that, in the event of a winding-up of the organization, those assets are vested in the municipal body; or

(2) the organization is required to submit to the municipal body the periodic operating and, where applicable, capital budget of the organization for approval and a majority of the members of the governing body of the organization are appointed by the municipal body.

History: 1994, c. 22, s. 430.

**Corresponding Federal Provision:** sch. V, part VI “para-municipal organization”.

**General exemption — public institution.**

**141.** A supply made by a public institution of movable property or a service is exempt, except a supply of

(1) property or a service provided for in Chapter IV;

(2) property or a service, other than a supply that is deemed only under section 32.2 or section 32.3 to have been made, where the supply is deemed under this Title to have been made by the institution;

(3) property, other than capital property of the institution or property that was acquired, manufactured or produced by the institution for the purpose of making a supply of the property, where, immediately before the time tax would be payable in respect of the supply if it were a taxable supply, the property was used, otherwise than in making the supply, in the course of commercial activities of the institution;

(4) capital property of the institution where, immediately before the time tax would be payable in respect of the supply if it were a taxable supply, the property was used, otherwise than in making the supply, primarily in commercial activities of the institution;

(5) corporeal property that was acquired, manufactured or produced by the institution for the purpose of making a supply of the property and was neither donated to the institution nor used by another person before its acquisition by the institution, or any service supplied by the institution in respect of such property, other than such property or such a service supplied by the institution under a contract for catering;

(6) property made by way of lease, licence or similar arrangement in conjunction with a supply of an immovable referred to in paragraph 6 of section 168;

(7) property or a service made by the institution under a contract for catering, for an event or occasion sponsored or arranged by another person who contracts with the institution for such supply;

(8) a membership where the membership

(a) entitles the member to supplies of admissions in respect of a place of amusement that would be taxable supplies if they were made separately from the supply of the membership, or to discounts on the value of consideration for such supplies, except where the value of the supplies or discount is insignificant in relation to the consideration for the membership; or

(b) includes a right to participate in a recreational or athletic activity, or use facilities, at a place of amusement, except where the value of the right is insignificant in relation to the consideration for the membership;

(9) services of performing artists in a performance where the supply is made to a person who makes taxable supplies of admissions in respect of the performance;

(10) a service involving, or a membership or other right entitling a person to, supervision or instruction in any recreational or athletic activity;

(11) a right to play or participate in a game of chance;

(12) a service of instructing individuals in, or administering examinations in respect of, any course where the supply is made by a vocational school, as defined in section 120, or a school authority, public college or university;

(13) an admission in respect of

(a) a place of amusement,

(b) a seminar, conference or similar event where the supply is made by a public college or a university,

(c) any fund-raising event;

(13.1) property or a service made by a municipality;

(13.2) designated municipal property, if the institution is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII;

(14) property or a service that

(a) is a cosmetic service supply (as defined in section 108) or a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes, and

(b) would be included in Division II of this chapter, but for sections 108.1 and 108.2, or in Division II of Chapter IV, but for section 175.2; or

(15) property or a service that

(a) is not a qualifying health care supply (as defined in section 108), and

(b) would be described in any of sections 109 to 115 and 117 if Division II of this chapter were read without reference to sections 108.1 and 108.2.

History: 1991, c. 67, s. 141; 1993, c. 19, s. 185; 1994, c. 22, s. 431; 1995, c. 1, s. 273; 1997, c. 85, s. 490; 2003, c. 2, s. 320; 2011, c. 6, s. 244; 2015, c. 21, s. 652.

**Interpretation Bulletins:** TVQ. 108-1/R2; TVQ. 124-2/R1; TVQ. 126-2/R2; TVQ. 162-3/R1; TVQ. 407.3-1.

**Corresponding Federal Provision:** sch. V, part VI, 2.

**142.** *(Repealed).*

History: 1991, c. 67, s. 142; 1997, c. 85, s. 491.

**143.** *(Repealed).*

History: 1991, c. 67, s. 143; 1994, c. 22, s. 432; 1997, c. 85, s. 491.

**Supply of admissions to a fund-raising activity — public institution.**

**143.1.** A supply made by a public institution of an admission to a fund-raising dinner, ball, concert, show or like fund-raising activity is exempt where part of the consideration for the supply may reasonably be regarded as an amount that is donated to the institution and in respect of which a receipt referred to in section 712 or 752.0.10.3 of the Taxation Act (chapter I-3) may be issued or could be issued if the recipient of the supply were an individual.

History: 1997, c. 85, s. 492.

**Corresponding Federal Provision:** sch. V, part VI, 3.

**Supply of movable property or a service in the course of a fund-raising activity — public institution.**

**143.2.** A supply by way of sale of movable property or a service made by a public institution in the course of a fund-raising activity is exempt, but does not include

(1) a supply of any property or service where the institution makes supplies of such property or services in the course of that activity on a regular or continuous basis throughout the year or a significant portion of the year;

(2) a supply of any property or service where the agreement for the supply entitles the recipient to receive from the institution property or services on a regular or continuous basis throughout the year or a significant portion of the year;

(3) a supply of property or a service referred to in any of paragraphs 1 to 4 or 11 of section 141; or

(4) a supply of an admission in respect of a place of amusement at which the principal activity is the placing of bets or the playing of games of chance.

History: 1997, c. 85, s. 492.

**Corresponding Federal Provision:** sch. V, part VI, 3.1.

**Fund-raising campaigns — volunteers.**

**144.** A supply of corporeal movable property made by way of sale by a public sector body is exempt where

(1) the body does not carry on the business of selling such property;

(2) all the sales persons are volunteers;

(3) the consideration for each item sold does not exceed \$5; and

(4) the property is not sold at an event at which supplies of property of the kind or class supplied are made by a person who carries on the business of selling such property.

**Exception.**

This section does not apply to a supply of excisable goods.

History: 1991, c. 67, s. 144; 2019, c. 14, s. 541.

**Corresponding Federal Provision:** sch. V, part VI, 4.

**Admission — non-commercial gambling activities.**

**145.** A supply made by a public sector body of an admission in respect of a place of amusement at which the principal activity is the placing of bets or the playing of games of chance is exempt where

(1) the administrative functions and other functions performed in operating the game and taking the bets are performed exclusively by volunteers; and

(2) in the case of a bingo or casino, the game is not conducted in premises or at a place, including any temporary structure, that is used primarily for the purpose of conducting gambling activities.

History: 1991, c. 67, s. 145.

**Corresponding Federal Provision:** sch. V, part VI, 5.

**Games of chance — public institution or non-profit organization.**

**146.** A supply made by a public institution or non-profit organization of a right, other than an admission, to play or participate in a game of chance is exempt.

**Exception.**

This section does not apply to a supply made by a prescribed person or in the case of the supply of a prescribed game of chance.

History: 1991, c. 67, s. 146; 1994, c. 22, s. 433; 1997, c. 85, s. 493.

**Interpretation Bulletins:** TVQ. 16-29/R1.

**Corresponding Federal Provision:** sch. V, part VI, 5.1.

**Bets.**

**147.** A supply of a service is exempt when the service is deemed under section 60 to have been supplied

(1) by a public institution or non-profit organization, other than a prescribed person; or

(2) where the service is in respect of a bet made through the agency of a pari-mutuel system on a running, trotting or pacing horse-race.

History: 1991, c. 67, s. 147; 1997, c. 85, s. 494.

**Corresponding Federal Provision:** sch. V, part VI, 5.2.

**Supply of corporeal movable property or a service for nominal consideration — public service body.**

**148.** A supply by way of sale made by a public service body (other than a municipality) to a recipient of corporeal movable property (other than capital property of the body or, if the body is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, designated municipal property), or of a service purchased by the body for the purpose of making a supply by way of sale of the service, is exempt if the total charge for the supply is equal to the usual charge by the body for such supplies to such recipients and

(1) if the body does not charge the recipient any amount as tax in respect of the supply, the total charge for the supply does not, or could not reasonably be expected to, exceed the direct cost of the supply; and

(2) if the body charges the recipient an amount as tax in respect of the supply, the consideration for the supply does not, and could not reasonably be expected to, equal or exceed the direct cost of the supply determined without reference to tax imposed under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and without reference to any tax that became payable under this Title at a time when the body was a registrant.

History: 1991, c. 67, s. 148; 1994, c. 22, s. 434; 1997, c. 85, s. 495 [amended by 2009, c. 5, s. 678]; 2001, c. 53, s. 302; 2012, c. 28, s. 54; 2015, c. 21, s. 653.

**Interpretation Bulletins:** TVQ. 1-8; TVQ. 16-28; TVQ. 126-2/R2.

**Corresponding Federal Provision:** sch. V, part VI, 6.

**149.** *(Repealed).*

History: 1991, c. 67, s. 149; 1997, c. 85, s. 496.

**150.** *(Repealed).*

History: 1991, c. 67, s. 150; 1997, c. 85, s. 496.

**Supply of an admission in respect of a place of amusement — symbolic consideration.**

**151.** A supply made by a public sector body of an admission in respect of a place of amusement is exempt where the maximum consideration for a supply by the body of such an admission does not exceed one dollar.

History: 1991, c. 67, s. 151; 1997, c. 85, s. 497.

**Interpretation Bulletins:** TVQ. 151-1.

**Corresponding Federal Provision:** sch. V, part VI, 9.

**Supply of property or a service for no consideration.**

**152.** A supply made by a public sector body of any property or service is exempt if all or substantially all of the supplies of the property or service by the body are made for no consideration, but not including a supply of

(1) blood or blood derivatives; or

(2) a parking space if the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the body.

History: 1991, c. 67, s. 152; 1997, c. 85, s. 497; 2015, c. 21, s. 654.

**Corresponding Federal Provision:** sch. V, part VI, 10.

**Performance and competitive event — amateur artists.**

**153.** A supply of a right to be a spectator at a performance, competitive event or athletic event is exempt where all or substantially all of the performers, athletes or competitors taking part in the performance or event do not receive, directly or indirectly, remuneration for doing so, other than a reasonable amount as prizes, gifts or compensation for travel or other expenses incidental to the performers', athletes' or competitors' participation in the performance or event, or grants paid by a government or a municipality to the performers, athletes or competitors, and where no advertisement or representation in respect of the performance or event features participants who are so remunerated.

**Exception.**

However, a supply of a right to be a spectator at a competitive event in which cash prizes are awarded and in which any competitor is a professional participant in any competitive event does not constitute an exempt supply.

History: 1991, c. 67, s. 153.

**Corresponding Federal Provision:** sch. V, part VI, 11.

**Recreational services.**

**154.** A supply made by a public sector body of a right of membership in a program established and operated by the body that consists of a series of supervised instructional classes or activities involving athletics, outdoor recreation,

music, dance, arts, crafts or other hobbies or recreational pursuits is exempt where

(1) it may reasonably be expected, given the nature of the classes or activities or the degree of relevant skill or ability required for participation in them, that the program will be provided primarily to children 14 years of age or under, except where the program involves overnight supervision throughout a substantial portion of the program; or

(2) the program is provided primarily for underprivileged individuals or individuals with a disability.

**Inclusion.**

The first paragraph also applies to a supply of services supplied as part of a program referred to in that paragraph.

History: 1991, c. 67, s. 154; 1997, c. 85, s. 498.

**Corresponding Federal Provision:** sch. V, part VI, 12.

**Recreational services.**

**155.** A supply made by a public sector body of board and lodging, or recreational services, at a recreational camp or similar place under a program or arrangement for providing the board and lodging or services primarily to underprivileged individuals or individuals with a disability is exempt.

History: 1991, c. 67, s. 155; 1997, c. 85, s. 499.

**Corresponding Federal Provision:** sch. V, part VI, 13.

**Short-term accommodation — poverty or suffering.**

**156.** A supply made by a public sector body of food, beverages or short-term accommodation is exempt where the supply is made in the course of an activity the purpose of which is to relieve poverty, suffering or distress of individuals, and is not fund-raising.

History: 1991, c. 67, s. 156.

**Corresponding Federal Provision:** sch. V, part VI, 14.

**Meal at place of residence — poverty or disability.**

**157.** A supply made by a public sector body of food or beverages to seniors, underprivileged individuals or individuals with a disability under a program established and operated for the purpose of providing prepared food to those individuals in their places of residence and any supply of food or beverages made to the public sector body for the purposes of the program are exempt.

History: 1991, c. 67, s. 157; 1997, c. 3, s. 121; 1997, c. 85, s. 500.

**Interpretation Bulletins:** TVQ. 108-1/R2.

**Corresponding Federal Provision:** sch. V, part VI, 15.

**158. (Repealed).**

History: 1991, c. 67, s. 158; 1994, c. 22, s. 435.

**Supply of a membership.**

**159.** A supply of a membership in a public sector body, other than a membership in a club the main purpose of which is to provide dining, recreational or sporting facilities or in an authorized party, is exempt where each member does not receive a benefit by reason of the membership, other than

(1) an indirect benefit that is intended to accrue to all members collectively;

(2) the right to receive services supplied by the body that are in the nature of investigating, conciliating or settling complaints or disputes involving members;

(3) the right to vote at or participate in meetings;

(4) the right to receive or acquire property or services supplied to the member for consideration that is not part of the consideration for the membership and that is equal to the fair market value of the property or services at the time the supply is made;

(5) the right to receive a discount on the value of the consideration for a supply to be made by the body where the total value of all such discounts to which a member is entitled by reason of the membership is insignificant in relation to the consideration for the membership; or

(6) the right to receive periodic newsletters, reports or publications where, as the case may be,

(a) their value is insignificant in relation to the consideration for membership, or

(b) they provide information on the activities of the body or its financial status, other than newsletters, reports or publications the value of which is significant in relation to the consideration for the membership and for which a fee is ordinarily charged by the body to non-members.

**Exception — election.**

This section does not apply where the body has made an election under this section in prescribed form containing prescribed information.

History: 1991, c. 67, s. 159; 1994, c. 22, s. 436; 1997, c. 85, s. 501.

**Interpretation Bulletins:** TVQ. 16-28.

**Corresponding Federal Provision:** sch. V, part VI, 17.

**Presumptions in respect of an election.**

**159.1.** Notwithstanding section 159, where a public sector body has made an election under section 17 of Part VI of Schedule V to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the body is deemed to have made an election under the second paragraph of section 159 and the election is deemed to become effective on the day an

election under section 17 of Part VI of Schedule V to that Act is to become effective.

History: 1997, c. 85, s. 502.

**Professional dues.**

**160.** A supply of a membership made by an organization membership in which is required to maintain a professional status recognized by statute is exempt.

**Exception — election.**

This section does not apply where the supplier has made an election under this section in prescribed form containing prescribed information.

History: 1991, c. 67, s. 160; 1994, c. 22, s. 437.

**Interpretation Bulletins:** TVQ. 160-1.

**Corresponding Federal Provision:** sch. V, part VI, 18.

**Supply of a membership in an authorized party.**

**160.1.** A supply of a membership in an authorized party is exempt.

History: 1997, c. 85, s. 503.

**Interpretation Bulletins:** TVQ. 407-3/R2.

**Corresponding Federal Provision:** sch. V, part VI, 18.1.

**Political contributions.**

**160.2.** A supply made by an authorized party to a person is exempt where part of the consideration for the supply may reasonably be regarded as an amount (in this section referred to as the “amount contributed”) that is contributed to the authorized party and the person can claim a deduction or credit in determining the person’s tax payable under the Taxation Act (chapter I-3) or the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the total of such amounts contributed.

History: 1997, c. 85, s. 503.

**Interpretation Bulletins:** TVQ. 407-3/R2.

**Corresponding Federal Provision:** sch. V, part VI, 18.2.

**Borrowing privileges at a public library.**

**161.** A supply made by a public sector body of a right that confers borrowing privileges at a public lending library is exempt.

History: 1991, c. 67, s. 161.

**Corresponding Federal Provision:** sch. V, part VI, 19.

**Supply of public services.**

**162.** A supply of any of the following property or services made by a government or municipality or by a commission or other body established by a government or municipality is exempt:

(1) a supply of

(a) a service of registering, or processing an application to register, any property in a property registration system,

(b) a service of filing, or processing an application to file, any document in a property registration system, or

(c) a right to use, or to have access to, a property registration system to register, or make application to register, any property in it or to file, or make application to file, any document in it;

(2) a supply of

(a) a service of filing, or processing an application to file, a document in the registration system of a court or in accordance with legislative requirements,

(b) a right to use, or to have access to, the registration system of a court, or any other registration system in which documents are filed in accordance with legislative requirements, for the purpose of filing a document in that registration system,

(c) a service of issuing or providing, or processing an application to issue or provide, a document from the registration system of a court, or

(d) a right to use, or to have access to, the registration system of a court to issue or obtain a document;

(3) a supply (other than of a right or service supplied in respect of the bringing of alcoholic beverages into Québec) of

(a) a quota, licence, permit or similar right,

(b) a service of processing an application for a quota, licence, permit or similar right, or

(c) a right to use, or to have access to, a filing or registration system to make application for a quota, licence, permit or similar right;

(4) a supply of any document, a service of providing information, or a right to use, or to have access to, a filing or registration system to obtain any document or information that indicates

(a) the vital statistics, residency, citizenship or right to vote of any person,

(b) the registration of any person for any service provided by a government or municipality or by a board, commission or other body established by a government or municipality, or

(c) any other status of any person;

(5) a supply of any document, a service of providing information, or a right to use, or to have access to, a filing or

registration system to obtain any document or information, in respect of

- (a) the title to, or any right in, property,
- (b) any encumbrance or assessment in respect of property, or
- (c) the zoning of an immovable;

(6) a supply of a service of providing information under the Access to Information Act (Revised Statutes of Canada, 1985, chapter A-1), the Privacy Act (Revised Statutes of Canada, 1985, chapter P-21) or the Act respecting Access to documents held by public bodies and the Protection of personal information (chapter A-2.1);

(7) a supply of a law enforcement service or fire safety service made to a government or a municipality or to a commission or other body established by a government or municipality;

(8) a supply of a service of collecting garbage, including recyclable materials; and

(9) a supply of a right to deposit refuse at a refuse disposal site.

History: 1991, c. 67, s. 162; 1994, c. 22, s. 438; 1995, c. 63, s. 345; 1997, c. 85, s. 504; 2000, c. 20, s. 175; O.C. 941-2000; 2009, c. 5, s. 608; 2020, c. 16, s. 199.

**Interpretation Bulletins:** TVQ. 162-1; TVQ. 162-2; TVQ. 162-3/R1.

**Corresponding Federal Provision:** sch. V, part VI, 20.

#### 9-1-1 emergency centre.

**162.L.** A supply made to a government or a municipality, or to a commission or other body established by a government or a municipality, of a service of receiving and processing telephone calls through a 9-1-1 emergency centre is exempt.

History: 1999, c. 83, s. 311; 2005, c. 1, s. 353.

#### Exceptions.

**163.** Notwithstanding section 162, the following supplies are not exempt:

- (1) a supply to a consumer of a right to hunt or fish;
- (2) a supply of a right to take or remove forestry products, products that grow in water, fishery products, minerals or peat, where the supply is made to

(a) a consumer; or

(b) a person who is not a registrant and who acquires the right in the course of a business of the person of making supplies of the products, minerals or peat to consumers;

(3) a supply of a right to use, to have access to or to enter property of the government, municipality or other body other than a right, referred to in any of paragraphs 1 to 5 of section 162, to use, or to have access to, a filing or registration system.

History: 1991, c. 67, s. 163; 1994, c. 22, s. 439; 2009, c. 5, s. 609.

**Corresponding Federal Provision:** sch. V, part VI, 20.

#### Municipal services.

**164.** A supply of a municipal service made by a government or municipality to owners or occupants of immovables situated in a particular geographic area is exempt where

(1) the owners or occupants have no option but to receive the service; or

(2) the service is supplied because of a failure by an owner or occupant to comply with an obligation imposed under a law.

#### Exceptions.

This section does not include a supply of a service of testing or inspecting any property for the purpose of verifying or certifying that the property meets particular standards of quality or is suitable for consumption, use or supply in a particular manner.

History: 1991, c. 67, s. 164; 1997, c. 85, s. 505; 2002, c. 40, s. 340.

**Interpretation Bulletins:** TVQ. 164-1; TVQ. 165-1/R1.

**Corresponding Federal Provision:** sch. V, part VI, 21.

#### Other services.

**164.L.** A supply made by a municipality or a board, commission or other body established by a municipality of any of the following services is exempt:

(1) a service of installing, replacing, repairing or removing street or road signs or barriers, street or traffic lights or property similar to any of the foregoing;

(2) a service of removing snow, ice or water;

(3) a service of removing, cutting, pruning, treating or planting vegetation;

(4) a service of repairing or maintaining roads, streets, sidewalks or similar or adjacent property; and

(5) a service of installing accesses or egresses.

History: 1997, c. 85, s. 506.

**Interpretation Bulletins:** TVQ. 164.1-1/R3; TVQ. 165-1/R1.

**Corresponding Federal Provision:** sch. V, part VI, 21.1.

**Water distribution, sewerage or drainage system.**

**165.** A supply of a service, made by a municipality or by an organization that operates a water distribution, sewerage or drainage system and that is designated by the Minister to be a municipality for the purposes of this section, of installing, repairing, maintaining, or interrupting the operation of a water distribution, sewerage or drainage system, is exempt.

History: 1991, c. 67, s. 165; 1994, c. 22, s. 440; 1997, c. 85, s. 507.

**Interpretation Bulletins:** TVQ. 165-1/R1.

**Corresponding Federal Provision:** sch. V, part VI, 22.

**Supply of unbottled water.**

**166.** The following supplies are exempt:

- (1) a supply of unbottled water when made by a person other than a government or by a government designated by the Minister to be a municipality for the purposes of this section;
- (2) a supply of the service of delivering water, when the service is supplied by the supplier of the water and that supply of water is described in subparagraph 1.

**Exception.**

This section does not apply to a supply of unbottled water that is a zero-rated supply or a supply of water dispensed in single servings to consumers through a vending machine or at a permanent establishment of the supplier.

History: 1991, c. 67, s. 166; 1994, c. 22, s. 440; 1997, c. 85, s. 507.

**Corresponding Federal Provision:** sch. V, part VI, 23.

**Municipal transit service.**

**167.** A supply of a municipal transit service or of a public passenger transportation service designated by the Minister to be a municipal transit service is exempt if it is made to

- (1) a member of the public;
- (2) a government;
- (3) a prescribed mandatary for the purposes of section 399.1; or
- (4) a department within the meaning of section 2 of the Financial Administration Act (Revised Statutes of Canada, 1985, chapter F-11).

History: 1991, c. 67, s. 167; 1997, c. 85, s. 507; 2005, c. 1, s. 354; 2012, c. 28, s. 55.

**Interpretation Bulletins:** TVQ. 167-1.

**Corresponding Federal Provision:** sch. V, part VI, 24.

**Supply of immovables.**

**168.** A supply of an immovable made by a public service body (other than a financial institution, a municipality or a government) is exempt, except a supply of

- (1) a residential complex or an interest therein where the supply is made by way of sale;
- (2) an immovable, other than a supply that is deemed only under section 32.2 to have been made, where the supply is deemed under this Title to have been made;
- (3) an immovable where the supply is made by way of sale to an individual or a personal trust, other than a supply of an immovable on which is situated a structure that was used by the body as an office or in the course of commercial activities or of making exempt supplies;
- (4) an immovable where, immediately before the time tax would be payable in respect of the supply if it were a taxable supply, the property was used, otherwise than in making the supply, primarily in commercial activities of the body;
- (5) short-term accommodation where the supply is made by a non-profit organization, municipality, university, public college or school authority;
- (6) an immovable, other than short-term accommodation, where the supply is made by way of lease, where the period throughout which continuous possession or use of the property is provided under the lease is less than one month, or a licence, where the supply is made in the course of a business carried on by the body;
- (7) an immovable in respect of which an election under section 272 is in effect at the time tax would become payable under this Title in respect of the supply if it were a taxable supply;
- (8) a parking space where the supply is made by way of lease, licence or similar arrangement in the course of a business carried on by the body;
- (9) an immovable the last supply of which to the body was deemed to have been made under section 320; or
- (10) designated municipal property, if the body is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII.

History: 1991, c. 67, s. 168; 1994, c. 22, s. 441; 1995, c. 1, s. 274; 1997, c. 85, s. 508; 2003, c. 2, s. 321; 2012, c. 28, s. 56; 2015, c. 21, s. 655.

**Interpretation Bulletins:** TVQ. 16-28; TVQ. 168-1.

**Corresponding Federal Provision:** sch. V, part VI, 25.

**Supply of a parking space.**

**168.1.** A supply (other than a supply by way of sale) of a parking space in a parking lot made by a public sector body is exempt if

- (1) at the time the supply is made, either
  - (a) all of the parking spaces in the specified parking area in relation to the supply are reserved for use by individuals who are accessing a hospital centre, or
  - (b) it is reasonable to expect that the specified parking area in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a hospital centre;
- (2) it is not the case that
  - (a) all or substantially all of the parking spaces in the specified parking area in relation to the supply are reserved for use by persons other than individuals accessing a hospital centre otherwise than in a professional capacity,
  - (b) the supply or the amount of the consideration for the supply is conditional on the parking space being used by a person other than an individual accessing a hospital centre otherwise than in a professional capacity, or
  - (c) the agreement for the supply is entered into in advance and, under the terms of the agreement for the supply, use of a parking space in the specified parking area in relation to the supply is made available for a total period of time that is more than 24 hours and the use is to be by a person other than an individual accessing a hospital centre otherwise than in a professional capacity; and
- (3) no election made by the public sector body under section 272 is in effect, in respect of the property on which the parking space is situated, at the time tax under this Title would become payable in respect of the supply if it were a taxable supply.

History: 2015, c. 21, s. 656.

**Corresponding Federal Provision:** sch. V, part VI, 25.1.

**Organized labour.**

**169.** A supply made by a particular non-profit organization established primarily for the benefit of organized labour is exempt where the supply is made to

- (1) a trade union, association or body referred to in section 172 that is a member of or affiliated with the particular organization; or
- (2) another non-profit organization established primarily for the benefit of organized labour,

and a supply made by a person referred to in paragraph 1 or 2 is exempt where the supply is made to any such organization.

History: 1991, c. 67, s. 169.

**Corresponding Federal Provision:** sch. V, part VI, 26.

**Poppy or wreath.**

**169.1.** A supply of a poppy or wreath made by the Minister of Veterans Affairs in the course of operating a sheltered employment workshop, by the Dominion Command, or by any provincial command or branch of the Royal Canadian Legion, is exempt.

History: 1994, c. 22, s. 442.

**Corresponding Federal Provision:** sch. V, part VI, 27.

**Supply between municipal organizations.**

**169.2.** A supply between the following persons is exempt:

- (1) a municipal body and any of its para-municipal organizations;
- (2) a para-municipal organization of a municipal body and any other para-municipal organization of the municipal body;
- (3) a regional municipality and any of its local municipalities or any para-municipal organization of any of those local municipalities;
- (4) a para-municipal organization of a regional municipality and any local municipality of the regional municipality or any para-municipal organization of the local municipality; or
- (5) a regional municipality or any of its para-municipal organizations and any other organization, other than a government, the designated activities of which include the provision of water or municipal services within a territory over which the regional municipality has jurisdiction.

**Exception.**

This section does not apply to a supply of electricity, gas, steam or telecommunication services made by a municipal body or a para-municipal organization, or a branch or division thereof, that acts as a public utility, or any supply made or received by the following persons otherwise than in the course of their designated activities:

- (1) a designated body of the Gouvernement du Québec;
- (2) a para-municipal organization designated as a municipality for the purposes of section 165 or 166 or subdivision 5 of Division I of Chapter VII; or
- (3) another organization referred to in subparagraph 5 of the first paragraph.

History: 1994, c. 22, s. 442; 1997, c. 85, s. 509; 2005, c. 38, s. 365; 2015, c. 21, s. 657.

**Corresponding Federal Provision:** sch. V, part VI, 28.



**DIVISION VI.1  
FINANCIAL SERVICES**

**Financial service.**

**169.3.** A supply of a financial service is exempt, unless it is a zero-rated supply under Division VII.2 of Chapter IV.

History: 2012, c. 28, s. 57.

**Corresponding Federal Provision:** sch. V, part VII, 1.

**Deemed financial service.**

**169.4.** A supply of a property or service that is deemed to be a supply of a financial service under section 297.0.2.1 is exempt.

History: 2012, c. 28, s. 57.

**Corresponding Federal Provision:** sch. V, part VII, 2.

**DIVISION VII  
FERRY, ROAD OR BRIDGE TOLL**

**Ferrying by watercraft.**

**170.** A supply, other than a zero-rated supply, of a service of ferrying by watercraft passengers or property where the principal purpose of the ferrying is to transport motor vehicles and passengers between parts of a road or highway system that are separated by a stretch of water is exempt.

History: 1991, c. 67, s. 170; 1994, c. 22, s. 443.

**Corresponding Federal Provision:** sch. V, part VIII, 1.

**Toll road or bridge.**

**171.** A supply of a right to use a road or bridge where a toll is charged for the right is exempt.

History: 1991, c. 67, s. 171.

**Corresponding Federal Provision:** sch. V, part VIII, 2.

**DIVISION VIII  
DUES**

**Dues in respect of employment.**

**172.** Where an amount is paid by a person to an organization as

(1) a membership due paid to a trade union as defined

(a) in section 3 of the Canada Labour Code (Revised Statutes of Canada, 1985, chapter L-2); or

(b) in any provincial Act providing for the investigation, conciliation or settlement of industrial disputes,

or to an association of public servants the primary object of which is to promote the improvement of the members' conditions of employment or work,

(2) a due that was, pursuant to the provisions of a collective agreement, retained by the person from an individual's

remuneration and paid to a trade union or association referred to in paragraph 1 of which the individual was not a member, or

(3) a due to a parity or advisory committee or similar body, the payment of which was required under the laws of a province in respect of an individual's employment,

the organization is deemed to have made an exempt supply to the person and the amount is deemed to be consideration for the supply.

History: 1991, c. 67, s. 172.

**Corresponding Federal Provision:** 189.

**DIVISION IX  
FEES PAID TO A GOVERNMENT**

**Fees paid to a government.**

**172.1.** Where a government or municipality or a board, commission or other body established by a government or municipality collects from the holder of or applicant for a right the supply of which is referred to in paragraph 3 of section 162 an amount that is levied for the purpose of recovering the costs of administration of a regulatory program relating to the right and the holder's or the applicant's failure to pay the amount would result in a loss of, a restriction in the exercise of, a change in the person's entitlements under, or a denial of, the right,

(1) the government, municipality, board, commission or other similar body is deemed to have made an exempt supply to the person; and

(2) the amount is deemed to be consideration for that supply.

History: 1994, c. 22, s. 444.

**Corresponding Federal Provision:** 189.1.

**CHAPTER IV  
ZERO-RATED SUPPLY**

**DIVISION I  
DRUGS AND BIOLOGICALS**

**Definitions:**

**173.** For the purposes of this division,

**“authorized individual”;**

“authorized individual” means an individual, other than a medical practitioner, who is authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to make an order directing that a stated amount of a drug or mixture of drugs specified in the order be dispensed for the individual named in the order;

**“medical practitioner”;**

“medical practitioner” means a physician within the meaning of the Medical Act (chapter M-9) or a dentist within the meaning of the Dental Act (chapter D-3) and includes a person who is entitled under the laws of another province,

the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine or dentistry;

**“pharmacist”;**

“pharmacist” has the meaning assigned by the Pharmacy Act (chapter P-10) and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of pharmacy;

**“prescription”.**

“prescription” means a written or verbal order, given to a pharmacist by a medical practitioner or authorized individual, directing that a stated amount of a drug or mixture of drugs specified in the order be dispensed for the individual named in the order.

History: 1991, c. 67, s. 173; 1997, c. 85, s. 510; 2003, c. 2, s. 322; 2009, c. 15, s. 496.

**Corresponding Federal Provision:** sch. VI, part I, 1.

**Drugs and biologicals.**

**174.** The following are zero-rated supplies:

(1) a supply of any of the following drugs or substances, except where they are labelled or supplied for agricultural or veterinary use only:

(a) a drug described in Schedules C and D to the Food and Drugs Act (Revised Statutes of Canada, 1985, chapter F-27);

(b) a drug that is set out on the list established under subsection 1 of section 29.1 of the Food and Drugs Act or that belongs to a class of drugs set out on that list, other than a drug or mixture of drugs that may, under that Act or the Food and Drug Regulations made under that Act, be sold to a consumer without a prescription;

(c) a drug or other substance included in the schedule to Part G of the Food and Drug Regulations made under the Food and Drugs Act;

(d) a drug that contains a substance included in the schedule to the Narcotic Control Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19), other than a drug or mixture of drugs that may, pursuant to that Act or regulations made under that Act, be sold to a consumer with neither a prescription nor an exemption by the federal Minister of Health in respect of the sale;

(d.1) a drug referred to in Schedule 1 to the Benzodiazepines and Other Targeted Substances Regulations made under the Controlled Drugs and Substances Act;

(e) deslanoside, digitoxin, digoxin, epinephrine and its salts, erythryl tetranitrate, isosorbide dinitrate, isosorbide-5-mononitrate, medical oxygen, naloxone and its salts, nitroglycerine, prenylamine or quinidine and its salts;

(f) a drug the supply of which is authorized under the Food and Drug Regulations made under the Food and Drugs Act for use in an emergency treatment; and

(g) plasma expander;

(2) a supply of a drug when the drug is for human use and is dispensed

(a) by a medical practitioner to an individual for the personal consumption or use of the individual or an individual related thereto; or

(b) on the prescription of a medical practitioner or authorized individual for the personal consumption or use of the individual named in the prescription;

(3) a supply of a service of dispensing a drug where the supply of the drug is provided for in this division;

(4) a supply of human sperm.

History: 1991, c. 67, s. 174; 1994, c. 22, s. 446; 1997, c. 85, s. 511; 2001, c. 53, s. 303; 2009, c. 5, s. 610; 2009, c. 15, s. 497; 2015, c. 21, s. 658; 2019, c. 14, s. 542.

**Corresponding Federal Provision:** sch. VI, part I, 2 to 5.

**DIVISION II**

**MEDICAL AND ASSISTIVE DEVICES**

**Meaning of “specified professional”.**

**175.** For the purposes of this division, “specified professional” means

(1) a physician within the meaning of the Medical Act (chapter M-9) and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine;

(2) a person who is entitled under the Professional Code (chapter C-26) to practise the profession of physiotherapy or occupational therapy and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise that profession; or

(3) a nurse who is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise that profession.

History: 1991, c. 67, s. 175; 1997, c. 85, s. 513; 2003, c. 2, s. 323; 2015, c. 21, s. 659.

**Corresponding Federal Provision:** sch. VI, part II, 1 “specified professional”.

**Excluded supplies.**

**175.1.** For the purposes of this division, other than paragraph 32 of section 176, a supply of property that is not

designed for human use or for assisting a person with a disability or impairment is deemed not to be included in this division.

History: 2009, c. 15, s. 498.

**Corresponding Federal Provision:** sch. VI, part II, 1.1.

**Excluded supplies.**

**175.2.** For the purposes of this division, a cosmetic service supply (as defined in section 108) and a supply, in respect of a cosmetic service supply, that is not made for medical or reconstructive purposes are deemed not to be included in this division.

History: 2011, c. 6, s. 245.

**Corresponding Federal Provision:** sch. VI, part II, 1.2.

**Medical devices.**

**176.** The following are zero-rated supplies:

- (1) a supply of a communication device, other than a device described in paragraph 6, that is specially designed for use by a person with a hearing, speech or vision impairment;
- (2) a supply of a heart-monitoring device when the device is supplied on the written order of a specified professional for use by a consumer with heart disease who is named in the order;
- (3) a supply of a hospital bed when the bed is supplied to the operator of a health care institution, within the meaning of section 108, or on the written order of a specified professional for use by an incapacitated person named in the order;
- (4) a supply of an artificial breathing apparatus that is specially designed for use by a person with a respiratory disorder;
- (4.1) a supply of an aerosol chamber or a metered dose inhaler for use in the treatment of asthma when the chamber or inhaler is supplied on the written order of a specified professional for use by a consumer named in the order;
- (4.2) a supply of a respiratory monitor, nebulizer, tracheostomy supply, gastro-intestinal tube, dialysis machine, infusion pump or intravenous apparatus, that can be used in the residence of a person;
- (5) a supply of a mechanical percussor for postural drainage treatment or a chest wall oscillation system for airway clearance therapy;
- (6) a supply of a device that is designed to convert sound to light signals when the device is supplied on the written order of a specified professional for use by a consumer with a hearing impairment who is named in the order;

(7) a supply of a selector control device that is specially designed to enable a person with a disability to energize, select or control household, industrial or office equipment;

(8) a supply of ophthalmic lenses, with or without frames, when the lenses are, or are to be, supplied on the written order of a person, or in accordance with an assessment record produced by a person, for the correction or treatment of a defect of vision of the consumer named in the order or assessment record, and the person is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut (province or territory in which the person practises) to prescribe such lenses, or to produce an assessment record to be used for the dispensing of such lenses, for the correction or treatment of the defect of vision of the consumer;

(8.1) a supply of eyewear that is specially designed to correct or treat a defect of vision by electronic means, if the eyewear is supplied on the written order of a person that is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine or optometry for the correction or treatment of a defect of vision of a consumer who is named in the order;

(9) a supply of an artificial eye;

(10) a supply of artificial teeth;

(10.1) a supply of an orthodontic appliance;

(11) a supply of a hearing aid;

(12) a supply of a laryngeal speaking aid;

(13) a supply of a chair, walker, wheelchair lift or similar aid to locomotion, with or without wheels, including motive power and wheel assemblies therefor, that is specially designed to be operated by a person with a disability for locomotion of the person;

(13.1) a supply of a chair that is specially designed for use by a person with a disability if the chair is supplied on the written order of a specified professional for use by a consumer named in the order;

(14) a supply of a patient lifter that is specially designed to move a disabled person;

(15) a supply of a wheelchair ramp that is specially designed for access to a motor vehicle;

(16) a supply of a portable wheelchair ramp;

(17) a supply of an auxiliary driving control that is designed for attachment to a motor vehicle to facilitate the operation of the vehicle by a person with a disability;

- (17.1) a supply of a service of modifying a motor vehicle to adapt the vehicle for the transportation of a person using a wheelchair and a supply of property, other than the vehicle, made in conjunction with, and because of, the supply of the service;
- (18) a supply of a patterning device that is specially designed for use by a disabled person;
- (19) a supply of a bath seat, shower seat, toilet seat or commode chair that is specially designed for use by a person with a disability;
- (20) a supply of an insulin infusion pump, insulin syringe, insulin pen or insulin pen needle;
- (20.1) a supply of an extremity pump, intermittent pressure pump or similar device for use in the treatment of lymphedema when the pump or device is supplied on the written order of a specified professional for use by a consumer named in the order;
- (20.2) a supply of a catheter for subcutaneous injections when the catheter is supplied on the written order of a specified professional for use by a consumer named in the order;
- (20.3) a supply of a lancet;
- (21) a supply of an artificial limb;
- (22) a supply of an orthotic or orthopaedic device that is made to order for a person or is supplied on the written order of a specified professional for use by a consumer named in the order;
- (22.1) *(paragraph repealed)*;
- (23) a supply of a specially constructed appliance that is made to order for a person who has a crippled or deformed foot or ankle;
- (23.1) a supply of footwear that is specially designed for use by a person who has a crippled or deformed foot or other similar disability, when the footwear is supplied on the written order of a specified professional;
- (24) a supply of a medical or surgical prosthesis, or an ileostomy, colostomy or urinary appliance or similar article that is designed to be worn by a person;
- (24.1) a supply of an intermittent urinary catheter if the catheter is supplied on the written order of a specified professional for use by a consumer named in the order;
- (25) a supply of an article or material, not including a cosmetic, for use by a user of, and necessary for the proper application and maintenance of an article described in paragraph 24; “cosmetic” means a property, whether or not possessing therapeutic or prophylactic properties, commonly or commercially known as a toilet article, preparation or cosmetic that is intended for use or application for toilet purposes or for use in connection with the care of the human body, or any part thereof, whether for preserving, deodorizing, beautifying, cleansing or restoring and, for greater certainty, includes a denture cream or adhesive, antiseptic, skin cream or lotion, mouth wash, depilatory, scent, perfume, toothpaste, tooth powder, bleach, oral rinse, toilet soap and any similar toilet article, cosmetic or preparation;
- (26) a supply of a crutch or cane that is specially designed for use by a person with a disability;
- (27) a supply of a blood-glucose monitor or meter;
- (28) a supply of blood-ketone, urinary-ketone, blood-sugar, or urinary-sugar testing strips or urinary-ketone or urinary-sugar reagents or tablets;
- (28.1) a supply of a blood coagulation monitor or meter that is specially designed for use by a person requiring blood coagulation monitoring or metering, or a supply of blood coagulation testing strips or reagents compatible with a blood coagulation monitor or meter;
- (29) a supply of any article that is specially designed for the use of blind persons when the article is supplied to or by the Canadian National Institute for the Blind or any other bona fide association or institution for blind persons for use by a blind person or on the order of or in accordance with the certificate issued by a specified professional;
- (30) a supply of a prescribed property or service;
- (31) a supply of a part, accessory or attachment that is specially designed for a property described in this division;
- (32) a supply of an animal that is or is to be specially trained to assist a person with a disability or impairment with a problem arising from the disability or impairment, or a supply of a service of training a person to use the animal, if the supply is made to or by an organization that is operated for the purpose of supplying such specially trained animals to persons with the disability or impairment;
- (32.1) *(paragraph repealed)*;
- (33) a supply of a service (other than a service the supply of which is described in any provision of Division II of Chapter III except section 116) of maintaining, installing, modifying, repairing or restoring a property the supply of which is described in any of paragraphs 1 to 31 and 36 to 40, or any part of such a property if the part is supplied in conjunction with the service;
- (34) a supply of a graduated compression stocking, an anti-embolic stocking or similar article when the stocking or

article is supplied on the written order of a specified professional for use by a consumer named in the order;

(35) a supply of clothing that is specially designed for use by a person with a disability when the clothing is supplied on the written order of a specified professional for use by a consumer named in the order;

(36) a supply of an incontinence product that is specially designed for use by a person with a disability;

(37) a supply of a feeding utensil or other gripping device that is specially designed for use by a person with impaired use of hands or other similar disability;

(38) a supply of a reaching aid that is specially designed for use by a person with a disability;

(39) a supply of a prone board that is specially designed for use by a person with a disability;

(40) a supply of a device that is specially designed for neuromuscular stimulation therapy or standing therapy, if supplied on the written order of a specified professional for use by a consumer with paralysis or a severe mobility impairment who is named in the order.

History: 1991, c. 67, s. 176; 1994, c. 22, s. 447; 1995, c. 1, s. 275; 1997, c. 85, s. 514; 2001, c. 53, s. 304; 2003, c. 2, s. 324; 2009, c. 15, s. 499; 2010, c. 5, s. 213; 2011, c. 6, s. 246; 2015, c. 21, s. 660; 2015, c. 24, s. 172; 2017, c. 29, s. 250.

**Interpretation Bulletins:** TVQ. 176-1/R2; TVQ. 176-2/R3; TVQ. 176-3/R1; TVQ. 176-4/R2; TVQ. 176-6/R1; TVQ. 176-7.

**Corresponding Federal Provision:** sch. VI, part II, 1 “cosmetic”, 2 to 25.1, 26, 27 to 41.

### DIVISION III BASIC GROCERIES

#### Groceries.

**177.** Supplies of food or beverages for human consumption, including seasonings, sweetening agents and other ingredients to be mixed with or used in the preparation of such food or beverages, other than supplies of the following, are zero-rated supplies:

(1) beer, malt liquor, spirits, wine or other alcoholic beverages;

(1.1) grapes, juice and must, whether concentrated or not, malt, malt extract and other similar products intended for the making of wine or beer;

(1.2) cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);

(2) (*paragraph repealed*);

(3) carbonated beverages;

(4) non-carbonated fruit juice beverages or fruit flavoured beverages, other than milk-based beverages, that contain less than 25% by volume of

(a) a natural fruit juice or combination of natural fruit juices; or

(b) a natural fruit juice or combination of natural fruit juices that have been reconstituted;

(5) goods that, when added to water, produce a beverage described in paragraph 4;

(6) candies, confectionery that may be classed as candy, or any goods sold as candies, such as candy floss, chocolate and chewing gum, whether naturally or artificially sweetened, and including fruits, seeds, popcorn and nuts when they are coated or treated with chocolate, molasses, honey, syrup, sugar, candy or artificial sweeteners;

(7) sticks, chips or curls, such as cheese sticks, potato sticks, bacon crisps, corn chips, potato chips or cheese curls, and other similar snack foods, brittle pretzels or popcorn, but not including any product that is sold primarily as a breakfast cereal;

(8) salted seeds or salted nuts;

(9) granola products, but not including any product that is sold primarily as a breakfast cereal;

(10) snack mixtures that contain cereals, dried fruit, seeds, nuts or any other edible product, but not including any mixture that is sold primarily as a breakfast cereal;

(11) ice lollies, juice bars, flavoured, coloured or sweetened ice waters, or similar products, whether frozen or not;

(12) ice cream, frozen pudding, ice milk, sherbet or frozen yoghurt, non-dairy substitutes for any of the foregoing, or any product that contains any of the foregoing, when packaged or sold in single servings;

(13) fruit drops, rolls or bars or similar fruit-based snack foods;

(14) doughnuts, cookies, croissants with sweetened coating, icing or filling, cakes, muffins, pastries, tarts, pies or similar products, but not including bread products without sweetened coating, icing or filling, such as bagels, croissants, English muffins or bread rolls, where

(a) they are prepackaged for sale to consumers in quantities of less than six items each of which is a single serving, or

(b) they are not prepackaged for sale to consumers and are sold as single servings in quantities of less than six;

(15) pudding, including flavoured gelatine, mousse, flavoured whipped dessert product or any other products similar to pudding, or beverages, other than unflavoured milk, except

(a) when prepared and prepackaged specially for consumption by babies,

(b) when sold in multiples, prepackaged by the manufacturer or producer, of single servings, or

(c) when the cans, bottles or other primary containers in which the beverages or products are sold contain a quantity exceeding a single serving;

(16) food or beverages heated for consumption;

(16.1) salads not canned or vacuum sealed;

(16.2) sandwiches and similar products other than when frozen;

(16.3) platters of cheese, fruit, vegetables or cold cuts and other arrangements of prepared food;

(16.4) beverages dispensed at the place where they are sold;

(16.5) food or beverages sold under a contract for, or in conjunction with, catering services;

(17) food or beverages sold through a vending machine;

(18) food or beverages sold at an establishment at which all or substantially all of the sales of food or beverages are sales of food or beverages described in any of paragraphs 1 to 17, except where

(a) the food or beverage is sold in a form not suitable for immediate consumption, having regard to the nature of the product, the quantity sold or its packaging, or

(b) in the case of a product described in paragraph 14, the product is not sold for consumption at the establishment and

i. is prepackaged for sale to consumers in quantities of more than five items each of which is a single serving, or

ii. is not prepackaged for sale to consumers and is sold as single servings in quantities of more than five; and

(19) unbottled water, other than ice.

History: 1991, c. 67, s. 177; 1994, c. 22, s. 448; 1997, c. 14, s. 334; 1997, c. 85, s. 515; 2015, c. 24, s. 173; 2019, c. 14, s. 543.

**Interpretation Bulletins:** TVQ. 177-2/R1; TVQ. 177-5/R1; TVQ. 177-6/R2; TVQ. 177-7/R1; TVQ. 407.3-1.

**Corresponding Federal Provision:** sch. VI, part III, 1.

**Unbottled water.**

**177.J.** A supply of unbottled water for human consumption made to a consumer, when the water is dispensed in a quantity exceeding a single serving through a vending machine or at a permanent establishment of the supplier, is a zero-rated supply.

History: 1994, c. 22, s. 449.

**Corresponding Federal Provision:** sch. VI, part III, 2.

#### DIVISION IV AGRICULTURE AND FISHING

**Agricultural and fishery products and property.**

**178.** The following are zero-rated supplies:

(1) a supply of bees, farm livestock, other than rabbits, or poultry that are ordinarily raised or kept to be used as or to produce food for human consumption or to produce wool;

(1.1) a supply of a rabbit made otherwise than in the course of a business in the course of which animals are regularly supplied as pets to consumers;

(2) a supply of grains or seeds (other than viable seeds that are cannabis as defined in subsection 1 of section 2 of the Cannabis Act (Statutes of Canada, 2018, chapter 16)) in their natural state, treated for seeding purposes or irradiated for storage purposes, hay or silage, or other fodder crops, that are ordinarily used as, or to produce, food for human consumption or feed for farm livestock or poultry, when supplied in a quantity that is larger than the quantity that is ordinarily sold or offered for sale to consumers, but not including grains or seeds or mixtures thereof that are packaged, prepared or sold for use as feed for wild birds or as pet food;

(2.1) a supply of feed, made by the operator of a feedlot, that is deemed to be a separate supply under paragraph 1 of section 39.2;

(3) a supply of sugar beets, sugar cane, flax seed, hops, barley or straw;

(3.1) a supply of grain or seeds, or of mature stalks having no leaves, flowers, seeds or branches, of hemp plants of the genera Cannabis, if

(a) in the case of grain or seeds, they are not further processed than sterilized or treated for seeding purposes and are not packaged, prepared or sold for use as feed for wild birds or as pet food;

(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations (SOR/98-156) made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or they are industrial hemp for the purposes of the Cannabis Act; and

(c) the supply is made in accordance with the Controlled Drugs and Substances Act or the Cannabis Act, if applicable;

(4) a supply of poultry or fish eggs that are produced for hatching purposes;

(5) a supply of fertilizer, other than a product sold as soil or as a soil mixture, whether or not containing fertilizer, made at any time to a recipient when the fertilizer is supplied in bulk, or in a container that contains at least 25 kg of fertilizer, where the total quantity of fertilizer supplied at that time to the recipient is at least 500 kg;

(6) a supply of wool, not further processed than washed;

(7) *(paragraph repealed)*;

(8) a supply of fish or other marine or freshwater animals not further processed than frozen, filleted, scaled, eviscerated, smoked, salted, dried, other than any such animal that is not ordinarily used as food for human consumption or that is sold as bait in recreational fishing;

(9) a supply made to a registrant of farmland by way of lease, licence or similar arrangement, to the extent that the consideration for the supply is a share of the production from the farmland of property the supply of which is a zero-rated supply; and

(10) a supply of prescribed property.

History: 1991, c. 67, s. 178; 1994, c. 22, s. 450; 1995, c. 1, s. 276; 1997, c. 85, s. 516; 2009, c. 5, s. 611; 2009, c. 15, s. 500; 2019, c. 14, s. 544.

**Corresponding Federal Provision:** sch. VI, part IV, 1 to 10.

## DIVISION V SUPPLY SHIPPED OUTSIDE QUÉBEC

### Shipment outside Québec.

**179.** A supply of corporeal movable property, other than excisable goods, made by a person to a recipient, other than a consumer, who intends to ship the property outside Québec is a zero-rated supply if

(1) in the case of property that is a continuous transmission commodity that the recipient intends to ship outside Québec by means of a wire, pipeline or other conduit, the recipient is not registered under Division I of Chapter VIII;

(2) the recipient ships the property outside Québec as soon after the property is delivered by the person to the recipient as is reasonable having regard to the circumstances surrounding the shipment outside Québec and, where applicable, to the normal business practice of the recipient;

(3) the property is not acquired by the recipient for consumption, use or supply in Québec before the shipment of the property outside Québec by the recipient;

(4) after the supply is made and before the recipient ships the property outside Québec, the property is not further processed, transformed or altered in Québec except to the extent reasonably necessary or incidental to its transportation; and

(5) the person maintains evidence satisfactory to the Minister of the shipment of the property outside Québec by the recipient.

History: 1991, c. 67, s. 179; 1994, c. 22, s. 451; 1995, c. 63, s. 346; 2001, c. 53, s. 305; 2003, c. 2, s. 325; 2005, c. 38, s. 366.

**Interpretation Bulletins:** TVQ. 11.1-1/R1; TVQ. 22.7-1/R1; TVQ. 179-2/R1; TVQ. 179-3/R1.

**Corresponding Federal Provision:** sch. VI, part V, 1.

### Supply with a shipping certificate.

**179.1.** A supply made by way of sale to a recipient, other than a consumer, who is registered under Division I of Chapter VIII of movable corporeal property, other than property referred to in the third paragraph, is a zero-rated supply where the recipient provides the supplier with a shipping certificate, within the meaning of section 427.3, certifying that an authorization to use the certificate granted to the recipient under that section is in effect at the time the supply is made, and discloses to the supplier the number referred to in section 427.5 and the expiry date of the authorization.

### Additional condition.

The first paragraph does not apply where an authorization granted by the Minister to use the certificate is not in effect at the time the supply is made or the recipient does not ship the property outside Québec in the circumstances described in paragraphs 2 to 4 of section 179, unless the supplier did not know and could not reasonably be expected to have known, at or before the latest time at which tax in respect of the supply would have become payable if the supply were not a zero-rated supply, that the authorization was not in effect at the time the supply was made or that the recipient would not so ship the property outside Québec.

### Excluded property.

The property to which the first paragraph refers is

(1) excisable goods; or

(2) a continuous transmission commodity that must be transported by or on behalf of the recipient by means of a wire, pipeline or other conduit.

History: 2003, c. 2, s. 326; 2005, c. 38, s. 367.

**Interpretation Bulletins:** TVQ. 11.1-1/R1; TVQ. 179-2/R1.

**Corresponding Federal Provision:** sch. VI, part V, 1.1.

**Supply with a shipping distribution centre certificate.**

**179.2.** A supply made by way of sale to a recipient who is registered under Division I of Chapter VIII of property, other than property referred to in the third paragraph, is a zero-rated supply where

(1) the recipient provides the supplier with a shipping distribution centre certificate, within the meaning of section 350.23.7, certifying that an authorization to use the certificate granted to the recipient under that section is in effect at the time the supply is made and that the property is being acquired for use or supply as domestic inventory or as added property of the recipient, within the meaning assigned to those expressions by section 350.23.1, and discloses to the supplier the number referred to in section 350.23.9 and the expiry date of the authorization; and

(2) the total amount, included in a single invoice or agreement, of the consideration for that supply and for all other supplies that are made to the recipient and are otherwise included in this section is at least \$1,000.

**Additional condition.**

The first paragraph does not apply where an authorization granted by the Minister to use the certificate is not in effect at the time the supply is made or the recipient is not acquiring the property for use or supply as domestic inventory or as added property in the course of commercial activities of the recipient, unless the supplier did not know and could not reasonably be expected to have known, at or before the latest time at which tax in respect of the supply would have become payable if the supply were not a zero-rated supply, that the authorization was not in effect at the time the supply was made or that the recipient was not acquiring the property for that purpose.

**Excluded property.**

The property to which the first paragraph refers is

- (1) excisable goods; or
- (2) a continuous transmission commodity that must be transported by or on behalf of the recipient by means of a wire, pipeline or other conduit.

History: 2003, c. 2, s. 326; 2005, c. 38, s. 368.

**Interpretation Bulletins:** TVQ. 11.1-1/R1; TVQ. 179-2/R1.  
**Corresponding Federal Provision:** sch. VI, part V, 1.2.

**Supply to a carrier not resident in Québec.**

**180.** A supply of property or a service, other than the supply of an immovable by way of sale, made to a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made, is a zero-rated supply where the property or service is acquired by the person for consumption, use or supply

(1) where the person carries on a business of transporting property or passengers to or from Québec or between places outside Québec by aircraft, railway or ship, in the course of so transporting property or passengers;

(2) in the course of operating an aircraft or ship by or on behalf of a government of a province other than Québec, the Northwest Territories, the Yukon Territory, Nunavut or a country other than Canada; or

(3) in the course of operating a ship for the purpose of obtaining scientific data outside Québec or for the laying or repairing of oceanic telegraph cables.

History: 1991, c. 67, s. 180; 1997, c. 85, s. 517; 2003, c. 2, s. 327.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.  
**Corresponding Federal Provision:** sch. VI, part V, 2.

**Supply of fuel to a registered carrier.**

**180.1.** A supply of fuel is a zero-rated supply when it is made to a person who is registered under Division I of Chapter VIII at the time the supply is made, where

(1) the person carries on a business of transporting property or passengers to or from Québec or between places outside Québec by aircraft, railway or ship; and

(2) the fuel is acquired by the person for use in the course of so transporting property or passengers.

History: 1994, c. 22, s. 452; 1997, c. 85, s. 518.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.  
**Corresponding Federal Provision:** sch. VI, part V, 2.1.

**180.2. (Repealed).**

History: 1995, c. 1, s. 277; 2012, c. 8, s. 268.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Supply of an air navigation service.**

**180.3.** A supply of an air navigation service, as defined in subsection 1 of section 2 of the Civil Air Navigation Services Commercialization Act (Statutes of Canada, 1996, chapter 20), made to a person who is registered under Division I of Chapter VIII at the time the supply is made, is a zero-rated supply if

(1) the person carries on a business of transporting passengers or property to or from Québec, or between places outside Québec, by aircraft; and

(2) the air navigation service is acquired by the person for use in the course of so transporting passengers or property.

History: 2001, c. 53, s. 306.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.  
**Corresponding Federal Provision:** sch. VI, part V, 2.2.



**Excisable goods.**

**181.** A supply of an excisable good, if the recipient exports the good without the payment of duty in accordance with the Excise Act (Revised Statutes of Canada, 1985, chapter E-14) or the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22), is a zero-rated supply.

History: 1991, c. 67, s. 181; 2005, c. 38, s. 369.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 3.

**Service in respect of corporeal movable property.**

**182.** A supply of a service, other than a transportation service, in respect of corporeal movable property ordinarily situated outside Québec and of any corporeal movable property supplied in conjunction with the service, is a zero-rated supply if

(1) where the property is ordinarily situated outside Canada, the property is temporarily brought into Québec for the sole purpose of having the service performed and is taken or shipped outside Canada as soon as is practicable after the service is performed; or

(2) where the property is ordinarily situated outside Québec but within Canada,

(a) the property is temporarily brought into Québec for the sole purpose of having the service performed and is taken or shipped outside Québec but within Canada as soon as is practicable after the service is performed, and

(b) the recipient is registered under Subdivision *d* of Division V of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

History: 1991, c. 67, s. 182; 1997, c. 85, s. 519; 1999, c. 83, s. 312.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 4.

**Service of acting as a mandatary or representative.**

**183.** A supply made to a person not resident in Québec of a service of acting as a mandatary of the person or of arranging for, procuring or soliciting orders for supplies by or to the person is a zero-rated supply, to the extent that the service is in respect of

(1) a supply to the person that is provided for in this division; or

(2) a supply made outside Québec by or to the person.

History: 1991, c. 67, s. 183; 1997, c. 85, s. 519.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 5.

**Emergency repair service.**

**184.** A supply made by a person to a recipient not resident in Québec of an emergency repair service, and of any corporeal movable property supplied in conjunction with the service, in respect of a conveyance or cargo container that is being used or transported by the person in the course of a business of transporting property or passengers, is a zero-rated supply.

History: 1991, c. 67, s. 184; 1997, c. 85, s. 519.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 6.

**Emergency repair service.**

**184.1.** A supply made to a person not resident in Québec who is not registered under Division I of Chapter VIII of an emergency repair service, and of any corporeal movable property supplied in conjunction with the service, in respect of railway rolling stock that is being used in the course of a business of transporting passengers or property, is a zero-rated supply.

History: 1997, c. 85, s. 520.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 6.1.

**Emergency repair service in respect of a cargo container.**

**184.2.** A supply made to a person not resident in Québec who is not registered under Division I of Chapter VIII of an emergency repair service in respect of, or a service of storing, an empty cargo container, other than a container less than 6.1 metres in length or having an internal capacity less than 14 cubic metres, and any corporeal movable property supplied in conjunction with the repair service is a zero-rated supply, to the extent that the cargo container

(1) is used in transporting property to or from Canada and is referred to in subparagraph ii of paragraph *a* of section 6.2 of Part V of Schedule VI to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); or

(2) is used in transporting property to or from Québec and would be referred to in subparagraph ii of paragraph *a* of section 6.2 of Part V of Schedule VI to the Excise Tax Act if the cargo container were from outside Québec.

History: 1997, c. 85, s. 520; 2012, c. 28, s. 58.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 6.2.

**Refining services.**

**184.3.** A supply of the following services made to a person that is not resident in Québec and is not registered under Division I of Chapter VIII is a zero-rated supply:

(1) a service of refining a metal to produce a precious metal; or

(2) an assaying, gem removal or similar service supplied in conjunction with the service referred to in paragraph 1.

History: 2015, c. 36, s. 203.

**Corresponding Federal Provision:** sch. VI, part V, 6.3.

**Service to a person not resident in Québec.**

**185.** A supply of a service made to a person not resident in Québec is a zero-rated supply, except a supply of

(1) a service made to an individual who is in Québec at any time when the individual has contact with the supplier in relation to the supply;

(1.1) a service that is rendered to an individual while that individual is in Québec;

(2) an advisory, consulting or professional service;

(3) a postal service;

(4) a service in respect of an immovable situated in Québec;

(5) a service in respect of corporeal movable property that is situated in Québec at the time the service is performed;

(6) a service of acting as a mandatary of the person not resident in Québec, except a service of acting as a transfer agent in the case where the person is a corporation resident in Canada, or of arranging for, procuring or soliciting orders for supplies by or to the person;

(7) a transportation service;

(8) a telecommunication service.

History: 1991, c. 67, s. 185; 1994, c. 22, s. 453; 1997, c. 85, s. 521; 2002, c. 9, s. 162.

**Interpretation Bulletins:** TVQ. 11.1-1/R1; TVQ. 16-2/R3.

**Corresponding Federal Provision:** sch. VI, part V, 7.

**Service of advertising.**

**186.** A supply of a service of advertising made to a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the service is performed is a zero-rated supply.

History: 1991, c. 67, s. 186.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 8.

**Advisory, consulting or research service.**

**187.** A supply made to a person not resident in Québec of an advisory, consulting or research service that is intended to assist the person in taking up residence or establishing a business venture in Québec is a zero-rated supply.

History: 1991, c. 67, s. 187.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 9.

**Supply of intellectual property.**

**188.** A supply of a patent, industrial design, copyright, invention, trade-mark, trade-name, trade secret or other intellectual property or any right, licence or privilege to use any such property is a zero-rated supply where the recipient is a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made.

History: 1991, c. 67, s. 188.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 10.

**Supply of incorporeal movable property.**

**188.1.** A supply of an incorporeal movable property made to a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made is a zero-rated supply, but does not include

(1) a supply made to an individual unless the individual is outside Québec at that time;

(2) a supply of an incorporeal movable property that relates to

(a) an immovable situated in Québec,

(b) a corporeal movable property ordinarily situated in Québec, or

(c) a service the supply of which is made in Québec and is not a zero-rated supply described in any of the sections of this division, of Division VII or of Division VII.2;

(3) a supply that is the making available to a person of a telecommunications facility that is an incorporeal movable property for use in providing a service described in paragraph 1 of the definition of “telecommunication service” in section 1;

(4) a supply of an incorporeal movable property that may only be used in Québec; and

(5) a prescribed supply.

History: 2009, c. 5, s. 612; 2012, c. 28, s. 59.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 10.1.

**Duty free shop.**

**189.** A supply of corporeal movable property made by a person operating a duty free shop licensed as such under the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement) to an individual at a duty free shop for export by the individual is a zero-rated supply.

History: 1991, c. 67, s. 189.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 11.

**Duty free shop.**

**189.1.** A supply of corporeal movable property made by way of sale to a person operating a duty free shop licensed as such under the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement), where the person acquires the property as inventory for supply by way of sale at the shop to an individual for export by the individual and the person provides the supplier with the licence number of the shop, is a zero-rated supply.

History: 1995, c. 63, s. 347.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 16.

**Corporeal movable property shipped outside Québec.**

**190.** A supply of corporeal movable property, other than a continuous transmission commodity that is being transported by means of a wire, pipeline or other conduit, is a zero-rated supply if the supplier

(1) ships the property to a destination outside Québec that is specified in the contract for carriage of the property;

(2) transfers possession of the property to a common carrier or consignee that has been retained, to ship the property to a destination outside Québec, by

(a) the supplier on behalf of the recipient, or

(b) the recipient's employer; or

(3) sends the property by mail or courier to an address outside Québec.

History: 1991, c. 67, s. 190; 1995, c. 63, s. 348; 1997, c. 85, s. 522; 2001, c. 53, s. 307.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 12.

**Supply of movable property or a service pursuant to a warranty.**

**191.** The following supplies, made to a person not resident in Québec who is not registered under Division I of Chapter VIII, are zero-rated supplies:

(1) a supply of corporeal movable property or of a service performed in respect of corporeal movable property or an immovable where the property or service is acquired by the person for the purpose of fulfilling an obligation of the person under a warranty;

(2) a supply of corporeal movable property where the supply is deemed, under section 327.1, to have been made following a transfer of possession of the property in performance of an obligation of the person under a warranty.

History: 1991, c. 67, s. 191; 1994, c. 22, s. 454; 1995, c. 1, s. 278; 2001, c. 53, s. 308.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 13.

**Definitions:**

**191.1.** For the purposes of section 191.2,

**“die”;**

“die” means a solid or hollow form used for shaping materials by stamping, pressing, extruding, drawing or threading;

**“fixture”;**

“fixture” means a device for holding goods in process while working tools are in operation that does not contain any special arrangement for guiding the working tools;

**“jig”;**

“jig” means a device used in the accurate machining of goods in process by holding the goods firmly and guiding tools exactly to position;

**“mould”;**

“mould” means a hollow form, matrix or cavity into which materials are placed to produce goods of desired shapes;

**“tool”.**

“tool” means a device for use in, or attachment to, production machinery that is for the assembling of materials or the working of materials by turning, milling, grinding, polishing, drilling, punching, boring, shaping, shearing, pressing or planing.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 14(1).

**Supply of a fixture, jig, die, mould and tool.**

**191.2.** A supply of property that is a fixture, jig, die, mould or tool, or an interest therein, made to a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made is a zero-rated supply where the property is to be used directly in the manufacture or production of corporeal movable property for the person.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 14(2).

**Supply of natural gas.**

**191.3.** A supply of natural gas made by a person to a recipient who is not registered under Division I of Chapter VIII and who intends to ship the gas outside Québec by pipeline is a zero-rated supply if

(1) the recipient ships the gas outside Québec as soon after it is delivered to the recipient by the supplier of the gas as is reasonable, or, where the recipient receives a supply of a service provided for a period in respect of the gas referred to in section 191.3.3 and subsequently ships the gas outside Québec as soon after it is delivered to the recipient as is

reasonable at the end of the period having regard to the circumstances surrounding the shipment outside Québec and, where applicable, to the normal business practice of the recipient;

(2) the gas is not acquired by the recipient for consumption or use in Québec, other than by a carrier as fuel or compressor gas to transport the gas by pipeline, or for supply in Québec, other than to supply natural gas liquids or ethane as described in section 54.3, before the shipment of the gas outside Québec by the recipient;

(3) after the supply is made and before being shipped outside Québec, the gas is not further processed, transformed or altered in Québec, except to the extent reasonably necessary or incidental to its transportation, other than to recover natural gas liquids or ethane from the gas at a straddle plant; and

(4) the person maintains evidence satisfactory to the Minister of the transmission of the gas outside Québec by the recipient.

History: 1994, c. 22, s. 455; 2001, c. 53, s. 309.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 15.

**Continuous transmission commodity.**

**191.3.1.** The following supplies are zero-rated supplies:

(1) a supply of a continuous transmission commodity made by a supplier (in this section referred to as the “first seller”) to a person (in this section referred to as the “first buyer”) who is not registered under Division I of Chapter VIII, if

(a) the first buyer makes a supply of the commodity to a registrant and delivers it in Québec to the registrant,

(b) all or part of the consideration for the first buyer’s supply of the commodity to the registrant is property of the same class or kind delivered to the first buyer outside Québec,

(c) after the commodity is delivered to the first buyer and before the first buyer delivers it to the registrant,

i. the first buyer does not use the commodity except, in the case of natural gas, to the extent that it is used by a carrier as fuel or compressor gas to transport the gas by pipeline, and

ii. the commodity is not, except to the extent reasonably necessary or incidental to its transportation, further processed, transformed or altered other than, in the case of natural gas, to recover natural gas liquids or ethane from the gas at a straddle plant,

(d) after the first seller’s supply is made and before the registrant receives delivery of the commodity, the commodity

is not transported by any means other than a wire, pipeline or other conduit, and

(e) the first seller maintains evidence satisfactory to the Minister of the first buyer’s supply of the commodity to the registrant; and

(2) a supply of any service, supplied by the registrant to the first buyer, of arranging for or effecting the exchange of the commodity for the property of the same class or kind, if the first buyer is a person not resident in Québec.

History: 2001, c. 53, s. 310.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 15.1.

**Supply to a registrant of a continuous transmission commodity.**

**191.3.2.** A particular supply made by a supplier to a recipient who is registered under Division I of Chapter VIII of a continuous transmission commodity is a zero-rated supply if the recipient provides the supplier with a declaration in writing that

(1) the recipient intends to ship the commodity outside Québec by means of a wire, pipeline or other conduit in the circumstances described in paragraphs 1 to 3 of section 191.3 in the case of natural gas, or paragraphs 2 to 4 of section 179 in any other case, or

(2) the recipient intends to supply the commodity in the circumstances described in subparagraphs *a* to *d* of paragraph 1 of section 191.3.1.

**Conditions.**

The first paragraph applies provided that, if the recipient subsequently neither ships the commodity outside Québec in accordance with subparagraph 1 of the first paragraph nor supplies it in accordance with subparagraph 2 of the first paragraph, it is the case that the supplier did not know, and could not reasonably be expected to have known, at or before the latest time at which tax in respect of the particular supply would have become payable if the supply were not a zero-rated supply, that the recipient would neither so ship the commodity outside Québec nor so supply the commodity.

History: 2001, c. 53, s. 310; 2011, c. 6, s. 247.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 15.2.

**Service of storing natural gas.**

**191.3.3.** A supply made by a person to a recipient not resident in Québec who is not registered under Division I of Chapter VIII of a service of storing natural gas for a period, or of taking up surplus natural gas of the recipient for a period, and returning the gas to the recipient at the end of the period is a zero-rated supply if

(1) at the end of the period, the gas is to be delivered to the recipient to be shipped outside Québec;

(2) at the end of the period, where the gas is exported outside Canada, the recipient holds a valid licence or order for the shipment of the natural gas issued under the National Energy Board Act (Revised Statutes of Canada, 1985, chapter N-6); and

(3) it is not the case that, at or before the latest time at which tax in respect of the supply would have become payable if the supply had not been a zero-rated supply, the person knew or could reasonably be expected to have known either that

(a) the recipient would not ship the gas outside Québec as soon after the end of the period as is reasonable, having regard to the circumstances surrounding the shipment outside Québec and, where applicable, to the normal business practice of the recipient, or

(b) the gas would not be shipped outside Québec

i. in the same measure as was stored or taken up except for any loss due to its use by a carrier as fuel or compressor gas for transporting the gas by pipeline, and

ii. in the same state except to the extent of any processing or alteration reasonably necessary or incidental to its transportation or necessary to recover natural gas liquids or ethane from the gas at a straddle plant.

History: 2001, c. 53, s. 310; 2009, c. 15, s. 501.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 15.3.

**Service of taking up and returning electricity.**

**1913.4.** A supply made by a supplier to a recipient not resident in Québec who is not registered under Division I of Chapter VIII of a service of taking up surplus electricity of the recipient for a period and returning the electricity to the recipient at the end of the period or of deferring delivery of electricity supplied to the recipient at the beginning of a period until the end of the period is a zero-rated supply if

(1) the electricity is shipped outside Québec by the supplier or recipient

(a) in the same measure and state except for any consumption or alteration reasonably necessary or incidental to its transportation, and

(b) as soon after the end of the period as is reasonable having regard to the circumstances surrounding the shipment outside Québec and, where applicable, to the normal business practice of the shipper; and

(2) at the end of the period, where the electricity is exported outside Canada, the requirement under the National Energy Board Act (Revised Statutes of Canada, 1985, chapter N-6),

with respect to the holding of a valid licence, order or permit for the export of the electricity issued under that Act, is met.

History: 2001, c. 53, s. 310.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 15.4.

**Custodial or nominee service in respect of securities or precious metals.**

**1914.** A supply made to a person not resident in Québec of a custodial or nominee service in respect of securities or precious metals of the person is a zero-rated supply.

History: 1994, c. 22, s. 455; 1997, c. 85, s. 523.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 17.

**Vocational training.**

**1915.** A supply made to a person not resident in Québec, other than an individual, who is not registered under Division I of Chapter VIII that consists in providing an individual not resident in Québec with, or in administering an examination in respect of, an educational service leading to a certificate, diploma, permit or similar document, or a class or rating in respect of a licence, that attests to the competence of the individual to whom the service is rendered or the examination is administered to practise a trade or vocation, is a zero-rated supply.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 18.

**Service of destroying or discarding property.**

**1916.** A supply made to a person not resident in Québec who is not registered under Division I of Chapter VIII of a service of destroying or discarding corporeal movable property is a zero-rated supply.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 19.

**Service of dismantling property.**

**1917.** A supply made to a person not resident in Québec who is not registered under Division I of Chapter VIII of a service of dismantling property for the purpose of shipping the property outside Québec is a zero-rated supply.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 20.

**Service of testing or inspecting property.**

**1918.** A supply made to a person not resident in Québec who is not registered under Division I of Chapter VIII of a service of testing or inspecting corporeal movable property that is acquired in or brought into Québec for the sole purpose of having the service performed and that is to be

destroyed or discarded in the course of providing, or on completion of, the service, is a zero-rated supply.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 21.

**Postal service.**

**191.9.** A supply of a postal service is a zero-rated supply where the supply is made, by a registrant who carries on the business of supplying postal services, to a person not resident in Québec who is not a registrant and who carries on such a business.

History: 1994, c. 22, s. 455; 1997, c. 85, s. 524.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 22.

**Telecommunication service.**

**191.9.1.** A supply of a telecommunication service where the supply is made, by a registrant who carries on the business of supplying telecommunication services, to a person not resident in Québec who is not a registrant and who carries on such a business, but not including a supply of a telecommunication service where the telecommunication is emitted and received in Québec, is a zero-rated supply.

History: 1997, c. 85, s. 525.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 22.1.

**Advisory, consulting or professional service.**

**191.10.** A supply of an advisory, consulting or professional service made to a person not resident in Québec is a zero-rated supply, except a supply of

- (1) a service rendered to an individual in connection with criminal, civil or administrative litigation in Québec, other than a service rendered before the commencement of such litigation;
- (2) a service in respect of an immovable situated in Québec;
- (3) a service in respect of corporeal movable property that is situated in Québec at the time the service is performed; or
- (4) a service of acting as a mandatary of the person or of arranging for, procuring or soliciting orders for supplies by or to the person.

History: 1994, c. 22, s. 455; 1997, c. 85, s. 526.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 23.

**Service of technical or customer support.**

**191.10.1.** A supply of a service of rendering to individuals technical or customer support by means of telecommunications if the supply is made to a person not resident in Québec that is not registered under Division I of

Chapter VIII and is not a consumer of the service is a zero-rated supply, but not including a supply of

- (1) an advisory, consulting or professional service; or
- (2) a service of acting as a mandatary of the person or of arranging for, procuring or soliciting orders for supplies by or to the person.

History: 2019, c. 14, s. 545.

**Mobile and floating homes.**

**191.11.** For the purposes of this division, a floating home and a mobile home that is not affixed to land are each deemed to be corporeal movable property and not immovable property.

History: 1994, c. 22, s. 455.

**Interpretation Bulletins:** TVQ. 11.1-1/R1.

**Corresponding Federal Provision:** sch. VI, part V, 24.

**DIVISION VI  
TRAVEL SERVICE**

**Zero-rated part of a tour package.**

**192.** A supply of the part of a tour package that is not the taxable portion of the package is a zero-rated supply.

**Application of section 63.**

Section 63 applies to this section.

History: 1991, c. 67, s. 192.

**Corresponding Federal Provision:** sch. VI, part VI, 1.

**DIVISION VI.1  
(Repealed).**

**192.1. (Repealed).**

History: 1995, c. 1, s. 279; 1997, c. 14, s. 335.

**192.2. (Repealed).**

History: 1995, c. 1, s. 279; 1997, c. 14, s. 335.

**DIVISION VII  
TRANSPORTATION SERVICE**

**Definitions:**

**193.** For the purposes of this division,

**“continuous freight movement”;**

“continuous freight movement” means the transportation of corporeal movable property by one or more carriers to a destination specified by the shipper of the property, where all freight transportation services supplied by the carriers are supplied as a consequence of instructions given by the shipper of the property;

**“continuous journey”;**

“continuous journey” of an individual or a group of individuals means the set of all passenger transportation services provided to the individual or group

(1) and for which a single ticket or voucher in respect of all the services is issued, or

(2) where two or more tickets or vouchers are issued in respect of two or more legs of a single journey of the individual or group on which there is no stopover between any of the legs of the journey for which separate tickets or vouchers are issued, and all the tickets or vouchers are issued by the same supplier or by two or more suppliers through one mandatary acting on behalf of all the suppliers where

(a) all such tickets or vouchers are issued at the same time and evidence satisfactory to the Minister is maintained by the supplier or mandatary that there is no stopover between any of the legs of the journey for which separate tickets or vouchers are issued, or

(b) the tickets or vouchers are issued at different times and evidence satisfactory to the Minister is submitted by the supplier or mandatary that there is no stopover between any of the legs of the journey for which separate tickets or vouchers are issued;

**“continuous outbound freight movement”;**

“continuous outbound freight movement” means the transportation of corporeal movable property by one or more carriers from a place in Québec to a place outside Québec, or to another place in Québec from which the property is to be taken outside Québec, where, after the shipper of the property transfers possession of the property to a carrier and before the property is taken outside Québec, it is not, except to the extent that is reasonably necessary or incidental to its transportation, further processed, transformed or altered in Québec, other than, in the case of natural gas being transported by pipeline, to recover natural gas liquids or ethane from the gas at a straddle plant;

**“destination”;**

“destination”, in respect of a continuous freight movement of property, means a place specified by the shipper of the property where possession of the property is transferred to the person to whom the property is consigned or addressed by the shipper;

**“freight transportation service”;**

“freight transportation service” means a particular service of transporting corporeal movable property and, for greater certainty, includes a service of delivering mail, and any other property or service supplied to the recipient of the particular service by the person who supplies the particular service, where the other property or service is part of or incidental to the particular service, whether or not there is a separate charge for the other property or service, but does not include a service provided by the supplier of a passenger transportation service of transporting an individual’s baggage in connection with the passenger transportation service;

**“origin”;**

“origin” means

(1) in respect of a continuous freight movement, the place where the first carrier that engaged in the continuous freight movement takes possession of the property being transported; and

(2) in respect of a continuous journey, the place where the passenger transportation service that is included in the continuous journey and that is first provided begins;

**“place outside Canada”;**

“place outside Canada”, in respect of a freight transportation service, includes at a particular time a place in Canada if, at that time, the property being transported has been imported but has not been released, within the meaning of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement) and the property is being transported in compliance with that Act or any other Act of Parliament that prohibits, controls or regulates the importation of goods within the meaning of the Customs Act;

**“shipper”;**

“shipper” of corporeal movable property means the person who, in respect of a continuous freight movement or a continuous outbound freight movement, transfers possession of the property being shipped to a carrier at the origin of the freight movement and, for greater certainty, does not include a person who is a carrier of the property to which the freight movement relates;

**“stopover”;**

“stopover”, in respect of a continuous journey of an individual or a group of individuals, means any place at which the individual or group embarks or disembarks a conveyance used in the provision of a passenger transportation service included in the continuous journey, for any reason other than transferring to another conveyance, or allowing for servicing or refuelling of the conveyance;

**“termination”.**

“termination” of a continuous journey means the place where the passenger transportation service that is included in the continuous journey and that is last provided ends.

History: 1991, c. 67, s. 193; 1994, c. 22, s. 456; 1997, c. 85, s. 527; 2001, c. 53, s. 311.

**Corresponding Federal Provision:** sch. VI, part VII, 1(1).

**Passenger transportation services.**

**194.** The following are zero-rated supplies:

(1) a supply of a passenger transportation service that is provided to an individual or a group of individuals and that is part of a continuous journey of the individual or group where

(a) the origin, termination or stopover forming part of the continuous journey is outside Canada; or

(b) (*subparagraph repealed*);

(c) the origin of the continuous journey is in Québec, its termination is in Canada but outside Québec and, at the time the journey begins, the individual or group is scheduled to disembark a conveyance used for the provision of the service in a place outside Canada to transfer to another conveyance used for the provision of the service;

(d) *(subparagraph repealed)*;

(2) a supply of any of the following services made by a person in connection with the supply by that person of a passenger transportation service included in paragraph 1:

(a) a service of transporting an individual's baggage, and

(b) a service of supervising an unaccompanied child;

(3) *(paragraph repealed)*;

(4) a supply by a person of a service of issuing, delivering, amending, replacing or cancelling a ticket, voucher or reservation for a supply by that person of a passenger transportation service that would, if it were completed in accordance with the agreement for that supply, be included in paragraph 1;

(5) a supply to a person of a service of acting as a mandatary in making a supply on behalf of that person of a service that would, if it were completed in accordance with the agreement for that supply, be included in paragraph 1.

History: 1991, c. 67, s. 194; 1993, c. 19, s. 186; 1997, c. 85, s. 528; 2001, c. 53, s. 312; 2011, c. 1, s. 136.

**Corresponding Federal Provision:** sch. VI, part VII, 2 to 5.1.

**Exception.**

**195.** Paragraph 1 of section 194 does not apply in respect of a passenger transportation service that is part of a continuous journey, other than a continuous journey that includes transportation by air, where both the origin and the termination of the journey are in Québec and, at the time the journey begins, the individual or group is not scheduled to be outside Canada for an uninterrupted period of a least 24 hours.

History: 1991, c. 67, s. 195.

**Corresponding Federal Provision:** sch. VI, part VII, 2.

**Freight transportation services.**

**196.** For the purposes of this division, where in respect of a continuous freight movement several carriers supply freight transportation services in the course of the continuous freight movement, and the shipper or the consignee of the property is, under the contract of carriage for the continuous freight movement, required to pay a particular carrier that is one of those carriers a particular amount that is part or all of the consideration for the freight transportation services supplied by those several carriers, the following rules apply:

(1) the particular carrier is deemed to have made a supply of a freight transportation service, having the same destination as the continuous freight movement, to the shipper or consignee, as the case may be, for consideration equal to the particular amount, whether or not the particular amount includes an amount paid to the particular carrier as mandatary of any of the other several carriers;

(2) the shipper or consignee, as the case may be, is deemed to have received a supply of a freight transportation service from the particular carrier for consideration equal to the particular amount and not to have received a freight transportation service from any of the other several carriers; and

(3) to the extent that any part of the particular amount is paid by one of the several carriers (in this paragraph referred to as the "first carrier") to another of the several carriers, the first carrier is deemed to be the recipient of freight transportation services supplied by the other carriers in relation to the continuous freight movement and, to the same extent, the other carriers are deemed to have supplied those freight transportation services to the first carrier and not to the shipper or consignee.

History: 1991, c. 67, s. 196; 1997, c. 85, s. 529.

**Corresponding Federal Provision:** sch. VI, part VII, 1(2).

**Freight transportation services.**

**197.** The following are zero-rated supplies:

(1) *(paragraph repealed)*;

(2) a supply made by a carrier of a freight transportation service in respect of the transportation of corporeal movable property from a place in Québec to another place in Québec, where

(a) the shipper of the property provides the carrier with a declaration in prescribed form informing the carrier that the property is being shipped outside Québec and that the freight transportation service to be supplied by the carrier is part of a continuous outbound freight movement in respect of the property, except where the property is intended to be shipped to a place in Canada;

(b) the property is taken outside Québec and the service is part of a continuous outbound freight movement in respect of the property; and

(c) the value of the consideration for the supply is \$5 or more;

(3) *(paragraph repealed)*;

(4) a supply of a freight transportation service in respect of the transportation of corporeal movable property from a place outside Canada to a place in Québec;



(5) *(paragraph repealed)*;

(5.1) *(paragraph repealed)*;

(6) a supply of a freight transportation service from a place in Canada to a place in Québec that is part of a continuous freight movement from an origin outside Canada to a destination in Québec, where the supplier of the service maintains documentary evidence satisfactory to the Minister that the service is part of a continuous freight movement from an origin outside Canada to a destination in Québec;

(7) a supply of a freight transportation service made by a carrier of the property being transported to a second carrier of the property being transported, where the service is part of a continuous freight movement and the second carrier is neither the shipper nor the consignee of the property being transported;

(8) a supply of a service of acting as a mandatary for a person not resident in Québec who is not registered under Division I of Chapter VIII at the time the supply is made, to the extent that the service is in respect of a supply to that person of a freight transportation service that is described in any of paragraphs 2 to 6;

(9) a supply by a licensee under paragraph *a* of subsection 1 of section 24 of the Customs Act (Revised Statutes of Canada, 1985, chapter 1, 2nd Supplement) of a service of warehousing goods imported into Canada at a sufferance warehouse operated by the licensee, where the purpose of the service is to enable examination of the goods before their release, within the meaning of the said Act; and

(10) a supply of a service of ferrying by watercraft passengers or property to or from a place outside Québec, where the principal purpose of the ferrying is to transport motor vehicles and passengers between parts of a road or highway system that are separated by a stretch of water.

History: 1991, c. 67, s. 197; 1994, c. 22, s. 457; 1995, c. 63, s. 349; 1997, c. 85, s. 530; 2011, c. 6, s. 248; 2012, c. 28, s. 60; 2015, c. 21, s. 661; 2017, c. 29, s. 251.

**Corresponding Federal Provision:** sch. VI, part VII, 6 to 14.

#### Supply of an air ambulance service.

**197.1.** A supply of an air ambulance service made by a person who carries on the business of supplying air ambulance services, where the transportation is to or from a place outside Québec, is a zero-rated supply.

History: 1997, c. 85, s. 531.

**Corresponding Federal Provision:** sch. VI, part VII, 15.

#### DIVISION VII.1

#### MOTOR VEHICLE ACQUIRED TO BE RESUPPLIED

##### Supply of a motor vehicle.

**197.2.** A supply of a motor vehicle by way of sale made to a person who is registered under Division I of Chapter VIII and who receives the motor vehicle only to again make a supply of it by way of sale or by way of lease under an agreement under which continuous possession or use of the vehicle is provided to a person for a period of at least one year is a zero-rated supply.

“sale”.

For the purposes of this section, “sale” has the meaning assigned by section 1 but does not include a gift.

History: 2001, c. 51, s. 269.

**Interpretation Bulletins:** TVQ. 57-2/R1.

#### DIVISION VII.2

#### FINANCIAL SERVICE

##### Financial service supplied to a person not resident in Canada.

**197.3.** A supply of a financial service (other than a supply described in section 197.4) made by a financial institution to a person not resident in Canada is a zero-rated supply, unless the service relates to

(1) a debt that arises from

(a) the deposit of funds in Canada, if the instrument issued as evidence of the deposit is a negotiable instrument, or

(b) the lending of money that is primarily for use in Canada;

(2) a debt for all or part of the consideration for a supply of an immovable that is situated in Canada;

(3) a debt for all or part of the consideration for a supply of a movable property that is for use primarily in Canada;

(4) a debt for all or part of the consideration for a supply of a service that is to be performed primarily in Canada; or

(5) a financial instrument (other than an insurance policy or a precious metal) acquired, otherwise than directly from an issuer not resident in Canada, by the financial institution acting as a mandatary.

History: 2012, c. 28, s. 61.

**Corresponding Federal Provision:** sch. VI, part IX, 1.

##### Financial services relating to insurance policies.

**197.4.** A supply made by a financial institution of a financial service that relates to an insurance policy issued by the institution (other than a service that relates to investments

made by the institution) is a zero-rated supply to the extent that

(1) in the case where the policy is a life or accident and sickness insurance policy (other than a group insurance policy), the policy is issued in respect of an individual who is not resident in Canada at the time the policy becomes effective;

(2) in the case where the policy is a group life or accident and sickness insurance policy, the policy relates to individuals not resident in Canada who are insured under the policy;

(3) in the case where the policy is an insurance policy in respect of an immovable, the policy relates to an immovable situated outside Canada; and

(4) in the case where the insurance policy is an insurance policy of any other kind, the policy relates to risks that are ordinarily situated outside Canada.

History: 2012, c. 28, s. 61.

**Corresponding Federal Provision:** sch. VI, part IX, 2.

**Supply of precious metals by a refiner.**

**197.5.** A supply of a financial service that is the supply of precious metals in the case where the supply is made by the refiner or by the person on whose behalf the precious metals were refined is a zero-rated supply.

History: 2012, c. 28, s. 61.

**Corresponding Federal Provision:** sch. VI, part IX, 3.

**Non-resident investor — investment plan.**

**197.6.** For the purposes of sections 197.3 and 197.4, a person not resident in Canada is deemed to be resident in Canada in respect of any supply that is made to the person by a selected listed financial institution in the following cases:

(1) where the financial institution is a stratified investment plan, the supply is made in respect of units of a series of the financial institution that are held by the person in a fiscal year of the financial institution throughout which no election under the first paragraph of section 433.19.15 or under subsection 6 of section 225.4 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) is in effect in respect of the series;

(2) where the financial institution is a non-stratified investment plan, the supply is made in respect of units of the financial institution that are held by the person in a fiscal year of the financial institution throughout which no election under the second paragraph of section 433.19.15 or under subsection 7 of section 225.4 of the Excise Tax Act is in effect; or

(3) where the financial institution is an investment plan that is a pension entity of a pension plan or a private investment

plan and the person is a plan member, the supply is made in respect of the person in a fiscal year of the financial institution throughout which no election under the third paragraph of section 433.19.15 or under subsection 7 of section 225.4 of the Excise Tax Act is in effect.

History: 2015, c. 21, s. 662.

**Corresponding Federal Provision:** 225.4(3)(b), 4(b) and 5(b).

**DIVISION VIII  
OTHER ZERO-RATED SUPPLIES**

**Admission to a convention.**

**198.** A supply of an admission to a convention, other than an admission to a foreign convention, made by a sponsor of the convention to a person not resident in Québec is a zero-rated supply.

History: 1991, c. 67, s. 198; 1994, c. 22, s. 458; 2012, c. 28, s. 62; 2015, c. 21, s. 663.

**Interpretation Bulletins:** TVQ. 198-2; TVQ. 198-4; TVQ. 321-1; TVQ. 350.7.2-1/R1; TVQ. 514-1/R1; TVQ. 520-2.

**Corresponding Federal Provision:** 167.2(1).

**"read-only medium".**

**198.0.1.** For the purposes of paragraph 1.1 of section 198.1, "read-only medium" means a corporeal medium that is designed for the read-only storage of information and other material in digital format.

History: 2011, c. 34, s. 143.

**Interpretation Bulletins:** TVQ. 198.1-1/R3.

**Printed or talking books.**

**198.1.** The following are zero-rated supplies:

(1) a supply of a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system;

(1.1) a supply, for a single consideration, of a property consisting in a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system and a read-only medium or a right to access a website if

(a) the printed book, or its updating, and the read-only medium or the right to access a website are wrapped, packaged, combined or otherwise prepared to be supplied together and are the only components of the supply; and

(b) it is reasonable to consider that the printed book, or its updating, is the main component of the supply; and

(2) a supply of a talking book or of its carrier, acquired by a person as a result of a visual handicap.

History: 1997, c. 14, s. 336; 2011, c. 34, s. 144.

**Interpretation Bulletins:** TVQ. 198.1-1/R3.

**Supply of tobacco.**

**198.2.** A supply of tobacco or raw tobacco within the meaning of the Tobacco Tax Act (chapter I-2) is a zero-rated supply.

History: 1999, c. 83, s. 313; 2009, c. 15, s. 502.

**Definitions:**

**198.3.** For the purposes of section 198.4,

**“item used for bottle-feeding”;**

“item used for bottle-feeding” means feeding bottles or their components, including the disposable bags required for certain types of bottles;

**“item used for breast-feeding”.**

“item used for breast-feeding” means nursing bras, breast pumps or their components, nursing pads, nipple shields and other similar items designed specially to facilitate breast-feeding.

History: 2005, c. 1, s. 355.

**Supply of an item used for bottle-feeding.**

**198.4.** A supply of an item used for bottle-feeding or of an item used for breast-feeding is a zero-rated supply.

History: 2005, c. 1, s. 355.

**Supply of diapers and other accessories.**

**198.5.** The following supplies are zero-rated supplies:

(1) a supply of diapers or training pants designed specially for children;

(2) a supply of waterproof pants designed specially to be worn over the diapers referred to in paragraph 1, where such diapers are washable; and

(3) a supply of absorbent linings or biodegradable paper products designed specially as accessories for the diapers referred to in paragraph 1, where such diapers are washable.

History: 2005, c. 1, s. 355.

**Supply of feminine hygiene products.**

**198.6.** A supply of a product that is a sanitary napkin, tampon, sanitary belt, menstrual cup or other similar product and that is marketed exclusively for feminine hygiene is a zero-rated supply.

History: 2017, c. 1, s. 447.

**CHAPTER V  
INPUT TAX REFUND**

**DIVISION I  
GENERAL PRINCIPLES**

**General rule.**

**199.** Where property or a service is supplied to or brought into Québec by a person and, during a reporting period of the person during which the person is a registrant, tax in respect of the supply or bringing into Québec of the property or service becomes payable by the person or is paid by the person without having become payable, the amount determined by the following formula is an input tax refund of the person in respect of the property or service for the period:

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the tax in respect of the supply or bringing into Québec of the property or service that becomes payable by the person during the reporting period or that is paid by the person during the period without having become payable; and

(2) B is

(a) where the tax is deemed under section 252 to have been paid in respect of the property on the last day of a taxation year of the person, the extent, expressed as a percentage of the total use of the property in the course of commercial activities and businesses of the person during that taxation year, to which the person used the property in the course of commercial activities of the person during that taxation year;

(b) where the property or service is acquired or brought into Québec by the person for use in improving capital property of the person, the extent, expressed as a percentage, to which the person was using the capital property in the course of commercial activities of the person immediately after the capital property or a portion thereof was last acquired or brought into Québec by the person; and

(c) in any other case, the extent, expressed as a percentage, to which the person acquired or brought into Québec the property or service for consumption, use or supply in the course of commercial activities of the person.

**Exception.**

Notwithstanding the first paragraph, the input tax refund of a person in respect of a motor vehicle supplied to the person by way of retail sale is the amount determined pursuant to section 199.0.1.

History: 1991, c. 67, s. 199; 1994, c. 22, s. 459; 1997, c. 85, s. 532; 2001, c. 51, s. 270.

**Interpretation Bulletins:** TVQ. 1-4/R2; TVQ. 16-7/R1; TVQ. 16-22/R1; TVQ. 16-28; TVQ. 16-30/R1; TVQ. 80.2-2/R1; TVQ. 80.2-3; TVQ. 179-2/R1; TVQ. 201-2/R1; TVQ. 206.1-7/R1; TVQ. 206.1-9; TVQ. 206.2-1/R1; TVQ. 206.3-8/R2; 207-1; TVQ. 212-1/R5; TVQ. 212-3/R1; TVQ. 222.2-1; TVQ. 407-3/R2; TVQ. 678-2.

**Corresponding Federal Provision:** 169(1).

**Selected listed financial institutions — restrictions.**

**199.0.0.1.** No amount may be included in determining an input tax refund of a person in respect of tax that became payable by the person under section 16, or, to the extent that the tax relates to a corporeal property the person brings into Québec from outside Canada, under section 17, while the person is a selected listed financial institution unless

(1) the amount is deemed to have been paid by the person under any of sections 207, 210.3, 256, 257, 264 and 265;

(2) the amount is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or of subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2;

(3) the person is permitted to claim an input tax refund under section 233 or 234; or

(4) the amount is a prescribed amount of tax.

History: 2012, c. 28, s. 63; 2015, c. 21, s. 664.

**Corresponding Federal Provision:** 169(3).

**Supply by way of retail sale of a motor vehicle.**

**199.0.1.** Where a motor vehicle is supplied to a person by way of retail sale and, during a reporting period of the person during which the person is a registrant, tax in respect of the supply is paid by the person, the amount determined by the following formula is an input tax refund of the person in respect of the motor vehicle for the period:

$$A \times B.$$

**Interpretation.**

For the purposes of the formula,

(1) A is the tax in respect of the supply that is paid by the person during the reporting period; however, the tax paid by the person in respect of a retail sale referred to in paragraph 2 of the definition of “retail sale” in section 1 is deemed to be nil;

(2) B is the percentage determined under subparagraph 2 of the second paragraph of section 199.

History: 2001, c. 51, s. 271.

**Definitions:**

**199.0.2.** For the purposes of section 199.0.3,

“*large business*”;

“large business” has the meaning assigned by sections 551 to 551.4 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);

“*long-term lease*”;

“long-term lease” has the meaning assigned by section 382.8;

“*prescribed new hybrid vehicle*”;

“prescribed new hybrid vehicle” means a prescribed new hybrid vehicle for the purposes of section 382.9.

History: 2009, c. 5, s. 613.

**Input tax refund – supply of hybrid vehicle.**

**199.0.3.** Despite section 206.1, a registrant that is a large business may include, in determining the registrant’s input tax refund, an amount in respect of the tax payable by the registrant in relation to the supply by way of sale or by way of long-term lease, or to the bringing into Québec, of a prescribed new hybrid vehicle where the supply, or the bringing into Québec, of the vehicle is made after 26 June 2007 and before 1 January 2009.

History: 2009, c. 5, s. 613; 2010, c. 25, s. 246.

**Determining a refund for improvement.**

**199.1.** Where a person acquires or brings into Québec property or a service partly for use in improving capital property of the person and partly for another purpose, for the purpose of determining an input tax refund of the person in respect of the property or service, the following rules apply:

(1) despite section 34, that part of the property or service that is acquired or brought into Québec for use in improving the capital property and the remaining part of the property or service are each deemed to be a separate property or service that does not form part of the other;

(2) the tax payable in respect of the supply or bringing into Québec of that part of the property or service that is acquired or brought into Québec for use in improving the capital property is deemed to be equal to the amount determined by the formula

$$A \times B; \text{ and}$$

(3) the tax payable in respect of that part of the property or service that is not for use in improving the capital property is deemed to be equal to the difference between the tax payable (in this section referred to as the “total tax payable”) by the person in respect of the supply or bringing into Québec of the property or service, determined without reference to this section, and the amount determined under subparagraph 2.

**Interpretation.**

For the purposes of the formula in subparagraph 2 of the first paragraph,

- (1) A is the total tax payable; and
- (2) B is the extent, expressed as a percentage, to which the total consideration paid or payable by the person for the supply in Québec of the property or service or the value of the property brought into Québec is or would be, if the person were a taxpayer within the meaning of the Taxation Act (chapter I-3), included in determining the adjusted cost base to the person of the capital property for the purposes of that Act.

History: 1994, c. 22, s. 460; 1997, c. 85, s. 533; 2012, c. 28, s. 64.

**Corresponding Federal Provision:** 169(1.1).

**199.2.** *(Repealed).*

History: 1994, c. 22, s. 460; 1997, c. 85, s. 534.

**199.3.** *(Repealed).*

History: 1994, c. 22, s. 460; 1997, c. 85, s. 534.

**199.4.** *(Repealed).*

History: 1994, c. 22, s. 460; 1994, c. 22, s. 461.

**200.** *(Repealed).*

History: 1991, c. 67, s. 200; 1994, c. 22, s. 462.

**Required documentation.**

**201.** A registrant may not claim an input tax refund for a reporting period unless, before filing the return in which the refund is claimed,

- (1) the registrant obtained sufficient evidence in such form containing such information as will enable the amount of the refund to be determined, including any such information as may be prescribed; and
- (2) where the input tax refund is in respect of property or a service supplied to the registrant in circumstances in which the registrant is required to report the tax payable in respect of the supply in a return filed with the Minister under this Title, the registrant has so reported the tax in a return filed under this Title.

**Refund in respect of a motor vehicle.**

Furthermore, where the input tax refund is in respect of a motor vehicle supplied to the registrant by way of retail sale, the registrant shall obtain a document issued by the person required to collect the tax payable in respect of the supply certifying that the tax has been paid by the registrant.

History: 1991, c. 67, s. 201; 1994, c. 22, s. 463; 1997, c. 85, s. 535; 2001, c. 51, s. 272; 2009, c. 15, s. 503.

**Interpretation Bulletins:** TVQ. 16-7/R1; TVQ. 16-30/R1; TVQ. 201-2/R1; TVQ. 212-1/R5.

**Corresponding Federal Provision:** 169(4).

**Exemption.**

**202.** Where the Minister is satisfied that there are or will be sufficient records or supporting documents available to establish the particulars of any supply or bringing into Québec or of any supply or bringing into Québec of a specific class and the tax paid or payable in respect of the supply or bringing into Québec, the Minister may

(1) exempt a specified registrant, a specified class of registrants or registrants generally from any of the requirements of section 201 in respect of that supply or bringing into Québec or a supply or bringing into Québec of that class; and

(2) specify terms and conditions of the exemption.

History: 1991, c. 67, s. 202; 1994, c. 22, s. 464; 2000, c. 25, s. 27.

**Interpretation Bulletins:** TVQ. 212-1/R5.

**Corresponding Federal Provision:** 169(5).

**Clothing manufacturer.**

**202.1.** In determining an input tax refund of a registrant that is a clothing manufacturer within the meaning of section 350.48, no amount shall be included in respect of the tax payable by the registrant in respect of a supply referred to in section 350.49, unless the registrant files in accordance with that section the information return referred to therein in which the registrant declares the amount and all other information required in relation to the supply.

History: 2002, c. 9, s. 163.

**Interpretation Bulletins:** TVQ. 350.48-1.

**Restriction.**

**203.** In determining an input tax refund of a registrant, no amount shall be included in respect of the tax payable by the registrant in respect of the following supplies made to, or brought into Québec by, the registrant:

(1) a supply of a membership, or a right to acquire a membership, in a club the main purpose of which is to provide recreational, sporting or dining facilities, except where the registrant acquires the membership or right, as the case may be, exclusively for supply in the course of a business of the registrant of supplying such memberships or rights;

(1.1) a supply or bringing into Québec of property or a service that is acquired or brought into Québec by the registrant for consumption or use by the registrant, or, where the registrant is a partnership, an individual who is a member of the partnership, in relation to any part (in this section and in section 457.2 referred to as the “work space”) of a self-contained domestic establishment in which the registrant

or the individual, as the case may be, resides unless the work space

(a) is the principal place of business of the registrant, or

(b) is used exclusively for the purpose of earning income from a business and is used on a regular and continuous basis for meeting clients, customers or patients of the registrant in respect of the business;

(2) a supply or the bringing into Québec of property or a service that is acquired or brought in by the registrant at any time in or before a reporting period of the registrant exclusively for the personal consumption, use or enjoyment (in this section and in section 204 referred to as the “benefit”) in that period of a particular individual who was, is or agrees to become an officer or employee of the registrant, or of another individual related to the particular individual;

(3) a supply made in or before a reporting period of the registrant of property, by way of lease, licence or similar arrangement, primarily for the personal consumption, use or enjoyment in that period of

(a) where the registrant is an individual, the registrant or another individual related to the registrant;

(b) where the registrant is a partnership, an individual who is a member of the partnership or another individual who is an employee, officer or shareholder of, or related to, a member of the partnership;

(c) where the registrant is a corporation, an individual who is a shareholder of the corporation or another individual related to the shareholder; and

(d) where the registrant is a trust, an individual who is a beneficiary of the trust or another individual related to the beneficiary;

(4) a supply or bringing into Québec of property or a service that is acquired or brought into Québec, in the circumstances set out in section 345.2, in respect of the consumption by an individual of food or beverages or in respect of the enjoyment by the individual of entertainment.

History: 1991, c. 67, s. 203; 1994, c. 22, s. 465; 1997, c. 3, s. 135; 1997, c. 85, s. 536; 2004, c. 21, s. 529.

**Interpretation Bulletins:** TVQ. 212-1/R5.

**Corresponding Federal Provision:** 170(1).

**Exceptions.**

**204.** Paragraph 2 of section 203 does not apply in the following cases:

(1) the registrant makes a taxable supply of the property or service to the particular individual or the other individual for consideration that becomes due in that period and that is

equal to the fair market value of the property or service at the time the consideration becomes due; or

(2) if no amount were payable for the benefit by the particular individual who was, is or agrees to become an officer or employee of the registrant, no amount would be included under sections 34 to 47.17 of the Taxation Act (chapter I-3) in respect of the benefit in computing the income of the particular individual.

**Exception.**

Similarly, paragraph 3 of section 203 does not apply where the registrant makes a taxable supply of the property in that period to such an individual for consideration that becomes due in that period and that is equal to the fair market value of the supply at the time the consideration becomes due.

History: 1991, c. 67, s. 204.

**Corresponding Federal Provision:** 170(1).

**205. (Repealed).**

History: 1991, c. 67, s. 205; 1997, c. 85, s. 537.

**Restriction.**

**206.** In determining an input tax refund of a registrant, no amount shall be included in respect of the tax payable by the registrant in respect of the supply or bringing into Québec of property or a service, except to the extent that

(1) the consumption or use of property or a service of such quality, nature or cost is reasonable in the circumstances, having regard to the nature of the commercial activities of the registrant; and

(2) the value of the consideration for the supply of the property or service or, in the case of the bringing into Québec of the property or service, the value of the property is reasonable in the circumstances.

History: 1991, c. 67, s. 206.

**Interpretation Bulletins:** TVQ. 212-1/R5.

**Corresponding Federal Provision:** 170(2).

**206.0.1. (Repealed).**

History: 2011, c. 34, s. 145; 2012, c. 28, s. 65.

**206.1. (Repealed).**

History: 1993, c. 19, s. 187; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]]; 2010, c. 25, s. 253; 2019, c. 14, s. 576].

**Interpretation Bulletins:** TVQ. 80.2-1/R1; TVQ. 80.2-2/R1; TVQ. 80.2-3; TVQ. 206.1-2; TVQ. 206.1-4/R1; TVQ. 206.1-5; TVQ. 206.1-6/R1; TVQ. 206.1-7/R1; TVQ. 206.1-9; TVQ. 206.1-10; TVQ. 206.2-1/R1; TVQ. 206.3-1/R1; TVQ. 206.3-2/R1; TVQ. 206.3-3; TVQ. 206.3-4; TVQ. 206.3-5; TVQ. 206.3-6; TVQ. 206.3-7;

TVQ. 206.3-8/R2; TVQ. 211-3/R4; TVQ. 212-1/R5;  
TVQ. 212-4.

**206.2.** *(Repealed).*

History: 1993, c. 19, s. 187; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576].

**Interpretation Bulletins:** TVQ. 206.2-1/R1.

**206.3.** *(Repealed).*

History: 1993, c. 19, s. 187; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576]; 2002, c. 40, s. 345; 2005, c. 23, s. 285.

**Interpretation Bulletins:** TVQ. 206.3-1/R1; TVQ. 206.3-2/R1; TVQ. 206.3-3; TVQ. 206.3-4; TVQ. 206.3-5; TVQ. 206.3-6; TVQ. 206.3-7; TVQ. 206.3-8/R2.

**206.3.1.** *(Repealed).*

History: 1994, c. 22, s. 466; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576].

**206.4.** *(Repealed).*

History: 1993, c. 19, s. 187; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576].

**Interpretation Bulletins:** TVQ. 206.1-6/R1.

**206.5.** *(Repealed).*

History: 1993, c. 19, s. 187; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576].

**206.6.** *(Repealed).*

History: 1994, c. 22, s. 467; 1995, c. 63, s. 350 [amended by 1997, c. 85, s. 729 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 576].

**206.7.** *(Repealed).*

History: 1995, c. 63, s. 351 [amended by 1997, c. 14, s. 378 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2000, c. 39, s. 297]; 1995, c. 63, s. 352 [amended by 1997, c. 85, s. 772; 2019, c. 14, s. 577].

**Interpretation Bulletins:** TVQ. 206.1-7/R1.

**DIVISION II**  
**SPECIAL RULES**

§1. — *Becoming and ceasing to be registrant*

**Small supplier becoming a registrant — property.**

**207.** Where at any time a person becomes a registrant and immediately before that time the person was a small supplier, for the purpose of determining an input tax refund of the person, the following rules apply:

(1) the person is deemed to have received, at that time, a supply by way of sale of each property of the person that was held immediately before that time for consumption, use or supply in the course of commercial activities of the person; and

(2) the person is deemed to have paid, at that time, tax in respect of the supply equal to the basic tax content of the property at that time.

History: 1991, c. 67, s. 207; 1994, c. 22, s. 468; 1997, c. 85, s. 538.

**Interpretation Bulletins:** TVQ. 207-1.

**Corresponding Federal Provision:** 171(1).

**Person becoming a registrant — services and rental property.**

**208.** Where at any time a person becomes a registrant, the following rules apply in determining the input tax refund of the person for the first reporting period of the person ending after that time,

(1) there may be included the total of any tax that became payable by the person before that time, to the extent that the tax was payable in respect of a service to be supplied to the person after that time for consumption, use or supply in the course of commercial activities of the person or was calculated on the value of consideration that is a rent, royalty or similar payment attributable to a period after that time in respect of property that is used in the course of commercial activities of the person; and

(2) there shall not be included any tax that becomes payable by the person after that time, to the extent that the tax is payable in respect of a service supplied to the person before that time or is calculated on the value of consideration that is a rent, royalty or similar payment attributable to a period before that time.

History: 1991, c. 67, s. 208; 1997, c. 85, s. 539.

**Corresponding Federal Provision:** 171(2).

**Person ceasing to be a registrant — property.**

**209.** Where a person ceases at any time to be a registrant, the following rules apply:

(1) the person is deemed

(a) to have made, immediately before that time, a supply of each property of the person, other than capital property, that immediately before that time was held by the person for consumption, use or supply in the course of commercial activities of the person and to have collected, immediately before that time, tax in respect of the supply, calculated on the fair market value of the property at that time, and

(b) to have received, at that time, a supply of the property by way of sale and to have paid, at that time, tax in respect of the supply equal to the amount determined under subparagraph a; and

(2) where the person was, immediately before that time, using capital property of the person in commercial activities of the person, the person is deemed to have, immediately before that time, ceased using the property in commercial activities.

History: 1991, c. 67, s. 209; 1993, c. 19, s. 188; 1994, c. 22, s. 469; 1995, c. 63, s. 353 [amended by 1997, c. 85, s. 730; 2019, c. 14, s. 578].

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 171(3).

**Person ceasing to be a registrant — services and rental property.**

**210.** Where a person who engages in commercial activities ceases at any time to be a registrant, the following rules apply:

(1) in determining the input tax refund of the person for the last reporting period of the person beginning before that time, there may be included the total of any tax that becomes payable by the person after that time, to the extent that the tax is payable in respect of a service that was supplied to the person before that time for consumption, use or supply in the course of commercial activities of the person or is calculated on the value of consideration that is a rent, royalty or similar payment attributable to a period before that time in respect of property that is used in the course of commercial activities of the person; and

(2) in determining the net tax of the person for the last reporting period of the person beginning before that time, there shall be added to the total for A in the formula set out in section 428 any input tax refund claimed by the person before that time, to the extent that it relates to a service to be supplied to the person after that time or to the value of consideration that is a rent, royalty or similar payment attributable to a period after that time.

History: 1991, c. 67, s. 210; 1997, c. 85, s. 540.

**Corresponding Federal Provision:** 171(4).

**Application of sections 207 to 210.**

**210.1.** Sections 207 to 210 do not apply where sections 210.2 to 210.4 apply.

**Application of section 209.**

Section 209 does not apply to property held by a person immediately before the person ceases to be a registrant where sections 297.2, 297.7.1, 297.7.5 and 297.7.6 applied in respect of that property at an earlier time.

History: 1994, c. 22, s. 470; 1995, c. 63, s. 354.

**Corresponding Federal Provision:** 171(5).

§1.1. — *Taxi Business*

**Small supplier.**

**210.2.** Where at any time a person who is a small supplier is engaged in a taxi business and other commercial activities in Québec, other than the supply by way of sale of an immovable, and the registration of the person does not apply to those other activities, the following rules apply:

(1) the person is deemed not to be a registrant at that time except in respect of the taxi business and anything done by the person in the course of that business or in connection with it; and

(2) for the purposes of sections 199 to 202 and subdivision 5, the other activities of the person are deemed not to be commercial activities of the person at that time.

History: 1994, c. 22, s. 470.

**Corresponding Federal Provision:** 171.1(1).

**Becoming a registrant for other activities.**

**210.3.** Where at any time a person is engaged in a taxi business and other commercial activities in Québec, other than the supply by way of sale of an immovable, and the person's registration begins, at that time, to apply to those other activities, the following rules apply:

(1) for the purpose of determining an input tax refund of the person, the person is deemed to have received, at that time, a supply by way of sale of each property of the person, other than capital property, that was held immediately before that time for consumption, use or supply in the course of those other activities and to have paid, at that time, tax in respect of the supply equal to the basic tax content of the property at that time; and

(2) for the purpose of determining the input tax refund of the person for the reporting period that includes that time, there may be included the total of any tax that became payable by the person before that time, to the extent that the tax is calculated on consideration, or a part thereof,

(a) that is reasonably attributable to a service that is to be rendered to the person after that time and that was acquired by the person for consumption, use or supply in the course of those other activities, or



(b) that is a rent, royalty or similar payment in respect of property and that is reasonably attributable to a period after that time during which the property is used in the course of those other activities.

History: 1994, c. 22, s. 470; 1997, c. 85, s. 541.

**Corresponding Federal Provision:** 171.1(2).

**Ceasing to be a registrant for other activities.**

**210.4.** Where at any time a person is engaged in a taxi business and other commercial activities in Québec, other than the supply by way of sale of an immovable, and the person's registration ceases, at that time, to apply to those other activities, the following rules apply:

(1) the person is deemed

(a) to have made, immediately before that time, a supply of each property of the person, other than capital property, that was held immediately before that time for consumption, use or supply in the course of those other activities and to have collected, immediately before that time, tax in respect of the supply, calculated on the fair market value of the property at that time, and

(b) to have received, at that time, a supply of the property by way of sale and to have paid, at that time, tax in respect of the supply equal to the amount determined under subparagraph a;

(2) in determining the input tax refund of the person for the reporting period that includes that time, there may be included tax that becomes payable by the person after that time, to the extent that the tax is calculated on consideration, or a part thereof,

(a) that is reasonably attributable to a service that was rendered to the person before that time and that was acquired by the person for consumption, use or supply in the course of those other activities, or

(b) that is a rent, royalty or similar payment in respect of property and that is reasonably attributable to a period before that time during which the property was used in the course of those other activities; and

(3) an amount shall be added in determining the net tax for the reporting period of the person that includes that time where, in determining an input tax refund claimed by the person in a return under section 468 for a reporting period ending before that time, there was included an amount in respect of tax calculated on consideration, or a part thereof,

(a) that is reasonably attributable to services that are to be rendered to the person after that time, or

(b) that is a rent, royalty or similar payment in respect of property and that is reasonably attributable to a period (in this section referred to as the "lease period") after that time.

**Application.**

For the purposes of subparagraph 3 of the first paragraph, the amount shall be added in determining the net tax to the extent to which the property is used by the person during the lease period, or the services were acquired by the person for consumption, use or supply, in the course of those other activities.

History: 1994, c. 22, s. 470; 1995, c. 63, s. 355.

**Corresponding Federal Provision:** 171.1(3).

**210.5. (Repealed).**

History: 1994, c. 22, s. 470; 1995, c. 63, s. 356 [amended by 1997, c. 85, s. 731; 2019, c. 14, s. 579].

**Interpretation Bulletins:** TVQ. 206.1-10.

§1.2. — *Retail vendor of tobacco*

**Small supplier.**

**210.6.** Sections 210.2 to 210.5, adapted as required, apply to every small supplier who is required to register pursuant to section 407.2.

History: 1995, c. 47, s. 8.

§1.3. — *Supplier of alcoholic beverages*

**Applicable provisions.**

**210.7.** Sections 210.2 to 210.5 apply, with the necessary modifications, to every small supplier who is required to register pursuant to section 407.3.

History: 1995, c. 63, s. 357.

§1.4. — *Fuel supplier*

**Small supplier.**

**210.8.** Sections 210.2 to 210.5 apply, with the necessary modifications, to every small supplier who is required to register pursuant to section 407.4.

History: 1999, c. 65, s. 49; O.C. 55-2000.

§1.5. — *Suppliers of new tires or road vehicles*

**Suppliers of new tires or road vehicles.**

**210.9.** Sections 210.2 to 210.5 apply, with the necessary modifications, to every person required to register pursuant to section 407.5.

History: 2000, c. 39, s. 282.

§2. — *Allowance and reimbursement*

**Travel and other allowances — taxable supply deemed received.**

**211.** A person is deemed to have received a supply of property or a service where

(1) the person pays an allowance to an employee of the person, or, where the person is a partnership, to a member of the partnership, or, where the person is a charity or a public institution, to a volunteer who gives services to the charity or public institution

(a) for supplies all or substantially all of which are taxable supplies, other than zero-rated supplies, of property or services acquired in Québec by the employee, member or volunteer in relation to activities engaged in by the person, or

(b) for the use in Québec, in relation to activities engaged in by the person, of a motor vehicle;

(2) an amount in respect of the allowance is deductible in computing the income of the person for a taxation year of the person for the purposes of the Taxation Act (chapter I-3), or would have been so deductible if the person were a taxpayer under that Act and the activity were a business; and

(3) in the case of an allowance in respect of which paragraph *e* of section 39 or section 40 of the Taxation Act would apply if the allowance were a reasonable allowance for the purposes of that paragraph or that section and, where the person is a partnership and the allowance is paid to a member of the partnership, or, where the person is a charity or a public institution and the allowance is paid to a volunteer, if the member or volunteer were an employee of a partnership, charity or institution, the person considered, at the time the allowance was paid, that the allowance would be a reasonable allowance for the purposes of paragraph *e* of section 39 or section 40 of that Act and it is reasonable for the person to have so considered, at that time, the allowance to be a reasonable allowance for those purposes.

**Tax deemed paid at the time the allowance was paid.**

In addition, any consumption or use of the property or service by the employee, member or volunteer is deemed to be consumption or use by the person and not by the employee, member or volunteer, and the person is deemed to have paid, at the time the allowance was paid, tax in respect of the supply equal to the amount determined by multiplying the amount of the allowance by 9.975/109.975.

History: 1991, c. 67, s. 211; 1993, c. 19, s. 189; 1994, c. 22, s. 471; 1995, c. 1, s. 280; 1995, c. 63, s. 358 [amended by 1997, c. 85, s. 732; 2019, c. 14, s. 580]; 1997, c. 3, s. 135; 1997, c. 85, s. 542; 2010, c. 5, s. 214; 2011, c. 6, s. 249; 2012, c. 28, s. 66.

**Interpretation Bulletins:** TVQ. 206.1-10; TVQ. 211-3/R4; TVQ. 212-1/R5; TVQ. 212-4.

**Corresponding Federal Provision:** 174.

**211.1. (Repealed).**

History: 1993, c. 19, s. 190; 1995, c. 1, s. 281.

**Reimbursement of employees, partners or volunteers.**

**212.** Where an employee of an employer, a member of a partnership or a volunteer who gives services to a charity or public institution acquires or brings into Québec property or a service for consumption or use in activities of the employer, partnership, charity or public institution (each of which is referred to in this section as the “person”), the employee, member or volunteer paid the tax payable in respect of that acquisition or bringing into Québec and the person pays an amount to the employee, member or volunteer as a reimbursement in respect of the property or service,

(1) the person is deemed to have received a supply of the property or service;

(2) any consumption or use of the property or service by the employee, member or volunteer in activities of the person is deemed to be consumption or use by the person and not by the employee, member or volunteer; and

(3) the person is deemed to have paid, at the time the reimbursement is paid, tax in respect of the supply equal to the amount determined by the formula

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the tax paid by the employee, member or volunteer in respect of the acquisition or bringing into Québec of the property or service; and

(2) B is the lesser of

(a) the percentage of the cost of the property or service, for the employee, member or volunteer, that is reimbursed to the employee, member or volunteer, and

(b) the extent, expressed as a percentage, to which the property or service was acquired or brought into Québec by the employee, member or volunteer for consumption or use in activities of the person.

History: 1991, c. 67, s. 212; 1995, c. 1, s. 282; 1997, c. 3, s. 135; 1997, c. 85, s. 543.

**Interpretation Bulletins:** TVQ. 211-3/R4; TVQ. 212-1/R5; TVQ. 212-3/R1; TVQ. 212-4.

**Corresponding Federal Provision:** 175(1).

**Exception — reimbursement of partners.**

**212.1.** Section 212 does not apply to a reimbursement in respect of property or a service acquired or brought into

Québec by a member of a partnership where paragraph 2 of section 345.2 applies to the acquisition or bringing into Québec and the reimbursement is paid to the member after the member files with the Minister a return of the member under section 468 in which an input tax refund in respect of the property or service is claimed.

History: 1997, c. 85, s. 544.

**Corresponding Federal Provision:** 175(2).

**Reimbursement of beneficiaries of a warranty.**

**212.2.** Where the beneficiary of a warranty (other than an insurance policy) in respect of the quality, fitness or performance of corporeal property acquires or brings into Québec property or a service in respect of which tax is payable by the beneficiary and a registrant pays to the beneficiary, under the terms of the warranty, an amount as a reimbursement in respect of the property or service and therewith provides written indication that a portion of the amount is on account of tax, the following rules apply:

(1) the registrant may claim an input tax refund, for the reporting period of the registrant in which the reimbursement is paid, equal to the amount (in this section referred to as the “tax reimbursed”) determined by the formula

$A \times B / C$ ; and

(2) where the beneficiary is a registrant who was entitled to claim an input tax refund, or a rebate under Division I of Chapter VII, in respect of the property or service, the beneficiary is deemed to have made a taxable supply and to have collected, at the time the reimbursement is paid, tax in respect of the supply equal to the amount determined by the formula

$D \times E / F$ .

**Interpretation.**

For the purposes of these formulas,

- (1) A is the tax payable by the beneficiary;
- (2) B is the amount of the reimbursement;
- (3) C is the cost to the beneficiary of the property or service;
- (4) D is the tax reimbursed;
- (5) E is the total of the input tax refunds and rebates under Division I of Chapter VII that the beneficiary was entitled to claim in respect of the property or service; and
- (6) F is the tax payable by the beneficiary in respect of the supply or bringing into Québec of the property or service.

History: 1997, c. 85, s. 544.

**Corresponding Federal Provision:** 175.1.

§3. — *Used returnable container*

**Acquisition of a covering or container.**

**213.** A registrant is deemed, except where section 75.1 or 80 applies in respect of the supply, to have paid, at the time any amount is paid as consideration for the supply, tax in respect of the supply equal to the amount determined by multiplying that amount by 9.975/109.975, where

- (1) the registrant is the recipient of a supply made in Québec by way of sale of used corporeal movable property, other than a returnable container as defined in section 350.42.3, that is a usual covering or container of a class of coverings or containers in which property, other than property the supply of which is a zero-rated supply, is delivered;
- (2) tax is not payable by the registrant in respect of the supply;
- (3) the property is acquired for the purpose of consumption, use or supply in the course of commercial activities of the registrant; and
- (4) the registrant pays consideration for the supply that is not less than the total of

- (a) the consideration charged by the registrant for supplies by the registrant of used coverings or containers of that class, and
- (b) tax calculated on that consideration.

**Presumption — value of the consideration.**

For the purposes of this section, where a person makes a supply of used corporeal movable property to a registrant with whom the person is not dealing at arm’s length for consideration that exceeds the fair market value of the property at the time possession of the property is transferred to the registrant, the value of the consideration for the supply is deemed to be equal to the fair market value of the property at that time.

History: 1991, c. 67, s. 213; 1994, c. 22, s. 472; 1997, c. 85, s. 546; 2009, c. 5, s. 614; 2010, c. 5, s. 215; 2011, c. 6, s. 250; 2012, c. 28, s. 67.

**Corresponding Federal Provision:** 176(1).

**214.** *(Repealed).*

History: 1991, c. 67, s. 214; 1993, c. 19, s. 191; 1995, c. 63, s. 359; 1997, c. 85, s. 547.

**215.** *(Repealed).*

History: 1991, c. 67, s. 215; 1994, c. 22, s. 473; 1997, c. 85, s. 547.

**216.** *(Repealed).*

History: 1991, c. 67, s. 216; 1993, c. 19, s. 192; 1994, c. 22, s. 474; 1995, c. 63, s. 360 [amended by 1997, c. 85, s. 733]; 1997, c. 85, s. 547.

**217.** *(Repealed).*

History: 1991, c. 67, s. 217; 1994, c. 22, s. 475; 1995, c. 63, s. 361; 1997, c. 85, s. 547.

**217.1.** *(Repealed).*

History: 1994, c. 22, s. 476; 1997, c. 85, s. 547.

**218.** *(Repealed).*

History: 1991, c. 67, s. 218; 1997, c. 85, s. 547.

**219.** *(Repealed).*

History: 1991, c. 67, s. 219; 1995, c. 63, s. 362; 1997, c. 85, s. 547.

§4. — *Immovable*

I. — *Change in use*

**Conversion to residential use.**

**220.** Where at a particular time a person begins to hold or use an immovable as a residential complex,

(1) the person is deemed to have substantially renovated the complex;

(2) the renovation is deemed to have begun at the particular time and to have been substantially completed at the earlier of

(a) the time the complex is occupied by any individual as a place of residence or lodging, and

(b) the time the person transfers ownership of the complex to another person; and

(3) the person is deemed to be a builder of the complex, except where the person is

(a) a particular individual who acquires the immovable at that time to hold and use exclusively as a place of residence of the particular individual or another individual who is related to the particular individual or who is a former spouse of the particular individual, or

(b) a personal trust that acquires the immovable at that time to hold or use exclusively as a place of residence of an individual who is a beneficiary of the trust.

**Conditions.**

However, the first paragraph applies only where

(1) the immovable

(a) was last acquired by the person to be held or used as a residential complex, or

(b) immediately before the particular time, is held for supply, or used or held for use as capital property, in a business or commercial activity of the person;

(2) immediately before the particular time, the immovable was not a residential complex; and

(3) the person did not engage in the construction or substantial renovation of, and is not, but for this section, a builder of the complex.

History: 1991, c. 67, s. 220; 1994, c. 22, s. 477; 1997, c. 85, s. 548.

**Corresponding Federal Provision:** 190(1).

**Personal use or enjoyment.**

**221.** Where at any time an individual appropriates an immovable for the personal use or enjoyment of the individual, another individual related to the individual or a former spouse of the individual, the individual is deemed

(1) to have made and received a taxable supply by way of sale of the immovable immediately before that time; and

(2) to have paid as a recipient and to have collected as a supplier, at that time, tax in respect of the supply, calculated on the fair market value of the immovable at that time.

**Conditions.**

However, the first paragraph applies only where, immediately before that time, the immovable

(1) was held for supply, or was used or held for use as capital property, in a business or commercial activity of the individual; and

(2) was not a residential complex.

History: 1991, c. 67, s. 221.

**Corresponding Federal Provision:** 190(2).

**222.** *(Repealed).*

History: 1991, c. 67, s. 222; 1995, c. 63, s. 363.

I.1. — *Self-supply of land*

**Lease of land for residential use.**

**222.1.** Where a person who has an interest in land makes a supply of the land by way of lease, licence or similar arrangement and at any time gives possession of the land as set out in subparagraph 2 of the second paragraph, the person is deemed

(1) to have made, immediately before that time, a taxable supply by way of sale of the land and to have collected, at that time, tax in respect of the supply calculated on the fair market value of the land at that time; and

(2) to have received, at that time, a taxable supply by way of sale of the land and to have paid, at that time, tax in respect of that supply calculated on the fair market value of the land at that time.

**Exception.**

However, the first paragraph applies only where

(1) the supply is an exempt supply referred to in section 99 or paragraph 1 of section 100;

(2) the person at any time gives possession of the land to the recipient of the supply under the arrangement;

(3) the last use of the land by the person before that time was not under an arrangement for a supply referred to in subparagraph 1 of this paragraph;

(4) the person was not deemed under section 243, 258 or 261 to have made a supply of the land at or immediately before that time; and

(5) the recipient of the supply is not acquiring possession of the land for the purpose of

(a) constructing a residential complex thereon in the course of a commercial activity, or

(b) making an exempt supply of the land referred to in section 99.

History: 1994, c. 22, s. 478.

**Corresponding Federal Provision:** 190(3).

**1.2. — Self-supply of a site in a residential trailer park**

**First use of a residential trailer park.**

**222.2.** Where a person makes a supply of a site in a residential trailer park of the person by way of lease, licence or similar arrangement and at any time gives possession or occupancy of the site as set out in subparagraph 2 of the second paragraph, the person is deemed

(1) to have made, immediately before that time, a taxable supply by way of sale of the park and to have collected, at that time, tax in respect of the supply calculated on the fair market value of the park at that time; and

(2) to have received, at that time, a taxable supply by way of sale of the park and to have paid, at that time, tax in respect of the supply calculated on the fair market value of the park at that time.

**Exception.**

However, the first paragraph applies only where

(1) the supply is an exempt supply referred to in paragraph 2 of section 100;

(2) the person at any time gives possession or occupancy of the site to the recipient of the supply under the arrangement;

(3) none of the sites in the park were occupied immediately before that time under an arrangement for a supply referred to in subparagraph 1 of this paragraph; and

(4) either

(a) the last acquisition of the park by the person was not an exempt supply referred to in section 97.3 and the person was not deemed to have made a supply of land included in the park as a consequence of using the land for purposes of the park,

i. before that time under this section, or

ii. at or immediately before that time under section 243, 258 or 261; or

(b) the person was entitled, after the park or land was last acquired or deemed to have been supplied by the person, to claim an input tax refund in respect of the acquisition thereof or an improvement thereto.

History: 1994, c. 22, s. 478.

**Interpretation Bulletins:** TVQ, 222.2-1.

**Corresponding Federal Provision:** 190(4).

**First use of an additional area.**

**222.3.** Where a person who increases the area of land included in a residential trailer park of the person makes a supply of a site in the area of land by which the park was increased (in this section referred to as the “additional area”) by way of lease, licence or similar arrangement and at any time gives possession or occupancy of the site as set out in subparagraph 2 of the second paragraph, the person is deemed

(1) to have made, immediately before that time, a taxable supply by way of sale of the additional area and to have collected, at that time, tax in respect of the supply calculated on the fair market value of the additional area at that time; and

(2) to have received, at that time, a taxable supply by way of sale of the additional area and to have paid, at that time, tax in respect of the supply calculated on the fair market value of the additional area at that time.

**Exception.**

However, the first paragraph applies only where

(1) the supply is an exempt supply referred to in paragraph 2 of section 100;

(2) the person at any time gives possession or occupancy of the site to the recipient of the supply under the arrangement;

(3) none of the sites in the additional area were occupied immediately before that time under an arrangement for a supply referred to in subparagraph 1 of this paragraph; and

(4) either

(a) the last acquisition of the additional area by the person was not an exempt supply referred to in section 97.3 and the person was not deemed to have made a supply of the additional area as a consequence of using the additional area for purposes of the park,

i. before that time under this subdivision 4, or

ii. at or before that time under section 243, 258 or 261; or

(b) the person was entitled, after the additional area was last acquired or deemed to have been supplied by the person, to claim an input tax refund in respect of the acquisition thereof or an improvement thereto.

History: 1994, c. 22, s. 478.

**Interpretation Bulletins:** TVQ. 222.2-1.

**Corresponding Federal Provision:** 190(5).

### I.3. — Supply of a mobile home or floating home — Builder

#### Mobile or floating home.

**222.4.** Any person who makes a supply of a mobile home or a floating home before it has been used or occupied by any individual as a place of residence or lodging is deemed to have engaged in the construction of the home and to have substantially completed the construction at the earlier of the time ownership of the home is transferred to the recipient of the supply and the time possession of the home is transferred to the recipient under the agreement for the supply.

History: 1994, c. 22, s. 478.

**Corresponding Federal Provision:** 190.1(1).

#### Substantial renovation of a mobile or floating home.

**222.5.** Where a person engages in the substantial renovation of a mobile home or a floating home, the home is deemed not to have been used or occupied, at any time before the person began to substantially renovate the home, by any individual as a place of residence or lodging.

History: 1994, c. 22, s. 478.

**Corresponding Federal Provision:** 190.1(2).

### II. — Self-supply of residential complex — Builder

#### Reference to “by way of lease”.

**222.6.** For the purposes of sections 223 to 231.1, a reference to “by way of lease” in respect of land shall be read as a reference to “by way of lease, licence or similar arrangement”.

History: 2001, c. 53, s. 313.

**Corresponding Federal Provision:** 191(4.1).

#### Self-supply of a single unit residential complex or residential unit held in co-ownership.

**223.** Subject to sections 224.1 to 224.5, where the construction or substantial renovation of a residential complex that is a single unit residential complex or a residential unit held in co-ownership is substantially completed, the builder of the complex is deemed

(1) to have made and received, at the latest of the time the construction or substantial renovation is substantially completed, the time possession or use of the complex is given as set out in subparagraph *a* or *b* of subparagraph 1 of the second paragraph and the time the residential complex is occupied as set out in subparagraph *c* of that subparagraph, a taxable supply by way of sale of the complex; and

(2) to have paid as a recipient and to have collected as a supplier, at the latest of those times, tax in respect of the supply calculated on the fair market value of the complex at the latest of those times.

#### Conditions.

However, the first paragraph applies only where

(1) the builder of the residential complex

(a) gives possession or use of the complex to a particular person under a lease, licence or similar arrangement, other than an arrangement, arising as a consequence of an agreement of purchase and sale of the complex, for the possession or occupancy of the complex until ownership of the complex is transferred to the purchaser under the agreement, entered into for the purpose of its occupation by an individual as a place of residence,

(b) gives possession or use of the complex to a particular person under an agreement, other than an agreement for the supply of a mobile home and a site for the home in a residential trailer park, for

i. the supply by way of sale of the building or any part thereof in which the residential unit forming part of the complex is located, and

ii. the supply by way of lease of the land forming part of the complex or the supply of such a lease by way of assignment, or

(c) is an individual and occupies the complex as a place of residence; and

(2) the builder, the particular person or an individual who has entered into a lease, licence or similar arrangement in respect of the complex with the particular person, is the first individual to occupy the complex as a place of residence after substantial completion of the construction or renovation.

History: 1991, c. 67, s. 223; 1994, c. 22, s. 479; 1997, c. 14, s. 337; 2001, c. 53, s. 314; 2009, c. 15, s. 504.

**Interpretation Bulletins:** TVQ. 223-2/R2; TVQ. 225-1.

**Corresponding Federal Provision:** 191(1).

**Self-supply of a residential unit held in co-ownership.**

**224.** Subject to sections 224.1 to 224.5, where the construction or substantial renovation of a residential complex held in co-ownership is substantially completed, the builder of the unit is deemed

(1) to have made and received, at the time referred to in subparagraph 3 of the second paragraph, a taxable supply by way of sale of the unit; and

(2) except where possession of the unit was transferred to the particular person referred to in subparagraph 1 of the second paragraph before 1 July 1992, to have paid as a recipient and to have collected as a supplier, at that time, tax in respect of the supply calculated on the fair market value of the unit at that time.

**Conditions.**

However, the first paragraph applies only where

(1) the builder of the unit gives possession of the unit to a particular person who is the purchaser under an agreement of purchase and sale of the unit at a time when the declaration of co-ownership relating to the complex in which the unit is situated has not yet been entered in the land register;

(2) the particular person or an individual who is a tenant or licensee of the particular person is the first individual to occupy the unit as a place of residence after substantial completion of the construction or renovation; and

(3) the agreement of purchase and sale is at any time terminated, otherwise than by performance of the agreement, and another agreement of purchase and sale of the unit between the builder and the particular person is not entered into at that time.

History: 1991, c. 67, s. 224; 1994, c. 22, s. 480; 1997, c. 3, s. 135; 1997, c. 14, s. 338.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Corresponding Federal Provision:** 191(2).

**Determination of net tax.**

**224.1.** Notwithstanding section 428, a builder of a residential complex who is registered under Division I of Chapter VIII may make an election to not include in determining the net tax of the builder for a particular reporting period of the builder the tax deemed under subparagraphs *a* and *c* of subparagraphs 1 and 2 of the second paragraph of section 223 or 224 to have been collected by the builder during the particular period in respect of the residential complex.

**Condition.**

However, the first paragraph applies only where the residential complex is built by the builder for the purpose of using it in the course of the builder's business of supplying immovables by way of sale otherwise than by the sole application of section 223 or 224.

History: 1997, c. 14, s. 339.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Presumption.**

**224.2.** Where a builder having made an election under section 224.1 in respect of a residential complex makes, within 12 months following the supply deemed to have been made under section 223 or 224, a supply of the residential complex by way of sale, other than a supply deemed to have been made under the provisions of this Title, section 223 or 224, as the case may be, is deemed not to have applied, except for the purpose of computing the interest payable by the builder under the first paragraph of section 224.4.

**Applicability — determination of net tax.**

However, if no supply of the residential complex by way of sale is made by the builder within 12 months following the supply deemed to have been made under section 223 or 224, the presumption established in the first paragraph does not apply and the builder shall include, in determining the net tax of the builder for a reporting period of the builder that is not later than the reporting period of the builder that includes the day after the 12-month period following the supply deemed to have been made under section 223 or 224, the tax deemed to have been collected by the builder in respect of the residential complex.

History: 1997, c. 14, s. 339; 1997, c. 85, s. 549.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Form and content of election.**

**224.3.** A builder having made an election under section 224.1 in respect of a residential complex shall

(1) make the election in prescribed form containing prescribed information; and

(2) file the election with the Minister on or before the last day of the month following the month in which the builder is

deemed to have made the supply of the residential complex under section 223 or 224.

History: 1997, c. 14, s. 339.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Interest.**

**224.4.** A builder having made an election under section 224.1 in respect of a residential complex shall pay interest at the rate determined in section 28 of the Tax Administration Act (chapter A-6.002) on the tax payable in respect of the supply deemed to have been made under section 223 or 224 for the period that begins on the day on which the builder is deemed to have made the supply of the residential complex and that ends on the earliest of

- (1) the day after the 12-month period following the supply deemed to have been made under section 223 or 224;
- (2) the day on which the tax under section 16 is payable in respect of the supply of the residential complex by way of sale in the circumstances described in the first paragraph of section 224.2; and
- (3) the day on which the builder remits the tax the builder is deemed under section 223 or 224 to have collected in respect of the residential complex.

**Payment of interest.**

There shall be added, in determining the net tax of the builder for the reporting period of the builder during which the builder is required to include, in determining that net tax, any tax that has become collectible, has been collected or is deemed to have been collected by the builder in respect of the residential complex, the amount equal to the interest payable under the first paragraph.

**Exception.**

However, the first paragraph does not apply where the builder remits to the Minister the tax deemed under section 223 or 224 to have been collected by the builder in respect of the residential complex on or before the day on which the builder is required to file an election under section 224.3.

History: 1997, c. 14, s. 339; 2010, c. 31, s. 175.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Rules applicable.**

**224.5.** Where the builder makes an election under section 224.1 in respect of a residential complex, the following rules apply, with the necessary modifications:

- (1) where section 75.1 applies, the recipient of the supply is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made;

- (2) where section 76 applies, the new corporation is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made;

- (3) where section 77 applies, the other corporation is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made;

- (4) where section 326 applies, the succession is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made; similarly, if section 80 applies, the other individual is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made;

- (5) where a supply is deemed to be made under section 320, the creditor is deemed to be the builder of the residential complex from the time the supply is deemed under section 223 or 224 to have been made;

- (6) where a supply is deemed to have been made under a provision of this Title, other than a supply deemed to have been made under section 320, the second paragraph of section 224.2 applies immediately before the time of the supply and the builder is required to include in determining the net tax of the builder for the builder's reporting period during which the builder is deemed to have made the supply, the tax that is deemed to have been collected under section 223 or 224 by the builder in respect of the residential complex.

History: 1997, c. 14, s. 339; 1998, c. 16, s. 303.

**Interpretation Bulletins:** TVQ. 223-2/R2.

**Self-supply of a multiple unit residential complex.**

**225.** Where the construction or substantial renovation of a multiple unit residential complex is substantially completed, the builder of the complex is deemed

- (1) to have made and received, at the latest of the time the construction or substantial renovation is substantially completed, the time possession or use of the unit referred to in subparagraphs *a* and *a.1* of subparagraph 1 of the second paragraph is given as set out in those subparagraphs, and the time the unit referred to in subparagraph *b* of that subparagraph 1 is occupied as set out in that subparagraph, a taxable supply by way of sale of the complex; and
- (2) to have paid as a recipient and to have collected as a supplier, at the latest of those times, tax in respect of the supply calculated on the fair market value of the complex at the latest of those times.

**Conditions.**

However, the first paragraph applies only where



(1) the builder of the residential complex

(a) gives possession or use of any residential unit in the complex to a particular person under a lease, licence or similar arrangement entered into for the purpose of its occupation by an individual as a place of residence and the particular person is not a purchaser under an agreement of purchase and sale of the complex, or

(a.1) gives possession or use of any residential unit in the complex to a particular person under an agreement for

i. the supply by way of sale of the building or part thereof forming part of the complex, and

ii. the supply by way of lease of the land forming part of the complex or the supply of such a lease by way of assignment, or

(b) is an individual and occupies any residential unit in the complex as a place of residence; and

(2) the builder, the particular person or an individual who has entered into a lease, licence or similar arrangement in respect of a residential unit in the complex with the particular person, is the first individual to occupy a residential unit in the complex as a place of residence after substantial completion of the construction or renovation.

History: 1991, c. 67, s. 225; 1994, c. 22, s. 481; 2001, c. 53, s. 315; 2009, c. 15, s. 505.

**Interpretation Bulletins:** TVQ. 223-2/R2; TVQ. 225-1; TVQ. 226-1/R1.

**Corresponding Federal Provision:** 191(3).

**Self-supply of an addition to a multiple unit residential complex.**

**226.** Where the construction of an addition to a multiple unit residential complex is substantially completed, the builder of the addition is deemed

(1) to have made and received, at the latest of the time the construction of the addition is substantially completed, the time possession or use of the unit referred to in subparagraphs *a* and *a.1* of subparagraph 1 of the second paragraph is given as set out in those subparagraphs, and the time the unit referred to in subparagraph *b* of that subparagraph 1 is occupied as set out in that subparagraph, a taxable supply by way of sale of the addition; and

(2) to have paid as a recipient and to have collected as a supplier, at the latest of those times, tax in respect of the supply calculated on the fair market value of the addition at the latest of those times.

**Conditions.**

However, the first paragraph applies only where

(1) the builder of the addition

(a) gives possession or use of any residential unit in the addition to a particular person under a lease, licence or similar arrangement entered into for the purpose of its occupation by an individual as a place of residence and the particular person is not a purchaser under an agreement of purchase and sale of the complex, or

(a.1) gives possession or use of any residential unit in the addition to a particular person under an agreement for

i. the supply by way of sale of the building or part thereof forming part of the complex, and

ii. the supply by way of lease of the land forming part of the complex or the supply of such a lease by way of assignment, or

(b) is an individual and occupies any residential unit in the addition as a place of residence;

(2) the builder, the particular person or an individual who has entered into a lease, licence or similar arrangement in respect of a residential unit in the addition with the particular person, is the first individual to occupy a residential unit in the addition as a place of residence after substantial completion of the construction of the addition.

History: 1991, c. 67, s. 226; 1994, c. 22, s. 482; 2001, c. 53, s. 316; 2009, c. 15, s. 506.

**Interpretation Bulletins:** TVQ. 225-1; TVQ. 226-1/R1.

**Corresponding Federal Provision:** 191(4).

**Application of sections 223 to 226.**

**227.** Sections 223 to 226 do not apply to a builder of a residential complex or an addition to a residential complex where

(1) the builder is an individual;

(2) at any time after the construction or renovation of the complex or addition is substantially completed, the complex is used primarily as a place of residence for the individual, an individual related to the individual or a former spouse of the individual;

(3) the complex is not used primarily for any other purpose between the time the construction or renovation is substantially completed and that time; and

(4) the individual has not claimed an input tax refund in respect of the acquisition of or an improvement to the complex.

History: 1991, c. 67, s. 227.

**Corresponding Federal Provision:** 191(5).

**Application of sections 223 to 226.**

**228.** Sections 223 to 226 do not apply to a builder of a residential complex or an addition to a residential complex where

(1) the builder is a university, public college or school authority; and

(2) the construction or renovation of the complex or addition is carried out, or the complex is acquired, primarily for the purpose of providing a place of residence for students attending the university or college or a school of the school authority.

History: 1991, c. 67, s. 228.

**Corresponding Federal Provision:** 191(6).

**Application of sections 223 to 226.**

**228.1.** Sections 223 to 226 do not apply to a builder of a residential complex or an addition to a residential complex where

(1) the builder is a group of individuals in respect of which sections 851.23 to 851.33 of the Taxation Act (chapter I-3) apply; and

(2) the construction or substantial renovation of the complex or addition is carried out exclusively for the purpose of providing a place of residence for members of the group.

History: 1997, c. 85, s. 550.

**Corresponding Federal Provision:** 191(6.1).

**Remote work site.**

**229.** The supply of a residential complex or a residential unit therein, as a place of residence or lodging, is deemed not to be a supply and the occupation of the residential complex or unit, as a place of residence or lodging, is deemed not to be such an occupation where

(1) the builder of the residential complex or an addition to the residential complex is a registrant;

(2) the construction or substantial renovation of the complex or addition is carried out, or the complex is acquired, for the purpose of providing a place of residence or lodging for an individual at a location at which, because of its remoteness from any established community, the individual could not reasonably be expected to establish and maintain a self-contained domestic establishment and at which the individual is required to be

(a) in the performance of the individual's duties as an employee of the registrant,

(b) to render services to the registrant at that location as a contractor, or an employee of the contractor, engaged by the registrant, or

(c) to render services at that location as a subcontractor, or an employee of the subcontractor, engaged by the contractor referred to in subparagraph *b* to render services that are acquired by the contractor for the purpose of supplying services to the registrant; and

(3) the registrant makes, for the purposes of this section, an election in prescribed form containing prescribed information in respect of the residential complex or addition.

**Duration.**

The presumptions under the first paragraph apply until the residential complex is supplied by way of sale, or is supplied by way of lease, licence or similar arrangement primarily to persons who are not employees, contractors or subcontractors referred to in subparagraphs *a*, *b* and *c* of subparagraph 2 of the first paragraph who are acquiring the complex or residential units therein in the circumstances described in those subparagraphs or individuals who are related to such employees, contractors or subcontractors.

History: 1991, c. 67, s. 229; 1994, c. 22, s. 483; 1997, c. 85, s. 551.

**Corresponding Federal Provision:** 191(7).

**Deemed election.**

**230.** Where the registrant makes an election under subsection 7 of section 191 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of the residential complex or addition referred to in section 229, the registrant is deemed to have made an election under subparagraph 3 of the first paragraph of section 229.

History: 1991, c. 67, s. 230; 1994, c. 22, s. 484.

**Substantial completion of construction or renovation.**

**231.** For the purposes of sections 223 to 229, the construction or substantial renovation of a multiple unit residential complex or a complex held in co-ownership, or the construction of an addition to a multiple unit residential complex, is deemed to be substantially completed not later than the day all or substantially all of the residential units in the complex or addition are occupied after the construction or substantial renovation is begun.

History: 1991, c. 67, s. 231; 1994, c. 22, s. 484.

**Interpretation Bulletins:** TVQ. 226-1/R1.

**Corresponding Federal Provision:** 191(9).

**Transfer of possession attributed to builder.**

**231.1.** If a builder of a residential complex or an addition to a multiple unit residential complex makes a supply of the complex or of a residential unit in the complex or addition by way of lease, licence or similar arrangement and the supply is an exempt supply under section 99 or 99.0.1, the builder is deemed, at the time referred to in paragraph 2, to have given possession of the complex or unit to an individual under a lease, licence or similar arrangement entered into for the

purpose of its occupancy by an individual as a place of residence if

(1) the recipient of the supply is acquiring the complex or unit for use or supply in the course of making exempt supplies and, as part of an exempt supply, possession or use of the complex, unit or residential units in the complex is given by the recipient under a lease, licence or similar arrangement under which occupancy of the complex or unit is given to an individual as a place of residence or lodging; and

(2) the builder at any time gives possession of the complex or unit to the recipient under the arrangement.

History: 1994, c. 22, s. 485; 2009, c. 15, s. 507.

**Corresponding Federal Provision:** 191(10).

**Definitions:**

**231.2.** For the purposes of section 231.3,

**“government funding”;**

“government funding”, in respect of a residential complex, means

(1) an amount of money, including a forgivable loan but not including any other loan or a refund or rebate of, or credit in respect of, fees, duties or taxes imposed under any Act, paid or payable by either of the following persons to a builder of the residential complex or of an addition thereto for the purpose of making residential units in the complex available to persons referred to in the second paragraph of section 231.3:

(a) a grantor, or

(b) an organization that received the amount from a grantor or another organization that received the amount from a grantor;

**“grantor”.**

“grantor” means

(1) a government or municipality, other than a corporation all or substantially all of whose activities are commercial activities or the supply of financial services or any combination thereof;

(2) a band within the meaning of section 2 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5);

(3) a corporation that is controlled by a government, a municipality or a band referred to in paragraph 2 and one of the main purposes of which is to fund charitable or non-profit activities; and

(4) a trust, board, commission or other body that is established by a government, municipality, band referred to in paragraph 2 or corporation described in paragraph 3 and one of the main purposes of which is to fund charitable or non-profit activities.

History: 1997, c. 85, s. 552.

**Corresponding Federal Provision:** 191.1(1).

**Self-supply of a subsidized residential complex.**

**231.3.** Where a builder of a residential complex or an addition thereto is deemed under any of sections 223 to 226 to have, at a particular time, made and received a supply of the complex or addition and, except where the builder is a government or a municipality, the builder, at or before the particular time, has received or can reasonably expect to receive government funding in respect of the complex, the amount of tax in respect of the supply, calculated on the fair market value of the complex or addition, is deemed for the purposes of sections 223 to 226 to be equal to the greater of

(1) the amount that would, but for this section, be the tax calculated on that fair market value; and

(2) the amount determined by the formula

A + B.

**Exception.**

The first paragraph applies only if possession or use of at least 10% of the residential units in the complex is intended to be given for the purpose of their occupancy as a place of residence or lodging by

(1) seniors;

(2) youths;

(3) students;

(4) persons with a disability;

(5) persons in distress or persons in need of assistance;

(6) individuals whose eligibility for occupancy of the units as a place of residence or lodging, or for reduced payments in respect of their occupancy as a place of residence or lodging, is dependent on a means or income test; or

(7) individuals for whose benefit no other persons (other than public sector bodies) pay consideration for supplies that include giving possession or use of the units for occupancy by the individuals as a place of residence or lodging and who either pay no consideration for the supplies or pay consideration that is significantly less than the consideration that could reasonably be expected to be paid for comparable supplies made by a person in the business of making such supplies for the purpose of earning a profit.

**Formula elements.**

For the purposes of the formula in the first paragraph,

(1) A is the total of all amounts each of which is an amount determined by the formula

$C \times (D/E)$ ; and

(2) B is the total of all amounts each of which is an amount determined by the formula

$F \times (G/H)$ .

**Formula elements.**

For the purposes of the formulas in the third paragraph,

(1) C is an amount of tax, calculated at a particular rate, that was payable under the first paragraph of section 16 or any of sections 17, 18, 18.0.1 and 26.3 by the builder in respect of an acquisition of an immovable that forms part of the complex or addition or in respect of an acquisition or bringing into Québec of an improvement to an immovable that forms part of the complex or addition;

(2) D is the tax rate specified in the first paragraph of section 16 at the particular time referred to in the first paragraph;

(3) E is the particular rate;

(4) F is an amount (other than an amount referred to in subparagraph 1) that would have been payable as tax, calculated at a particular rate, under the first paragraph of section 16 or any of sections 17, 18, 18.0.1 and 26.3 by the builder in respect of an acquisition or bringing into Québec of an improvement to an immovable that forms part of the complex or addition but for the fact that the improvement was acquired or brought into Québec for consumption, use or supply exclusively in the course of commercial activities of the builder;

(5) G is the tax rate specified in the first paragraph of section 16 at the particular time referred to in the first paragraph; and

(6) H is the particular rate.

History: 1997, c. 85, s. 552; 2009, c. 15, s. 508; 2015, c. 36, s. 204.

**Corresponding Federal Provision:** 191.1(2).

**Non-substantial renovation.**

**232.** Where in the course of a business of making supplies of immovables, a person renovates or alters a residential complex of the person and the renovation or alteration is not a substantial renovation, the person is deemed

(1) to have made and received a taxable supply, at the earlier of the time the renovation is substantially completed and the time ownership of the complex is transferred, for consideration equal to the amount established under the second paragraph; and

(2) to have paid as a recipient and to have collected as a supplier, at that time, tax in respect of the supply, calculated on the consideration referred to in subparagraph 1.

**Establishment of the consideration.**

Subject to section 52, the consideration referred to in subparagraph 1 of the first paragraph is equal to the total of all amounts each of which is an amount in respect of the renovation or alteration, other than the amount of consideration that was paid or payable by the person for a financial service or for any property or service in respect of which the person is required to pay tax, that would be included in determining the adjusted cost base to the person of the complex for the purposes of the Taxation Act (chapter I-3) if the complex were capital property of the person and the person were a taxpayer under that Act.

History: 1991, c. 67, s. 232.

**Corresponding Federal Provision:** 192.

III. — Sale of immovable

**Sale of immovable.**

**233.** Subject to section 234.0.1, a registrant who, at a particular time, makes a taxable supply of an immovable by way of sale may, despite sections 203 to 206 and subdivision 5, claim an input tax refund for the reporting period in which tax in respect of the taxable supply became payable or is deemed to have been collected, as the case may be, equal to the amount determined by the formula

$A \times B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the lesser of

(a) the basic tax content of the immovable at the particular time, and

(b) an amount equal to the tax that is or would be, but for sections 75.1, 75.3 to 75.9 and 80, payable in respect of the taxable supply of the immovable; and

(2) B is the percentage that, immediately before the particular time, the use of the immovable, otherwise than in commercial activities of the registrant, was of the total use of the immovable;

(3) *(subparagraph repealed)*.

**Exception.**

This section does not apply

(1) to a supply deemed under any of sections 259, 259.1, 262 and 262.1 to have been made; or

(2) to a supply made by a public sector body (other than a financial institution) of an immovable in respect of which an election by the body under sections 272 to 276 is not in effect at the particular time.

History: 1991, c. 67, s. 233; 1994, c. 22, a. 486 [amended by 1995, c. 63, s. 541]; 1997, c. 85, s. 553; 2007, c. 12, s. 320; 2009, c. 5, s. 615; 2012, c. 28, s. 68.

**Corresponding Federal Provision:** 193(1).

**Sale by public sector bodies.**

**234.** Subject to section 234.0.1, if at a particular time a registrant that is a public sector body (other than a financial institution) makes a taxable supply of an immovable by way of sale (other than a supply that is deemed under any of sections 243, 259 and 259.1 to have been made) and, immediately before the time tax becomes payable in respect of the taxable supply, the immovable was not used by the registrant primarily in commercial activities of the registrant, the registrant may, despite sections 203 to 206 and subdivision 5, except where section 233 applies, claim an input tax refund for the reporting period in which tax in respect of the taxable supply became payable or is deemed to have been collected, as the case may be, equal to the lesser of

(1) the basic tax content of the immovable at the particular time; and

(2) an amount equal to the tax that is or would, but for sections 75.1 and 80, be payable in respect of the taxable supply of the immovable.

History: 1991, c. 67, s. 234; 1994, c. 22, s. 486 [amended by 1995, c. 63, s. 541]; 1997, c. 85, s. 554; 2007, c. 12, s. 321; 2012, c. 28, s. 69.

**Corresponding Federal Provision:** 193(2).

**Restriction.**

**234.0.1.** If the taxable supply referred to in section 233 or 234 is made at a particular time by a public sector body to a person with whom the public sector body is not dealing at arm's length, the value of A in the formula in section 233 and the amount of the input tax refund determined under section 234 must not exceed the lesser of

(1) the basic tax content of the immovable at that time, and

(2) the amount determined by the formula

$(A / B) \times C$ .

**Interpretation.**

For the purposes of the formula,

(1) A is the basic tax content of the immovable at that time;

(2) B is the amount that would be the basic tax content of the immovable at that time if that amount were determined

without reference to the total of the amounts used for B in paragraph 2 of the definition of “basic tax content” in section 1; and

(3) C is the tax that is or would be, but for sections 75.1 and 80, payable in respect of the taxable supply.

History: 2007, c. 12, s. 322.

**Corresponding Federal Provision:** 193(2.1).

**Seizure and repossession — redemption of an immovable by a registered debtor.**

**234.1.** Where, for the purpose of satisfying in whole or in part a debt or obligation owing by a person (in this section referred to as the “debtor”), a creditor exercises a right under an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut, or of the Parliament of Canada or an agreement relating to a debt security to cause the supply of an immovable and, under the Act or the agreement, the debtor has a right to redeem the immovable, the following rules apply:

(1) the debtor is not entitled to claim an input tax refund under section 233 or 234 in respect of the immovable unless the time limit for redeeming the immovable has expired and the debtor has not exercised the debtor's right of redemption; and

(2) where the debtor is entitled to claim the input tax refund, that input tax refund is for the reporting period in which the time limit for redeeming the immovable expires.

History: 1997, c. 85, s. 555; 2003, c. 2, s. 328.

**Corresponding Federal Provision:** 193(3).

**IV. — Statement as to use of immovable**

**Incorrect statement.**

**235.** Where a supplier makes a taxable supply by way of sale of an immovable and incorrectly states or certifies in writing to the recipient of the supply that the supply is an exempt supply described in any of sections 94 to 97.3, 101 and 102, except where the recipient knows or ought to know that the supply is not an exempt supply,

(1) the tax payable in respect of the supply is deemed to be equal to the amount determined by multiplying the consideration for the supply by 9.975/109.975; and

(2) the supplier is deemed to have collected, and the recipient is deemed to have paid, that tax on the earlier of

(a) the day ownership of the immovable was transferred to the recipient; and

(b) the day possession of the immovable was transferred to the recipient under the agreement for the supply.

History: 1991, c. 67, s. 235; 1994, c. 22, s. 487; 1997, c. 85, s. 556; 2011, c. 6, s. 251; 2012, c. 28, s. 70.

**Corresponding Federal Provision:** 194.

**236.** *(Repealed).*

History: 1991, c. 67, s. 236; 1995, c. 63, s. 364.

§5. — *Capital property*

I. — Interpretation

**Prescribed property.**

**237.** Where a person acquires or brings into Québec prescribed property for use as capital property of the person, the property is deemed to be movable property.

History: 1991, c. 67, s. 237; 1994, c. 22, s. 488.

**Corresponding Federal Provision:** 195.

**Residential complex deemed not to be capital property.**

**237.1.** Except for the purposes of sections 294 to 297 and 462 to 462.1.1, a residential complex is deemed not to be, at a particular time, capital property of a builder of the complex unless

(1) at or before the particular time, the construction or substantial renovation of the complex was substantially completed; and

(2) between the time at which the construction or substantial renovation of the complex was substantially completed and the particular time, the builder received an exempt supply of the complex or was deemed under sections 223 to 225 to have received a taxable supply of the complex.

History: 1994, c. 22, s. 489; 1995, c. 63, s. 365.

**Corresponding Federal Provision:** 195.1(1).

**Addition deemed not to be capital property.**

**237.2.** Except for the purposes of sections 294 to 297 and 462 to 462.1.1, an addition to a multiple unit residential complex is deemed not to be, at a particular time, capital property of a builder of the addition unless

(1) at or before the particular time, the construction of the addition was substantially completed; and

(2) between the time at which the construction of the addition was substantially completed and the particular time, the builder received an exempt supply of the complex or was deemed under section 226 to have received a taxable supply of the addition.

History: 1994, c. 22, s. 489; 1995, c. 63, s. 366.

**Corresponding Federal Provision:** 195.1(2).

**Last acquisition or bringing into Québec.**

**237.3.** Except for the purposes of sections 17 and 81, a bringing into Québec of property shall not be considered in determining the last acquisition or bringing in of the property

(1) where tax under section 17 was not paid on the property in respect of that bringing into Québec because the property was described in paragraph 1, 2 or 10 of section 81 or the property was described in paragraph 9 of that section and was classified under the heading specified in paragraph *a* of subsection 1 of section 195.2 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), or would have been so classified but for paragraph *a* of the note referred to in paragraph *a* of that subsection;

(2) where tax under section 17 on the property in respect of that bringing into Québec was calculated on a value determined under sections 17R1 to 17R7 and 17R9 to 17R11 of the Regulation respecting the Québec sales tax (chapter T-0.1, r. 2), other than a prescribed section of that regulation; or

(3) in prescribed circumstances.

History: 1994, c. 22, s. 489; 2012, c. 28, s. 71.

**Corresponding Federal Provision:** 195.2(1).

**Coming into force before 1 July 1992.**

**237.4.** For the purpose of determining the last acquisition or bringing into Québec of property, this Title is deemed to have been in force at all times before 1 July 1992.

History: 1994, c. 22, s. 489.

**Corresponding Federal Provision:** 195.2(3).

**Intended and actual use.**

**238.** Where a person at any time acquires, brings into Québec or appropriates property for use as capital property of the person to a particular extent in a particular way, the person is deemed to use the property immediately after that time to the particular extent in the particular way.

History: 1991, c. 67, s. 238; 1994, c. 22, s. 490.

**Corresponding Federal Provision:** 196(1).

**Use of capital property.**

**238.0.1.** Where a person brings into Québec property that is capital property of the person and the person was using the property to a particular extent in a particular way immediately after the property or a portion thereof was last acquired or imported into Canada by the person, the person is deemed to bring the property into Québec for use to the particular extent in the particular way.

History: 1997, c. 85, s. 557.

**Corresponding Federal Provision:** 196(2).

**Appropriation to use as capital property.**

**238.1.** Where a registrant, at a particular time, appropriates property of the registrant for use as capital property of the registrant or in improving capital property of the registrant and, immediately before the particular time, the property was not capital property of the registrant or an improvement to capital property of the registrant, the following rules apply:

(1) the registrant is deemed

(a) to have made, immediately before the particular time, a supply of the property by way of sale, and

(b) to have collected, at the particular time, tax in respect of the supply calculated on the fair market value of the property at the particular time where the property was last acquired or brought into Québec by the registrant before the particular time for consumption, use or supply, or was consumed or used before the particular time, in the course of commercial activities of the registrant; and

(2) the registrant is deemed to have received, at the particular time, a supply of the property by way of sale and to have paid, at the particular time, tax in respect of the supply equal to

(a) where the supply is not an exempt supply and the property was last acquired or brought into Québec by the registrant before the particular time for consumption, use or supply, or was consumed or used before the particular time, in the course of commercial activities of the registrant, tax calculated on the fair market value of the property at the particular time, and

(b) in any other case, the basic tax content of the property at the particular time.

**Exception.**

The first paragraph does not apply in respect of property held by a registrant immediately before 1 January 2013 and to which any of the following provisions applied:

(1) the second paragraph of section 243;

(2) the second paragraph of section 253; and

(3) the fourth paragraph of section 255.1.

History: 1994, c. 22, s. 491; 1997, c. 85, s. 558; 2012, c. 28, s. 72.

**Corresponding Federal Provision:** 196.1.

**Insignificant change in use.**

**239.** For the purposes of sections 256, 257, 259, 262, 264 and 265, where in any period beginning on the later of

(1) the day a registrant last acquired or brought into Québec property for use as capital property of the registrant, and

(2) the day section 257, 259, 262 or 265 was last applicable in respect of the property,

and ending at any time after that day, the extent to which the registrant changes the use of the property in commercial activities of the registrant is less than 10% of the total use of the property, the registrant is deemed to have used the property throughout that period to the same extent and in the same way as the registrant used the property at the beginning of that period.

**Exception.**

The first paragraph does not apply where the registrant is an individual who began in that period to use the property primarily for the personal use and enjoyment of the individual or a related individual.

History: 1991, c. 67, s. 239; 1993, c. 19, s. 193; 1994, c. 22, s. 492.

**Corresponding Federal Provision:** 197.

**Use in supply of financial services.**

**239.0.1.** If a registrant, other than a listed financial institution or a person who is a financial institution referred to in subparagraph *a* of paragraph 2 of the definition of “financial institution” in section 1, uses property as capital property in the making of supplies of financial services that relate to commercial activities of the registrant, the registrant is deemed,

(1) where the registrant is a financial institution referred to in subparagraph *b* of paragraph 2 of the definition of “financial institution” in section 1, to use the property in those commercial activities to the extent that the registrant does not use the property in the registrant’s activities that relate to credit cards or charge cards issued by the registrant or to the making of any advance, the lending of money or the granting of any credit; and

(2) in any other case, to use the property in those commercial activities.

History: 2012, c. 28, s. 73; 2013, c. 10, s. 218.

**Corresponding Federal Provision:** 198.

**239.1.** *(Repealed).*

History: 1994, c. 22, s. 493; 1997, c. 85, s. 559.

**239.2.** *(Repealed).*

History: 1994, c. 22, s. 493; 1995, c.1, s. 283; 1997, c. 85, s. 559.

II. — Movable property

1. — *General provisions*

**Acquisition or bringing into Québec of movable property.**

**240.** Where a registrant acquires or brings into Québec movable property for use as capital property in commercial activities of the registrant, the following rules apply:

(1) the tax payable by the registrant in respect of the acquisition or the bringing into Québec by the registrant of the property shall not be included in determining an input tax refund of the registrant for any reporting period unless the property was acquired or brought into Québec for use primarily in commercial activities of the registrant; and

(2) where the registrant acquires or brings the property for use primarily in commercial activities of the registrant, the registrant is deemed to have acquired or brought the property for use exclusively in commercial activities of the registrant.

History: 1991, c. 67, s. 240; 1997, c. 85, s. 560.

**Interpretation Bulletins:** TVQ. 206.1-10; TVQ. 240-1.

**Corresponding Federal Provision:** 199(2).

**Improvement.**

**241.** Where a registrant acquires or brings into Québec an improvement to movable property that is capital property of the registrant, tax payable by the registrant in respect of the acquisition or bringing into Québec of the improvement shall not be included in determining an input tax refund of the registrant unless, at the time that tax becomes payable or is paid without having become payable, the capital property is used primarily in commercial activities of the registrant.

History: 1991, c. 67, s. 241; 1993, c. 19, s. 194; 1994, c. 22, s. 494; 1995, c. 63, s. 367 [amended by 1997, c. 85, s. 734; 2019, c. 14, s. 581].

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 199(4).

**Change in use.**

**242.** Where a registrant last acquired or brought into Québec movable property for use as capital property of the registrant but not for use primarily in commercial activities of the registrant and the registrant begins, at any time, to use the property as capital property primarily in commercial activities of the registrant, except where the registrant becomes a registrant at that time, the registrant is deemed

(1) to have received, at that time, a supply of the property by way of sale; and

(2) except where the supply is an exempt supply, to have paid, at that time, tax in respect of the supply equal to the basic tax content of the property at that time.

History: 1991, c. 67, s. 242; 1994, c. 22, s. 495; 1997, c. 85, s. 561.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 199(3).

**Change in use.**

**243.** Where a registrant last acquired or brought into Québec movable property for use as capital property primarily in commercial activities of the registrant and the registrant begins, at any time, to use the property primarily for other purposes, the following rules apply:

(1) the registrant is deemed, immediately before that time, to have made a supply of the property by way of sale and to have collected, at that time, tax in respect of the supply equal to the basic tax content of the property at that time; and

(2) the registrant is deemed to have received, at that time, a supply of the property by way of sale and to have paid, at that time, tax in respect of the supply equal to the basic tax content of the property at that time.

**Use on 1 January 2013, in supply of financial services.**

Despite the first paragraph, where a registrant last acquired or brought into Québec movable property for use as capital property primarily in commercial activities of the registrant and the registrant begins, on 1 January 2013, to use the property primarily for other purposes because of Division VI.1 of Chapter III, the following rules apply:

(1) the registrant is deemed to have made, immediately before 1 January 2013, a supply of the property by way of sale for no consideration; and

(2) the registrant is deemed to have received, on 1 January 2013, a supply of the property by way of sale for use otherwise than as capital property or as an improvement to capital property of the registrant.

History: 1991, c. 67, s. 243; 1993, c. 19, s. 195; 1994, c. 22, s. 496; 1995, c. 63, s. 368 [amended by 1997, c. 85, s. 735; 2019, c. 14, s. 582]; 1997, c. 85, s. 562; 2012, c. 28, s. 74.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 199(2).

**243.1. (Repealed).**

History: 1993, c. 19, s. 196; 1995, c. 63, s. 369 [amended by 1997, c. 85, s. 736; 2019, c. 14, s. 583].

**Sale of movable property.**

**244.** Despite section 42.1 and subject to sections 42.6.1 and 42.6.2, where a registrant (other than a government) makes a supply by way of sale of movable property that is capital property of the registrant and, before the earlier of the time ownership of the property is transferred to the recipient and the time possession of the property is transferred to the recipient under the agreement for the supply, the registrant was last using the property otherwise than primarily in commercial activities of the registrant, the supply is deemed



to have been made in the course of activities of the registrant that are not commercial activities.

History: 1991, c. 67, s. 244; 1993, c. 19, s. 197; 1994, c. 22, s. 497 [amended by 1995, c. 63, s. 542]; 1995, c. 63, s. 370 [amended by 1997, c. 85, s. 737]; 2015, c. 21, s. 665 [amended by 2019, c. 14, s. 607].

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 200(3).

**Sale of movable property of a government.**

**244.1.** Despite sections 42.1 and 42.2 and subject to sections 29.1, 42.6.1 and 42.6.2, if a supplier that is a government makes a supply by way of sale of movable property that is capital property of the supplier, the following rules apply:

(1) the supply is deemed to have been made in the course of activities of the supplier that are not commercial activities, if

(a) the supplier is a prescribed mandatory of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(b) the supplier is a registrant; and

(c) before the earlier of the time ownership of the property is transferred to the recipient of the supply and the time possession of the property is transferred to the recipient under the agreement for the supply, the supplier was last using the property otherwise than primarily in the course of commercial activities of the supplier; and

(2) where subparagraph *a* of paragraph 1 does not apply, the supply is deemed to have been made in the course of commercial activities of the supplier.

History: 1994, c. 22, s. 498; 2015, c. 21, s. 666; 2020, c. 16, s. 200.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 200(4).

**Sale of movable property of a municipality — refund.**

**244.2.** Where a registrant is a municipality or a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, section 234 applies, with the necessary modifications, in relation to movable property (other than a passenger vehicle, an aircraft of a registrant who is an individual or a partnership and property of a person designated to be a municipality for the purposes of that subdivision 5 that is not designated municipal property) acquired or brought into Québec by the registrant for use as capital property as if the movable property were an immovable.

History: 2015, c. 21, s. 667.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 200.1.

**Use of a musical instrument.**

**245.** For the purposes of sections 240 and 242 to 244, where an individual who is a registrant uses a musical instrument as capital property of the individual in an employment of the individual or in a business carried on by a partnership of which the individual is a member, that use is deemed to be use in commercial activities of the individual.

History: 1991, c. 67, s. 245; 1997, c. 3, s. 135; 1997, c. 85, s. 563.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 199(5).

**Exceptions.**

**246.** Sections 240 to 245 do not apply in respect of

(1) property of a registrant that is a financial institution or a prescribed registrant; or

(2) a passenger vehicle or an aircraft of a registrant who is an individual or a partnership;

(3) *(paragraph repealed)*.

History: 1991, c. 67, s. 246; 1993, c. 19, s. 198; 1995, c. 63, s. 371 [amended by 1997, c. 85, s. 738 [this amendment will be fully applicable when a date of coming into force is fixed by Order in Council of the Government]; 2019, c. 14, s. 584]; 1997, c. 3, s. 135; 2012, c. 28, s. 75.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 199(1); 200(1).

2. — *Passenger vehicle*

**Acquisition or bringing into Québec of a passenger vehicle.**

**247.** For the purpose of determining an input tax refund of a registrant in respect of a passenger vehicle that the registrant at a particular time acquired or brought into Québec for use as capital property in commercial activities of the registrant, the tax payable by the registrant in respect of the acquisition or bringing into Québec of the vehicle is deemed to be the lesser of

(1) an amount equal to the tax payable by the registrant in respect of the acquisition or bringing into Québec of the vehicle; and

(2) the amount determined by the formula

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the tax that would be payable by the registrant in respect of the vehicle if the registrant acquired the vehicle at the particular time for consideration equal to the amount that would be deemed under paragraph *d.3* or *d.4* of section 99 of

the Taxation Act (chapter I-3) to be, for the purposes of that section, the capital cost to a taxpayer of a passenger vehicle, in respect of which that paragraph applies, if the formula in section 99R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) were read without reference to B; and

(2) B is

(a) where the registrant is deemed under section 242, 256 or 257 to have acquired the vehicle or a portion thereof at the particular time and the registrant was previously entitled to claim a rebate under subdivision 5 of Division I of Chapter VII in respect of the vehicle or any improvement to it, the difference between 100% and the percentage prescribed in section 386 or 386.1.1 that applied in determining the amount of the rebate, and

(b) in any other case, 100%.

History: 1991, c. 67, s. 247; 1994, c. 22, s. 499; 1997, c. 85, s. 564; 2005, c. 38, s. 370; 2009, c. 5, s. 616; 2009, c. 15, s. 509; 2015, c. 21, s. 668.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 201.

#### Improvement.

**248.** If the consideration paid or payable by a registrant for an improvement to a passenger vehicle of the registrant increases the cost to the registrant of the vehicle to an amount that exceeds the amount that would be deemed under paragraph *d.3* or *d.4* of section 99 of the Taxation Act (chapter I-3) to be, for the purposes of that section, the capital cost to a taxpayer of a passenger vehicle, in respect of which that paragraph applies, if the formula in section 99R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) were read without reference to B, the tax calculated on that excess must not be included in determining an input tax refund of the registrant for any reporting period of the registrant.

History: 1991, c. 67, s. 248; 2009, c. 5, s. 617; 2009, c. 15, s. 510.

**Corresponding Federal Provision:** 202(1).

#### Sale of a passenger vehicle.

**249.** Where a registrant (other than a municipality), at any time in a reporting period of the registrant, makes a taxable supply by way of sale of a passenger vehicle (other than a vehicle that is designated municipal property of a person designated at that time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that, immediately before that time, was used as capital property in commercial activities of the registrant, the registrant may, despite sections 203 to 206, paragraph 1 of section 240 and sections 241 and 248, claim an input tax refund for that period equal to the amount determined by the formula

$$A \times [(B - C) / B].$$

#### Interpretation.

For the purposes of this formula,

(1) A is the basic tax content of the vehicle at that time;

(2) B is the total of the tax that was payable by the registrant in respect of the last acquisition or bringing into Québec of the vehicle by the registrant and the tax that was payable by the registrant in respect of improvements to the vehicle acquired or brought into Québec by the registrant after the property was last so acquired or brought into Québec; and

(3) C is the total of all input tax refunds that the registrant was entitled to claim in respect of any tax included in the total referred to in subparagraph 2.

History: 1991, c. 67, s. 249; 1993, c. 19, s. 199; 1994, c. 22, s. 500; 1995, c. 63, s. 372 [amended by 1997, c. 85, s. 739]; 1997, c. 85, s. 565; 2015, c. 21, s. 669.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 203(1).

#### 3. — *Passenger vehicle or aircraft of an individual, partnership or municipality*

##### Acquisition or bringing into Québec of a passenger vehicle or aircraft.

**250.** Where a registrant who is an individual or a partnership acquires or brings into Québec a passenger vehicle or an aircraft for use as capital property of the registrant, the tax payable by the registrant in respect of the acquisition or bringing into Québec of the vehicle or aircraft shall not be included in determining an input tax refund of the registrant unless the vehicle or aircraft was acquired or brought into Québec by the registrant for use exclusively in commercial activities of the registrant.

##### Exception.

This section does not apply in respect of tax deemed under section 252 to have been paid by the registrant.

History: 1991, c. 67, s. 250; 1994, c. 22, s. 501; 1997, c. 3, s. 135; 1997, c. 85, s. 566.

**Corresponding Federal Provision:** 202(2).

##### Improvement to a passenger vehicle or aircraft.

**251.** Where a registrant who is an individual or a partnership acquires or brings into Québec an improvement to a passenger vehicle or an aircraft that is capital property of the registrant, the tax payable by the registrant in respect of the improvement shall not be included in determining an input tax refund of the registrant unless, throughout the period beginning on the later of the day the vehicle or aircraft was originally acquired or brought into Québec by the registrant and the day the individual or partnership becomes a registrant, and ending on the day tax in respect of the improvement becomes payable or is paid without having

become payable, the vehicle or aircraft was used exclusively in commercial activities of the registrant.

History: 1991, c. 67, s. 251; 1993, c. 19, s. 200; 1994, c. 22, s. 502; 1995, c. 63, s. 373 [amended by 1997, c. 85, s. 740; 2019, c. 14, s. 585]; 1997, c. 3, s. 135.

**Corresponding Federal Provision:** 202(3).

**Non-exclusive use.**

**252.** Notwithstanding sections 250 and 251, for the purpose of determining an input tax refund of a registrant who is an individual or a partnership, where the registrant at a particular time acquires or brings into Québec a passenger vehicle or an aircraft for use as capital property of the registrant but not for use exclusively in commercial activities of the registrant and tax is payable by the registrant in respect of the acquisition or bringing into Québec, the following rules apply:

(1) the registrant is deemed to have acquired the vehicle or aircraft on the last day of each taxation year of the registrant ending after that time; and

(2) the registrant is deemed to have paid, at that time, tax in respect of the acquisition or bringing into Québec of the vehicle or aircraft equal to the amount determined by multiplying the following amount by 9.975/109.975:

(a) where an amount in respect of the vehicle or aircraft is required by section 41 or 111 of the Taxation Act (chapter I-3) to be included in computing the income of an individual for a taxation year of the individual ending in that taxation year of the registrant, nil, and

(b) in any other case, the part or amount, prescribed under the Taxation Act, of the capital cost of the vehicle or aircraft that was deducted under that Act in computing the income of the registrant from those commercial activities for that taxation year of the registrant.

History: 1991, c. 67, s. 252; 1993, c. 19, s. 201; 1994, c. 22, s. 503; 1995, c. 63, s. 374 [amended by 1997, c. 85, s. 741; 2019, c. 14, s. 586]; 1997, c. 3, s. 135; 1997, c. 85, s. 567; 2010, c. 5, s. 216; 2011, c. 6, s. 252; 2012, c. 28, s. 76.

**Corresponding Federal Provision:** 202(4).

**Change in use.**

**253.** Where a registrant who is an individual or a partnership acquired or brought into Québec a passenger vehicle or an aircraft for use as capital property exclusively in commercial activities of the registrant and the registrant begins, at any time, to use the vehicle or aircraft otherwise than exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed to have made, immediately before that time, a taxable supply by way of sale of the vehicle or aircraft; and

(2) the registrant is deemed to have collected, at that time, tax in respect of the supply equal to the basic tax content of the vehicle or aircraft immediately before that time.

**Use on 1 January 2013, in supply of financial services.**

Despite the first paragraph, where a registrant who is an individual or a partnership acquired or brought into Québec a passenger vehicle or an aircraft for use as capital property exclusively in commercial activities of the registrant and the registrant begins, on 1 January 2013, to use the property otherwise than exclusively in commercial activities of the registrant because of Division VI.1 of Chapter III, the following rules apply:

(1) the registrant is deemed to have made, immediately before 1 January 2013, a supply by way of sale of the vehicle or aircraft for no consideration; and

(2) the registrant is deemed to have received, on 1 January 2013, a supply by way of sale of the vehicle or aircraft for use otherwise than as capital property or as an improvement to capital property of the registrant.

History: 1991, c. 67, s. 253; 1993, c. 19, s. 202; 1994, c. 22, s. 504; 1995, c. 63, s. 375 [amended by 1997, c. 85, s. 742; 2019, c. 14, s. 587]; 1997, c. 3, s. 135; 1997, c. 85, s. 568; 2012, c. 28, s. 77.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 203(2).

**253.1. (Repealed).**

History: 1993, c. 19, s. 203; 1995, c. 63, s. 376 [amended by 1997, c. 85, s. 743; 2019, c. 14, s. 588]; 1997, c. 85, s. 743.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Deemed acquisition.**

**254.** For the purposes of section 252, where at any time a registrant is deemed under section 253 to have made a taxable supply of a passenger vehicle or aircraft, the following rules apply:

(1) the registrant is deemed to have acquired the vehicle or aircraft at that time; and

(2) tax is deemed to be payable at that time by the registrant in respect of the acquisition of the vehicle or aircraft.

History: 1991, c. 67, s. 254.

**Corresponding Federal Provision:** 202(5).

**Sale of a passenger vehicle or an aircraft.**

**255.** Despite section 42.1 and subject to section 20.1, where a registrant who is an individual or a partnership (other than a municipality) makes, at a particular time, a supply by way of sale of a passenger vehicle or an aircraft (other than a vehicle or an aircraft that is designated municipal property of a person designated at the particular time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that is capital property of the

registrant and, at any time after the individual or partnership became a registrant and before the particular time, the registrant did not use the vehicle or aircraft exclusively in commercial activities of the registrant, the supply is deemed not to be a taxable supply.

History: 1991, c. 67, s. 255; 1993, c. 19, s. 204; 1994, c. 22, s. 505; 1995, c. 63, a. 377 [amended by 1995, c. 85, s. 744]; 1997, c. 3, s. 135; 2001, c. 51, s. 273; .

**Corresponding Federal Provision:** 203(3).

**Sale of a passenger vehicle by a municipality.**

**255.0.1.** If a registrant (other than an individual or a partnership) that is a municipality or a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, at a particular time in a reporting period of the registrant, makes a taxable supply by way of sale of a passenger vehicle (other than a vehicle of a person designated to be a municipality for the purposes of that subdivision 5 that is not designated municipal property of the person) that, immediately before the particular time, was capital property of the registrant, the registrant may, despite sections 203 to 206, paragraph 1 of section 240 and sections 241 and 248, claim an input tax refund for that period equal to the lesser of

(1) the amount determined by the formula

$$A \times (B - C)/B; \text{ and}$$

(2) an amount equal to the tax that is payable in respect of the taxable supply or that would be so payable but for sections 75.1 and 80.

**Interpretation.**

For the purposes of the formula in the first paragraph,

(1) A is the basic tax content of the vehicle at the particular time;

(2) B is the total of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the vehicle by the registrant and the tax payable by the registrant in respect of improvements to the vehicle acquired or brought into Québec by the registrant after the property was last acquired or brought into Québec; and

(3) C is the total of all input tax refunds that the registrant is entitled to claim in respect of any tax included in the total described in subparagraph 2.

History: 2015, c. 21, s. 672.

**Corresponding Federal Provision:** 203(4).

4. — *Financial institution*

**Movable property of a financial institution.**

**255.1.** Where a registrant is a financial institution, sections 256 to 259 apply, with the necessary modifications, in relation to movable property acquired or brought into Québec by the financial institution for use as capital property of the financial institution, and to improvements to such movable property, as if the movable property were an immovable.

**Input tax refund.**

Where a registrant is a financial institution, section 233 applies, with the necessary modifications, in relation to movable property (other than a passenger vehicle) acquired or brought into Québec by the institution for use as capital property of the institution as if the movable property were an immovable.

**Exception.**

The first and second paragraphs do not apply to movable property of a financial institution having a cost to the institution of \$50,000 or less.

**Use on 1 January 2013 of movable property having a cost of \$50,000 or less.**

Where a registrant that is a financial institution begins, on 1 January 2013, to use movable property having a cost to the institution of \$50,000 or less as capital property otherwise than primarily in the course of commercial activities of the registrant because of Division VI.1 of Chapter III, and the registrant last acquired or brought into Québec the movable property for use as capital property primarily in the course of commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed to have made, immediately before 1 January 2013, a supply of the movable property by way of sale for no consideration; and

(2) the registrant is deemed to have received, on 1 January 2013, a supply of the movable property by way of sale for use otherwise than as capital property or an improvement to capital property of the registrant.

**Use on 1 January 2013 of movable property having a cost of more than \$50,000.**

Despite the first paragraph, where a registrant that is a financial institution reduces or ceases, on 1 January 2013, the use of movable property having a cost to the institution exceeding \$50,000 as capital property in the course of commercial activities of the registrant because of Division VI.1 of Chapter III, and the registrant last acquired or brought into Québec the movable property for use as capital property primarily in the course of commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed to have made, immediately before 1 January 2013, a supply of the movable property by way of sale and to have collected, at that time, tax in respect of the supply equal to the basic tax content of the movable property at that time;

(2) the registrant is deemed to have received, immediately after 31 December 2012, a supply of the movable property by way of sale and to have paid, at that time, tax in respect of the supply equal to the basic tax content of the movable property at that time; and

(3) the second paragraph does not apply in relation to the property.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 204(1) to (3).

**Financial institution making election for exempt supplies.**

**255.2.** Where an election made by a registrant under the first paragraph of section 297.0.2.1 becomes effective at a particular time, the registrant was a financial institution immediately before the particular time and, as a result of the election becoming effective, the registrant reduces at the particular time the extent to which movable property of the registrant is used as capital property in commercial activities of the registrant, sections 233, 258 and 259 apply, with the necessary modifications, to the reduction in use, as if the property were an immovable.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 205(1).

**Registrant becoming a financial institution.**

**255.3.** Where, at a particular time, a registrant becomes a financial institution and, immediately before that time, the registrant was using movable property of the registrant as capital property, the following rules apply:

(1) where, immediately before the particular time, the registrant was not using the movable property primarily in commercial activities of the registrant and, immediately after the particular time, the property is for use in commercial activities of the registrant, the registrant is deemed to have changed, at that time, the extent to which the property is used in commercial activities of the registrant, and section 256 applies, with the necessary modifications, to the change in use as if the property were an immovable that was not used, immediately before that time, in commercial activities of the registrant; and

(2) where, immediately before the particular time, the registrant was using the property primarily in commercial activities of the registrant and, immediately after that time, the property is not for use exclusively in commercial activities of the registrant, the registrant is deemed to have changed, at that time, the extent to which the property is used in commercial activities of the registrant, and sections 233, 258 and 259 apply, with the necessary modifications, to the

change in use as if the property were an immovable used, immediately before that time, exclusively in commercial activities of the registrant.

**Mergers and amalgamations.**

Where a particular corporation that is not a financial institution is merged or amalgamated with one or more other corporations, in the circumstances described in section 76, to form a new corporation that is both a financial institution and a registrant and movable property that was capital property of the particular corporation becomes, at a particular time, the property of the new corporation as a consequence of the merger or amalgamation, the first paragraph applies to the property as if the new corporation became a financial institution at the particular time.

**Winding-up.**

Where a particular corporation that is not a financial institution is wound up in the circumstances described in section 77, not less than 90% of the issued shares of each class of the capital stock of the corporation were, immediately before the winding-up, owned by another corporation that is both a financial institution and a registrant, and movable property that was capital property of the particular corporation becomes the property of the other corporation as a consequence of the winding-up, the first paragraph applies to the property as if the other corporation became a financial institution at the time of the winding-up.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 205(2), (6) and (7).

**Registrant ceasing to be a financial institution.**

**255.4.** Where, at a particular time, a registrant ceases to be a financial institution and, immediately before that time, the registrant was using movable property of the registrant as capital property, the following rules apply:

(1) where, immediately before the particular time, the registrant was using the movable property as capital property but not exclusively in commercial activities of the registrant and, immediately after that time, the property is for use primarily in commercial activities of the registrant, the registrant is deemed to have begun, at that time, to use the property exclusively in commercial activities of the registrant, and sections 256 and 257 apply, with the necessary modifications, to the change in use as if the property were an immovable; and

(2) where, immediately before the particular time, the registrant was using the property as capital property in commercial activities of the registrant and, immediately after that time, the property is not for use primarily in commercial activities of the registrant, the registrant is deemed to have ceased, at that time, to use the property in commercial activities of the registrant, and sections 233 and 258 apply,

with the necessary modifications, to the change in use as if the property were an immovable.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 205(3).

**Acquisition of a business.**

**255.5.** Despite section 239, where, as a consequence of acquiring a business or part of a business from a registrant, a financial institution that is a registrant is deemed, under section 75.1, to have acquired property for use exclusively in commercial activities of the institution and, immediately after possession of the property is transferred to the institution in accordance with the agreement for the supply of the business or part, the property is for use by the institution as capital property but not exclusively in commercial activities of the institution, sections 233, 258 and 259 apply, with the necessary modifications, to the change in use of the property as if the property were an immovable.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 205(4).

**Acquisition of a business.**

**255.6.** Despite section 239, where, as a consequence of acquiring a business or part of a business from a registrant, a financial institution that is a registrant is deemed, under section 75.1, to have acquired property for use exclusively in activities of the institution other than commercial activities and, immediately after possession of the property is transferred to the institution in accordance with the agreement for the supply of the business or part, the property is for use by the institution as capital property in commercial activities of the institution, section 256 applies, with the necessary modifications, to the change in use of the property as if the property were an immovable.

History: 2012, c. 28, s. 78.

**Corresponding Federal Provision:** 205(5).

III. — Immovable

1. — *General provisions*

**Beginning use in commercial activities.**

**256.** Where a registrant last acquired an immovable for use as capital property of the registrant but not for use in commercial activities of the registrant and the registrant begins, at a particular time, to use the immovable as capital property in commercial activities of the registrant, except where the registrant becomes a registrant at the particular time, the registrant is deemed

(1) to have received, at the particular time, a supply of the immovable by way of sale; and

(2) except where the supply is an exempt supply, to have paid, at the particular time, tax in respect of the supply equal

to the basic tax content of the immovable at the particular time.

History: 1991, c. 67, s. 256; 1994, c. 22, s. 505; 1997, c. 85, s. 569.

**Corresponding Federal Provision:** 206(2).

**Increasing use in commercial activities.**

**257.** Where a registrant last acquired an immovable for use as capital property in commercial activities of the registrant and the registrant increases, at a particular time, the extent to which the immovable is used in commercial activities of the registrant, for the purpose of determining an input tax refund of the registrant, the registrant is deemed

(1) to have received, immediately before the particular time, a supply of a portion of the immovable for use as capital property exclusively in commercial activities of the registrant; and

(2) except where the supply is an exempt supply, to have paid, at the particular time, tax in respect of the supply equal to the amount determined by the formula

$$A \times B.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the basic tax content of the immovable at the particular time; and

(2) B is the extent, expressed as a percentage of the total use of the immovable by the registrant at the particular time, to which the registrant increased the use of the immovable in commercial activities of the registrant at the particular time;

(3) *(subparagraph repealed)*.

History: 1991, c. 67, s. 257; 1994, c. 22, s. 505; 1997, c. 85, s. 570.

**Corresponding Federal Provision:** 206(3).

**Ceasing use in commercial activities.**

**258.** Where a registrant last acquired an immovable for use as capital property in commercial activities of the registrant and the registrant begins, at a particular time, to use the immovable exclusively for other purposes, the registrant is deemed

(1) to have made, immediately before the particular time, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have collected, at the particular time, tax in respect of the supply equal to the basic tax content of the immovable at the particular time; and

(2) to have received, at the particular time, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have paid, at the particular time, tax in

respect of the supply equal to the amount determined under subparagraph 1.

History: 1991, c. 67, s. 258; 1994, c. 22, s. 505; 1997, c. 85, s. 571.

**Corresponding Federal Provision:** 206(4).

**Reducing use in commercial activities.**

**259.** Except where section 258 applies, where a registrant last acquired an immovable for use as capital property in commercial activities of the registrant and the registrant reduces, at a particular time, the extent to which the immovable is used in commercial activities of the registrant, for the purpose of determining the net tax of the registrant for the reporting period of the registrant that includes the particular time, the registrant is deemed

(1) to have made a supply of a portion of the immovable immediately before the particular time; and

(2) except where the supply is an exempt supply, to have collected, at the particular time, tax in respect of the supply equal to the amount determined by the formula

$A \times B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the basic tax content of the immovable at the particular time; and

(2) B is the extent, expressed as a percentage of the total use of the immovable by the registrant at the particular time, to which the registrant reduced the use of the immovable in commercial activities of the registrant at the particular time;

(3) *(subparagraph repealed)*.

History: 1991, c. 67, s. 259; 1994, c. 22, s. 505; 1997, c. 85, s. 572.

**Corresponding Federal Provision:** 206(5).

**Reducing or ceasing use on 1 January 2013.**

**259.1.** Despite sections 258 and 259, where, on 1 January 2013, a registrant reduces the extent to which an immovable is used as capital property in commercial activities of the registrant or ceases to use the immovable as capital property in such activities, because of Division VI.1 of Chapter III, the following rules apply:

(1) the registrant is deemed to have made, immediately before 1 January 2013, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have collected, at that time, tax in respect of the supply equal to the basic tax content of the immovable at that time; and

(2) the registrant is deemed to have received, immediately after 31 December 2012, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to

have paid, at that time, tax in respect of the supply equal to the basic tax content of the immovable at that time.

History: 2012, c. 28, s. 79.

**Property acquired by an individual or public sector body.**

**260.** Subject to section 272, sections 256 to 259.1 do not apply in respect of property acquired by a registrant who is an individual, a public sector body that is not a financial institution, or a prescribed registrant.

History: 1991, c. 67, s. 260; 2012, c. 28, s. 80.

**Corresponding Federal Provision:** 206(1).

2. — *Individual*

**Individual ceasing use in commercial activities.**

**261.** Where an individual who is a registrant last acquired an immovable for use as capital property in commercial activities of the individual, and not primarily for the personal use and enjoyment of the individual or a related individual, and the individual begins, at a particular time, to use the immovable exclusively for other purposes, or primarily for the personal use and enjoyment of the individual or a related individual, the individual is deemed

(1) to have made, immediately before the particular time, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have collected, at the particular time, tax in respect of the supply equal to the amount determined by the formula

$A - B$ ;

(2) to have received, at the particular time, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have paid, at the particular time, tax in respect of the supply equal to the amount determined under subparagraph 1.

**Interpretation.**

For the purposes of the formula in subparagraph 1 of the first paragraph,

(1) A is the basic tax content of the immovable at the particular time; and

(2) B is the tax, if any, that the individual is deemed under section 221 or sections 222.1 to 222.3 to have collected at the particular time in respect of the immovable;

(3) *(subparagraph repealed)*;

(4) *(subparagraph repealed)*.

History: 1991, c. 67, s. 261; 1994, c. 22, s. 506; 1997, c. 85, s. 573.

**Corresponding Federal Provision:** 207(1).

**Individual reducing use in commercial activities.**

**262.** Except where section 261 applies, where an individual who is a registrant last acquired an immovable for use as capital property in commercial activities of the individual, and not primarily for the personal use and enjoyment of the individual or a related individual, and the individual reduces, at a particular time, the extent to which the immovable is used in commercial activities of the individual without beginning to use the immovable primarily for the personal use and enjoyment of the individual or a related individual, for the purposes of determining the net tax of the individual, the individual is deemed

- (1) to have made, immediately before the particular time, a supply by way of sale of a portion of the immovable; and
- (2) except where the supply is an exempt supply, to have collected, at the particular time, tax in respect of the supply equal to the amount determined by the formula

$$(A \times B) - C.$$

**Interpretation.**

For the purposes of this formula,

- (1) A is the basic tax content of the immovable at the particular time;
- (2) B is the extent, expressed as a percentage of the total use of the immovable by the individual at the particular time, to which the individual reduced the use of the immovable in commercial activities of the individual at the particular time; and
- (3) C is the tax, if any, that the individual is deemed under section 221 or sections 222.1 to 222.3 to have collected at the particular time in respect of the immovable.

History: 1991, c. 67, s. 262; 1994, c. 22, s. 506; 1997, c. 85, s. 574.

**Corresponding Federal Provision:** 207(2).

**Reducing or ceasing use on 1 January 2013.**

**262.1.** Despite sections 261 and 262, where an individual is a registrant who, on 1 January 2013, reduces the extent to which an immovable is used as capital property in commercial activities of the registrant or ceases to use the immovable as capital property in such activities, because of Division VI.1 of Chapter III, and, immediately before 1 January 2013, the registrant used the immovable in commercial activities of the individual, and not primarily for the personal use and enjoyment of the individual or a related individual, the following rules apply:

- (1) the registrant is deemed to have made, immediately before 1 January 2013, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have collected, at that time, tax in respect of the supply equal to the basic tax content of the immovable at that time; and

- (2) the registrant is deemed to have received, immediately after 31 December 2012, a supply of the immovable by way of sale and, except where the supply is an exempt supply, to have paid, at that time, tax in respect of the supply equal to the basic tax content of the immovable at that time.

History: 2012, c. 28, s. 81.

**Acquisition by an individual of an immovable primarily for personal use.**

**263.** Subject to sections 264 to 266, where an individual who is a registrant acquires an immovable for use as capital property of the individual but primarily for the personal use and enjoyment of the individual or a related individual, the tax payable by the individual in respect of the acquisition of the immovable shall not be included in determining an input tax refund of the individual.

History: 1991, c. 67, s. 263; 1994, c. 22, s. 506.

**Corresponding Federal Provision:** 208(1).

**Individual beginning use in commercial activities.**

**264.** Where an individual who is a registrant last acquired an immovable for use as capital property of the individual and primarily for the personal use and enjoyment of the individual or a related individual or for use otherwise than in commercial activities of the individual, and the individual begins, at a particular time, to use the immovable as capital property in commercial activities of the individual and not primarily for the personal use and enjoyment of the individual or a related individual, the individual is deemed

- (1) to have received, at the particular time, a supply by way of sale of the immovable; and
- (2) except where the supply is an exempt supply, to have paid, at the particular time, tax in respect of the supply equal to the basic tax content of the immovable at the particular time.

History: 1991, c. 67, s. 264; 1994, c. 22, s. 506; 1997, c. 85, s. 575.

**Corresponding Federal Provision:** 208(2).

**Individual increasing use in commercial activities.**

**265.** Where an individual who is a registrant last acquired an immovable for use as capital property in commercial activities of the individual and not primarily for the personal use and enjoyment of the individual or a related individual, and the individual increases, at a particular time, the extent to which the immovable is used in commercial activities of the individual without beginning to use the immovable primarily for the personal use and enjoyment of the individual or a related individual, for the purposes of determining an input tax refund of the individual, the individual is deemed

- (1) to have received, at the particular time, a supply by way of sale of a portion of the immovable for use as capital property exclusively in commercial activities of the individual; and



(2) except where the supply is an exempt supply, to have paid, at the particular time, tax in respect of the supply equal to the amount determined by the formula

$A \times B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the basic tax content of the immovable at the particular time; and

(2) B is the extent, expressed as a percentage of the total use of the immovable by the individual at the particular time, to which the individual increased the use of the immovable in commercial activities of the individual at the particular time.

History: 1991, c. 67, s. 265; 1994, c. 22, s. 506; 1997, c. 85, s. 576.

**Corresponding Federal Provision:** 208(3).

**Improvement to capital property by an individual.**

**266.** Where an individual who is a registrant brings into Québec or acquires an improvement to an immovable that is capital property of the individual, the tax payable by the individual in respect of the improvement shall not be included in determining an input tax refund of the individual if, at the time that tax becomes payable or is paid without having become payable, the immovable is primarily for the personal use and enjoyment of the individual or a related individual.

History: 1991, c. 67, s. 266; 1994, c. 22, s. 506.

**Corresponding Federal Provision:** 208(4).

3. — *Public sector body*

**Immovables of certain public service bodies.**

**267.** If a registrant is a public service body (other than a financial institution or a government), sections 42.6.1, 42.6.2 and 240 to 244 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.

History: 1991, c. 67, s. 267; 1994, c. 22, s. 506; 1997, c. 3, s. 135; 2001, c. 53, s. 317; 2012, c. 28, s. 82; 2015, c. 21, s. 673.

**Corresponding Federal Provision:** 209(1).

**Immovables of certain Government mandataries or Crown agents.**

**267.1.** If a registrant (other than a financial institution) is a prescribed mandatory of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), sections 42.6.1, 42.6.2, 240 to 243 and 244.1 apply, with the necessary

modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.

History: 2015, c. 21, s. 674; 2020, c. 16, s. 201.

**Corresponding Federal Provision:** 209(2).

**Exception.**

**268.** Despite sections 267 and 267.1, sections 42.6.1, 42.6.2, 244 and 244.1 do not apply to

(1) a supply of a residential complex or an interest in one made by way of sale; or

(2) a supply of an immovable made by way of sale to an individual.

History: 1991, c. 67, s. 268; 1994, c. 22, s. 506; 2001, c. 53, s. 318; 2015, c. 21, s. 675.

**Corresponding Federal Provision:** 209(3).

**269.** *(Repealed).*

History: 1991, c. 67, s. 269; 1994, c. 22, s. 507.

**270.** *(Repealed).*

History: 1991, c. 67, s. 270; 1994, c. 22, s. 507.

4. — *Public service body*

**271.** *(Repealed).*

History: 1991, c. 67, s. 271; 1994, c. 22, s. 507.

**Election.**

**272.** Where a public service body files an election under this section in respect of an immovable described in the second paragraph, throughout the period the election is in effect, sections 233 and 256 to 260 apply, and sections 267, 267.1 and 268 do not apply to the immovable.

**Interpretation.**

The immovable referred to in the first paragraph is

(1) an immovable that is capital property of the body;

(2) an immovable of the body that is held by the body in inventory for the purpose of supply; or

(3) an immovable acquired by the body by way of lease, licence or similar arrangement for the purpose of making a supply of the immovable by way of lease, licence or similar arrangement or making a supply of the arrangement by way of assignment.

History: 1991, c. 67, s. 272; 1994, c. 22, s. 508; 2015, c. 21, s. 676.

**Corresponding Federal Provision:** 211(1).

**Deemed sale where election.**

**273.** Where a public service body has filed an election under section 272 that takes effect on a particular day in respect of an immovable described in subparagraph 1 or 2 of the second paragraph of the said section and the body does not acquire the immovable on that day or become a registrant on that day, the body is deemed

(1) to have made, immediately before the particular day, a taxable supply of the immovable by way of sale and to have collected, on the particular day, tax in respect of the supply equal to the basic tax content of the immovable on the particular day; and

(2) to have received, on the particular day, a taxable supply of the immovable by way of sale and to have paid, on the particular day, tax in respect of the supply equal to the amount determined under paragraph 1.

History: 1991, c. 67, s. 273; 1994, c. 22, s. 508; 1997, c. 85, s. 577.

**Corresponding Federal Provision:** 211(2).

**Effective period of election.**

**274.** An election under section 272 in respect of an immovable of a public service body is effective for the period beginning on the day specified in the election and ending on the day that the body specifies in a notice of revocation of the election filed under section 276.

History: 1991, c. 67, s. 274.

**Corresponding Federal Provision:** 211(3).

**Deemed sale where revocation.**

**275.** Where an election made under section 272 by a public service body in respect of an immovable described in subparagraph 1 or 2 of the second paragraph of the said section is revoked and ceases to be effective on a particular day and the body does not cease to be a registrant on that day, the body is deemed

(1) to have made, immediately before that day, a taxable supply of the immovable by way of sale and to have collected, on that day, tax in respect of the supply equal to the basic tax content of the immovable on that day; and

(2) to have received, on that day, a taxable supply of the immovable by way of sale and to have paid, on that day, tax in respect of the supply equal to the basic tax content of the immovable on that day.

History: 1991, c. 67, s. 275; 1994, c. 22, s. 509; 2007, c. 12, s. 323.

**Corresponding Federal Provision:** 211(4).

**Manner and form of election or revocation.**

**276.** An election made under section 272 by a public service body and a notice of revocation of such an election shall

(1) be made in prescribed form containing prescribed information;

(2) specify the immovable in respect of which the election or notice applies and the day the election becomes effective or, in the case of a notice of revocation, ceases to be effective; and

(3) be filed with and as prescribed by the Minister within one month after the end of the reporting period of the body in which the election becomes effective or, in the case of a notice of revocation, ceases to be effective.

History: 1991, c. 67, s. 276.

**Corresponding Federal Provision:** 211(5).

**§6. — Bets and games of chance**

**Prize or winnings.**

**277.** Where a commercial activity of a registrant, other than a registrant to whom section 279 applies, consists of taking bets or conducting games of chance and, in the course of that activity, the registrant pays an amount of money in a reporting period as a prize or winnings to a bettor or a person playing or participating in the games, the following rules apply for the purpose of determining an input tax refund of the registrant:

(1) the registrant is deemed to have received in the reporting period a taxable supply of a service for use exclusively in the activity;

(2) the registrant is deemed to have paid, in that period, tax in respect of the supply equal to the tax fraction of the amount of money paid as the prize or winnings.

History: 1991, c. 67, s. 277; 1995, c. 1, s. 284.

**Corresponding Federal Provision:** 188(1).

**Prize in competitive event.**

**278.** Where, in the course of an activity that involves the organization, promotion, hosting or other staging of a competitive event, a person gives a prize to a competitor in the event, the following rules apply:

(1) the giving of the prize is deemed not to be a supply;

(2) the prize is deemed not to be consideration for a supply by the competitor to the person; and

(3) tax payable by the person in respect of any property given as the prize shall not be included in determining any input tax refund of the person for any reporting period.

History: 1991, c. 67, s. 278; 1995, c. 63, s. 378.

**Corresponding Federal Provision:** 188(2).

**Net tax of a prescribed registrant.**

**279.** Where a registrant is a prescribed registrant at any time in a reporting period, the registrant's net tax for the period shall be determined in prescribed manner.

History: 1991, c. 67, s. 279; 1993, c. 19, s. 205; 1994, c. 22, s. 510.

**Corresponding Federal Provision:** 188(5).

§6.1. — *Deemed supply between branches of a financial institution*

**Interpretation.**

**279.1.** In this subdivision, the following rules apply:

(1) “external charge”, “qualifying consideration”, “qualifying service” and “qualifying taxpayer” have the meaning assigned by section 26.2; and

(2) an amount that is an internal charge is an amount described in the third paragraph of section 26.3.

History: 2012, c. 28, s. 83.

**Corresponding Federal Provision:** 217 and 217.1(1).

**Outlay made, or expense incurred, outside Canada.**

**279.2.** Any outlay or expense that, in accordance with subsection 2 of section 217.1 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), is included in the outlays made or expenses incurred outside Canada for the purposes of Division IV of Part IX of that Act is also an outlay made or an expense incurred outside Canada for the purposes of this subdivision.

History: 2012, c. 28, s. 83.

**Corresponding Federal Provision:** 217.1(2).

**Qualifying consideration and external charge.**

**279.3.** For the purpose of determining an input tax refund or an eligible amount, within the meaning of section 402.13, of a qualifying taxpayer, where an amount (in this section referred to as a “qualifying expenditure”) of qualifying consideration, or of an external charge, of the qualifying taxpayer in respect of an outlay made, or expense incurred, outside Canada that is attributable to the whole or part of a property (in this section referred to as an “attributable property”) or of a qualifying service (in this section referred to as an “attributable service”) is greater than zero and, during a reporting period of the qualifying taxpayer during which the qualifying taxpayer is a registrant, tax under section 18 becomes payable by the qualifying taxpayer or is paid by the qualifying taxpayer without having become payable, in respect of the qualifying expenditure, the following rules apply:

(1) the attributable property or attributable service is deemed to have been acquired by the qualifying taxpayer at the time at which the outlay was made or the expense was incurred;

(2) the tax is deemed to be in respect of a supply of the attributable property or attributable service; and

(3) the extent to which the qualifying taxpayer acquired the attributable property or attributable service for consumption, use or supply in the course of commercial activities of the qualifying taxpayer is deemed to be the same extent as that to which the whole or part of the outlay or expense, which corresponds to the qualifying expenditure, was made or incurred to consume, use or supply the attributable property or attributable service in the course of commercial activities of the qualifying taxpayer.

**Attributable property and attributable service.**

For the purpose of determining an input tax refund of a qualifying taxpayer in respect of an attributable property or an attributable service, a reference in sections 199 and 199.1 to a property or a service is to be read as a reference to an attributable property or an attributable service.

History: 2012, c. 28, s. 83; 2020, c. 16, s. 202.

**Corresponding Federal Provision:** 217.1(6) and (8)(a).

**Internal charges.**

**279.4.** For the purpose of determining an input tax refund or an eligible amount, within the meaning of section 402.13, of a qualifying taxpayer, where tax (in this section referred to as the “internal tax”) under section 18 becomes payable by the qualifying taxpayer or is paid by the qualifying taxpayer without having become payable, in respect of an internal charge and the internal charge is determined based in whole or in part on the inclusion of an outlay made, or an expense incurred, outside Canada by the qualifying taxpayer that is attributable to the whole or part of a property (in this section referred to as an “internal property”) or of a qualifying service (in this section referred to as an “internal service”), the following rules apply:

(1) the internal property or internal service is deemed to have been supplied to the qualifying taxpayer at the time the outlay was made or the expense was incurred;

(2) the amount of the internal tax that can reasonably be attributed to the outlay or expense is deemed to be tax (in this subparagraph referred to as “attributed tax”) in respect of the supply of the internal property or internal service, and the attributed tax is deemed to have become payable at the time the internal tax becomes payable by the qualifying taxpayer or is paid by the qualifying taxpayer without having become payable; and

(3) the extent to which the qualifying taxpayer acquired the internal property or internal service for consumption, use or supply in the course of commercial activities of the qualifying taxpayer is deemed to be the same extent as that to which the outlay or expense was made or incurred to consume, use or supply the internal property or internal

service in the course of commercial activities of the qualifying taxpayer.

**Internal property and internal service.**

For the purpose of determining an input tax refund of a qualifying taxpayer in respect of an internal property or an internal service, a reference in sections 199 and 199.1 to a property or a service is to be read as a reference to an internal property or an internal service.

History: 2012, c. 28, s. 83; 2020, c. 16, s. 203.

**Corresponding Federal Provision:** 217.1(7) and (8)(b).

§7. — *(Repealed)*.

**280.** *(Repealed)*.

History: 1991, c. 67, s. 280; 2012, c. 28, s. 84.

**281.** *(Repealed)*.

History: 1991, c. 67, s. 281; 2012, c. 28, s. 84.

§8. — *(Repealed)*.

**282.** *(Repealed)*.

History: 1991, c. 67, s. 282; 1997, c. 3, s. 135; 1997, c. 85, s. 578.

§9. — *(Repealed)*.

**283.** *(Repealed)*.

History: 1991, c. 67, s. 283; 1995, c. 1, s. 285.

**284.** *(Repealed)*.

History: 1991, c. 67, s. 284; 1995, c. 1, s. 285.

**CHAPTER VI  
SPECIAL CASES**

**DIVISION I  
CHANGE IN USE**

**Personal use.**

**285.** Where a registrant who is an individual and who has, in the course of commercial activities of the registrant, acquired, manufactured or produced any property, other than capital property of the registrant, or acquired or performed any service, appropriates the property or service, at any time, for the personal consumption, use or enjoyment of the registrant or another individual related to the registrant, the following rules apply:

(1) the registrant is deemed to have made a supply of the property or service for consideration paid at that time equal to the fair market value of the property or service at that time; and

(2) except where the supply is an exempt supply, the registrant is deemed to have collected, at that time, tax in respect of the supply, calculated on that consideration.

History: 1991, c. 67, s. 285.

**Corresponding Federal Provision:** 172(1).

**Use by a shareholder, partner or others.**

**286.** Where at any time a registrant that is a corporation, trust, partnership, charity, public institution or non-profit organization appropriates any property, other than capital property of the registrant, that was acquired, manufactured or produced, or any service acquired or performed, in the course of commercial activities of the registrant, to or for the benefit of a shareholder, partner, beneficiary or member of the registrant or any individual related to such a shareholder, partner, beneficiary or member, in any manner whatever, otherwise than by way of a supply made for consideration equal to the fair market value of the property or service, the following rules apply:

(1) the registrant is deemed to have made a supply of the property or service for consideration paid at that time equal to the fair market value of the property or service at that time; and

(2) except where the supply is an exempt supply, the registrant is deemed to have collected, at that time, tax in respect of the supply, calculated on that consideration.

History: 1991, c. 67, s. 286; 1995, c. 63, s. 379; 1997, c. 3, s. 135; 1997, c. 85, s. 579; 2015, c. 21, s. 677.

**Corresponding Federal Provision:** 172(2).

**Exception.**

**287.** Sections 285 and 286 do not apply to property or a service appropriated by a registrant to or for the benefit of a person where

(1) the registrant was, by reason of section 203 or 206, not entitled to claim an input tax refund in respect of the last acquisition or bringing into Québec of the property or service by the registrant; or

(2) Division II applies to the property or service so appropriated for the purpose of making it available to the person.

History: 1991, c. 67, s. 287; 1993, c. 19, s. 206; 1994, c. 22, s. 511; 1995, c. 63, s. 380 [amended by 1997, c. 85, s. 745; 2019, c. 14, s. 589]; 2019, c. 14, s. 546.

**Corresponding Federal Provision:** 172(3).

**Zero-rated supply of a motor vehicle used for another purpose by a non-registrant.**

**287.1.** Where a person who is not a registrant receives a zero-rated supply of a motor vehicle under section 197.2 and, at any time, begins to consume or use the motor vehicle, supplies it for any purpose other than those referred to in that

section or causes it to be consumed or used at the person's expense by another person, the person is deemed to have received a taxable supply of the motor vehicle for consideration paid at that time equal to its market value or to its estimated value described in section 55.0.2, whichever is greater, at that time.

History: 2001, c. 51, s. 274.

**Zero-rated supply of a motor vehicle used for another purpose by a registrant.**

**287.2.** Where a registrant receives a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2 and, at any time, the registrant begins to consume or use the motor vehicle or supplies it for any purpose other than those referred to in section 197.2,

(1) the registrant is deemed

(a) to have made, immediately before that time, a supply of the vehicle by way of sale;

(b) to have collected, at that time, tax in respect of the supply calculated on the market value of the supply or on its estimated value described in section 55.0.2, whichever is greater, at that time; and

(2) the registrant is deemed to have received, at that time, a supply of the vehicle by way of sale and to have paid tax in respect of the supply calculated on its market value or on its estimated value described in section 55.0.2, whichever is greater, at that time.

History: 2001, c. 51, s. 274; 2019, c. 14, s. 547.

**287.3. (Repealed).**

History: 2001, c. 51, s. 274; 2019, c. 14, s. 548.

**288. (Repealed).**

History: 1991, c. 67, s. 288; 1993, c. 19, s. 207; 1994, c. 22, s. 512.

**288.1. (Repealed).**

History: 1993, c. 19, s. 208; 1995, c. 1, s. 286; 1995, c. 63, s. 381 [amended by 1997, c. 85, s. 746; 2019, c. 14, s. 590].

**Interpretation Bulletins:** TVQ. 206.1-10; TVQ. 288.1-1.

**288.2. (Repealed).**

History: 1993, c. 19, s. 208; 1995, c. 1, s. 287; 1995, c. 63, s. 381 [amended by 1997, c. 85, s. 746; 2003, c. 9, s. 459; 2019, c. 14, s. 590].

**Interpretation Bulletins:** TVQ. 206.1-10.

**289. (Repealed).**

History: 1991, c. 67, s. 289; 1995, c. 63, s. 381.

**289.1. (Repealed).**

History: 1993, c. 19, s. 209; 1995, c. 63, s. 381 [amended by 1997, c. 85, s. 746; 2019, c. 14, s. 590].

**Interpretation Bulletins:** TVQ. 206.1-10.

**DIVISION I.1  
PENSION PLANS**

§1. — *Interpretation and general rules*

**Definitions:**

**289.2.** In this division,

**“active member”;**

“active member” has the meaning assigned by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

**“employer resource”;**

“employer resource” of a person means

(1) all or part of a labour activity of the person, other than a part of the labour activity consumed or used by the person in the process of creating or developing a property;

(2) all or part of a property or service supplied to the person, other than a part of the property or service consumed or used by the person in the process of creating or developing a property;

(3) all or part of a property created or developed by the person; or

(4) one or more of the items referred to in paragraphs 1 to 3;

**“excluded activity”;**

“excluded activity”, in respect of a pension plan, means an activity undertaken exclusively

(1) for compliance by a participating employer of the pension plan as an issuer, or prospective issuer, of securities with reporting requirements under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada in respect of the regulation of securities;

(2) for evaluating the feasibility or financial impact on a participating employer of the pension plan of establishing, altering or winding-up the pension plan, other than an activity that relates to the preparation of an actuarial report in respect of the plan required under a law of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut or Canada;

(3) for evaluating the financial impact of the pension plan on the assets and liabilities of a participating employer of the pension plan;

(4) for negotiating changes to the benefits under the pension plan with a union or similar organization of employees;

(4.1) if the pension plan is a pooled registered pension plan, for compliance by a participating employer of the pension plan as an administrator of the pension plan with requirements under the Pooled Registered Pension Plans Act (Statutes of Canada, 2012, chapter 16) or a similar law of a province, the Northwest Territories, the Yukon Territory or Nunavut, provided the activity is undertaken exclusively for the purpose of making a taxable supply of a service to a pension entity of the pension plan that is to be made

(a) for consideration that is not less than the fair market value of the service, and

(b) at a time when no election under the first paragraph of section 289.9 made jointly by the participating employer and the pension entity is in effect;

(4.2) in relation to a part of the pension plan that is a defined contribution pension plan or that is a defined benefits pension plan, if no pension entity of the pension plan administers that part of the pension plan or holds assets in respect of that part of the pension plan; or

(5) for prescribed purposes;

**“defined benefits pension plan”;**

“defined benefits pension plan” means the part of a pension plan that is in respect of benefits under the plan that are determined in accordance with a formula set forth in the plan and under which the employer contributions are not determined in accordance with a formula set forth in the plan;

**defined contribution pension plan**

“defined contribution pension plan” means the part of a pension plan that is not a defined benefits pension plan;

**“labour activity”;**

“labour activity” of a person means anything done by an individual who is or agrees to become an employee of the person in the course of, or in relation to, the office or employment of that individual;

**master pension factor;**

“master pension factor”, in respect of a pension plan for a fiscal year of a master pension entity, means the amount (expressed as a percentage) determined by the formula

$$A/B;$$

**master pension group;**

“master pension group” in respect of a particular person and another person means the group of one or more pension plans that consists of every pension plan that meets the following conditions:

(1) the particular person is a participating employer of the pension plan; and

(2) the other person is a master pension entity of the pension plan;

**“pension activity”;**

“pension activity”, in respect of a pension plan, means an activity (other than an excluded activity) that relates to

(1) the establishment, management or administration of the pension plan, of a pension entity of the pension plan or of a master pension entity of the pension plan; or

(2) the management or administration of assets in respect of the pension plan, including assets held by a pension entity or master pension entity of the pension plan;

**“provincial factor”;**

“provincial factor” in respect of a pension plan, for a fiscal year of a person that is a participating employer of the pension plan, means an amount (expressed as a percentage) determined by the formula

$$A \times B;$$

**“qualifying employer”;**

“qualifying employer” of a pension plan for a fiscal year means a qualifying employer for that fiscal year for the purposes of section 172.1 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

**“selected qualifying employer”;**

“selected qualifying employer” of a pension plan for a fiscal year means a selected qualifying employer for that fiscal year for the purposes of section 172.1 of the Excise Tax Act.

**specified resource;**

“specified resource” means property or a service that is acquired by a person for the purpose of making a supply of all or part of the property or service to a pension entity or a master pension entity of a pension plan of which the person is a participating employer.

**Interpretation.**

For the purposes of the formula in the definition of “master pension factor” in the first paragraph,

(1) A is the total value, on the first day of the fiscal year, of the shares or units of the master pension entity that are held by pension entities of the pension plan on that day; and

(2) B is the total value, on the first day of the fiscal year, of the shares or units of the master pension entity.

**Interpretation.**

For the purposes of the formula in the definition of “provincial factor” in the first paragraph,

(1) A is the tax rate applicable, specified in the first paragraph of section 16, on the last day of the fiscal year; and

(2) B is

(a) where the person made contributions to the pension plan during the fiscal year that may be deducted by the person under section 137 of the Taxation Act in computing its income (in the fourth paragraph referred to as “pension contributions”) and the number of active members of the pension plan who were employees of the person on the last day of the last calendar year ending on or before the last day of the fiscal year (in this paragraph and the fourth paragraph referred to as the “particular day”) is greater than zero, the amount determined by the formula

$$[(C/D) + (E/F)]/2;$$

(b) where subparagraph a does not apply and the number of active members of the pension plan who were employees of the person on the particular day is greater than zero, the amount determined by the formula

E/F; and

(c) in any other case, zero.

**Interpretation.**

For the purposes of the formulas in subparagraphs a and b of subparagraph 2 of the third paragraph,

(1) C is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person who were resident in Québec on the particular day;

(2) D is the total of all pension contributions made to the pension plan by the person during the fiscal year in respect of employees of the person;

(3) E is the number of active members of the pension plan who were, on the particular day, employees of the person and resident in Québec; and

(4) F is the number of active members of the pension plan who were, on the particular day, employees of the person.

History: 2011, c. 34, s. 146; 2015, c. 21, s. 679; 2015, c. 36, s. 205; 2020, c. 16, s. 204.

**Corresponding Federal Provision:** 172.1(1) and (9) to (13).

**Excluded resource.**

**289.3.** For the purposes of this division, a property or a service that is supplied to a particular person that is a participating employer of a pension plan by another person is an excluded resource of the particular person in respect of the pension plan if

(1) for each pension entity and master pension entity of the pension plan, no tax would become payable under this Title in respect of the supply if

(a) the supply were made by the other person to the pension entity or to the master pension entity, as the case may be, and not to the particular person, and

(b) the pension entity or the master pension entity, as the case may be, and the other person were dealing at arm’s length; and

(2) where the supply is a supply of corporeal movable property made outside Québec, the supply would not be a supply in respect of which section 18 would apply if the particular person were a registrant not engaged exclusively in commercial activities.

History: 2011, c. 34, s. 146; 2020, c. 16, s. 205.

**Corresponding Federal Provision:** 172.1(2).

**Specified pension entity.**

**289.4.** For the purposes of subdivision 2, if a person is a participating employer of a pension plan and the pension plan has,

(1) at all times in a fiscal year of the person, no more than one pension entity, that pension entity is the specified pension entity of the pension plan in respect of the person for the fiscal year; and

(2) in the fiscal year, two or more pension entities, the person and one of those pension entities may jointly elect, in a document in the form and containing the information determined by the Minister, for that pension entity to be the specified pension entity of the pension plan in respect of the person for the fiscal year.

History: 2011, c. 34, s. 146; 2013, c. 10, s. 219; 2020, c. 16, s. 206.

**Corresponding Federal Provision:** 172.1(4).

§2. — *Deemed taxable supply*

**Acquisition of property or a service for supply.**

**289.5.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person (in this section referred to as the “particular fiscal year”) and is not a selected qualifying employer of the pension plan at that time, if the person acquires at that time a specified resource for the purpose of making a supply of all or part of the specified resource to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan and if the specified resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the specified resource or part on the last day of the particular fiscal year;

(2) tax in respect of the taxable supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

$A \times B$ ; and

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(a) to have received a supply of the specified resource or part on the last day of the particular fiscal year,

(b) except where the pension entity is a selected listed financial institution on the last day of the particular fiscal year, to have paid tax in respect of the supply referred to in subparagraph *a*, on that day, equal to the amount determined by the formula

$C - D$ , and

(c) to have acquired the specified resource or part for consumption, use or supply in the course of its commercial activities to the same extent that the specified resource or part was acquired by the person for the purpose of making a supply of the specified resource or part to the pension entity for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan that are commercial activities of the pension entity.

**Interpretation.**

For the purposes of the formulas in the first paragraph,

(1) A is the fair market value of the specified resource or part at the time it was acquired by the person;

(2) B is the provincial factor in respect of the pension plan for the particular fiscal year;

(3) C is the amount of tax determined in accordance with subparagraph 3 of the first paragraph; and

(4) D is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 3

(a) that is not included in determining the person's net tax for the reporting period that includes the last day of the particular fiscal year, or

(b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2011, c. 34, s. 146; 2012, c. 28, s. 85; 2015, c. 21, s. 681; 2020, c. 16, s. 207.

**Corresponding Federal Provision:** 172.1(5).

**Acquisition for supply to master pension entity.**

**289.5.1.** If a person that is a registrant acquires at any time in its fiscal year (in this section referred to as the "particular fiscal year") a specified resource for the purpose of making a supply of all or part of the specified resource to a master pension entity for consumption, use or supply by the master pension entity in the course of pension activities in respect of any pension plan that is in the master pension group in respect of the person and the master pension entity at that time, if the person is not at that time a selected qualifying employer of any pension plan in the master pension group and if it is not the case that the specified resource is an excluded resource of the person in respect of any pension plan in the master pension group, the following rules apply:

(1) the person is deemed to have made a taxable supply of the specified resource or part on the last day of the particular fiscal year;

(2) tax in respect of the taxable supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the total of all amounts each of which is determined for each pension plan in the master pension group by the formula

$A \times B \times C$ ;

(4) for each pension plan in the master pension group, the specified pension entity of the pension plan is deemed for the purpose of determining an input tax refund of the specified pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12,

(a) to have received a supply of the specified resource or part on the last day of the particular fiscal year,

(b) except where the specified pension entity is a selected listed financial institution on the last day of the particular fiscal year, to have paid tax in respect of the supply referred to in subparagraph *a*, on that day, equal to the amount determined by the formula

$D - E$ , and

(c) to have acquired the specified resource or part for consumption, use or supply in the course of its commercial



activities to the same extent that the specified resource or part was acquired by the person for the purpose of making a supply of the specified resource or part to the master pension entity for consumption, use or supply by the master pension entity in the course of pension activities of the master pension entity that are commercial activities of the master pension entity.

**Interpretation.**

For the purposes of the formulas in the first paragraph,

- (1) A is the fair market value of the specified resource or part at the time it was acquired by the person;
- (2) B is the provincial factor in respect of the pension plan for the particular fiscal year;
- (3) C is the master pension factor in respect of the pension plan for the fiscal year of the master pension entity that includes the last day of the particular fiscal year;
- (4) D is the amount of tax determined for the pension plan in accordance with subparagraph 3 of the first paragraph; and
- (5) E is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 4
  - (a) that is not included in determining the person's net tax for the reporting period that includes the last day of the particular fiscal year, or
  - (b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2020, c. 16, s. 208.

**Consumption or use of an employer resource for supply.**

**289.6.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person and is not a selected qualifying employer of the pension plan at that time, if the person consumes or uses at that time an employer resource of the person for the purpose of making a supply of a property or a service (in this section referred to as the “pension supply”) to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan, and if the employer resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

- (1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the “employer resource supply”) on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

$$A \times B; \text{ and}$$

(4) for the purpose of determining an input tax refund of the pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12, the pension entity is deemed

(a) to have received a supply of the employer resource on the last day of the fiscal year,

(b) except where the pension entity is a selected listed financial institution on the last day of the fiscal year, to have paid tax in respect of the supply referred to in subparagraph a, on that day, equal to the amount determined by the formula

$$C - D, \text{ and}$$

(c) to have acquired the employer resource for consumption, use or supply in the course of its commercial activities to the same extent that the property or service supplied in the pension supply was acquired by the pension entity for consumption, use or supply by the pension entity in pension activities in respect of the pension plan that are commercial activities of the pension entity.

**Interpretation.**

For the purposes of the formulas in the first paragraph,

(1) A is

(a) where the employer resource was consumed by the person during the fiscal year for the purpose of making the pension supply, the product obtained by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(b) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) for the purpose of making the pension supply when the person was both a registrant and a participating employer of the pension plan;

(2) B is the provincial factor in respect of the pension plan for the fiscal year;

(3) C is the amount of tax determined in accordance with subparagraph 3 of the first paragraph; and

(4) D is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 3

(a) that is not included in determining the person's net tax for the reporting period that includes the last day of the fiscal year, or

(b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2011, c. 34, s. 146; 2012, c. 28, s. 86; 2015, c. 21, s. 682; 2020, c. 16, s. 209.

**Corresponding Federal Provision:** 172.1(6).

**Employer resource for supply to master pension entity.**

**289.6.1.** If a person that is a registrant consumes or uses at any time in a fiscal year (in this section referred to as the "particular fiscal year") of the person an employer resource of the person for the purpose of making a supply of property or a service (in this section referred to as the "pension supply") to a master pension entity for consumption, use or supply by the master pension entity in the course of pension activities in respect of any pension plan that is in the master pension group in respect of the person and the master pension entity at that time, if the person is not at that time a selected qualifying employer of any pension plan in the master pension group and if it is not the case that the employer resource is an excluded resource of the person in respect of any pension plan in the master pension group, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the particular fiscal year;

(2) tax in respect of the employer resource supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the total of all amounts each of which is determined for each pension plan in the master pension group by the formula

$A \times B \times C$ ; and

(4) for each pension plan in the master pension group, the specified pension entity of the pension plan is deemed for the purpose of determining an input tax refund of the specified

pension entity and for the purposes of subdivision 6.6 of Division I of Chapter VII and sections 450.0.1 to 450.0.12,

(a) to have received a supply of the employer resource on the last day of the particular fiscal year,

(b) except where the specified pension entity is a selected listed financial institution on the last day of the particular fiscal year, to have paid tax in respect of the supply referred to in subparagraph a, on that day, equal to the amount determined by the formula

$D - E$ , and

(c) to have acquired the employer resource for consumption, use or supply in the course of its commercial activities to the same extent that the property or service supplied in the pension supply was acquired by the master pension entity for consumption, use or supply by the master pension entity in the course of pension activities of the master pension entity that are commercial activities of the master pension entity.

**Interpretation.**

For the purposes of the formulas in the first paragraph,

(1) A is

(a) in the case where the employer resource was consumed by the person during the particular fiscal year for the purpose of making the pension supply, the product obtained when the fair market value of the employer resource at the time the person began consuming it in the particular fiscal year is multiplied by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the particular fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, or

(b) in any other case, the product obtained when the fair market value of the use of the employer resource during the particular fiscal year as determined on the last day of the particular fiscal year is multiplied by the extent to which the employer resource was used during the particular fiscal year (expressed as a percentage of the total use of the employer resource by the person during the particular fiscal year) for the purpose of making the pension supply when the person was both a registrant and a participating employer of the pension plan;

(2) B is the provincial factor in respect of the pension plan for the particular fiscal year;

(3) C is the master pension factor in respect of the pension plan for the fiscal year of the master pension entity that includes the last day of the particular fiscal year;

(4) D is the amount of tax determined for the pension plan in accordance with subparagraph 3 of the first paragraph; and

(5) E is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 4

(a) that is not included in determining the person's net tax for the reporting period that includes the last day of the particular fiscal year, or

(b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2020, c. 16, s. 210.

**Consumption or use of an employer resource otherwise than for supply.**

**289.7.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person and is not a qualifying employer of the pension plan at that time, if the person consumes or uses at that time an employer resource of the person in the course of pension activities in respect of the pension plan, if the employer resource is not an excluded resource of the person in respect of the pension plan and if none of sections 289.6, 289.6.1 and 289.7.1 apply in respect of that consumption or use, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the "employer resource supply") on the last day of the fiscal year;

(2) tax in respect of the employer resource supply is deemed to have become payable on the last day of the fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the amount determined by the formula

$A \times B$ ; and

(4) for the purpose of determining, in accordance with subdivision 6.6 of Division I of Chapter VII, an eligible amount of the specified pension entity of the pension plan in respect of the person for the fiscal year, the specified pension entity is deemed to have paid tax, on the last day of the fiscal year, except where the pension entity is a selected listed financial institution on that day, equal to the amount determined by the formula

$C - D$ .

**Interpretation.**

For the purposes of the formulas in the first paragraph,

(1) A is

(a) where the employer resource was consumed by the person during the fiscal year in the course of pension activities in respect of the pension plan, the product obtained

by multiplying the fair market value of the employer resource at the time the person began consuming it in the fiscal year by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the fiscal year) occurred when the person was both a registrant and a participating employer of the pension plan, and

(b) in any other case, the product obtained by multiplying the fair market value of the use of the employer resource during the fiscal year as determined on the last day of the fiscal year by the extent to which the employer resource was used during the fiscal year (expressed as a percentage of the total use of the employer resource by the person during the fiscal year) in the course of pension activities in respect of the pension plan when the person was both a registrant and a participating employer of the pension plan;

(2) B is the provincial factor in respect of the pension plan for the fiscal year;

(3) C is the amount of tax determined in accordance with subparagraph 3 of the first paragraph; and

(4) D is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 3

(a) that is not included in determining the person's net tax for the reporting period that includes the last day of the fiscal year, or

(b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2011, c. 34, s. 146; 2012, c. 28, s. 87; 2015, c. 21, s. 683; 2020, c. 16, s. 211.

**Corresponding Federal Provision:** 172.1(7).

**Employer resource other than for supply — master pension entity.**

**289.7.1.** If a person that is a registrant consumes or uses at any time in a fiscal year (in this section referred to as the "particular fiscal year") of the person an employer resource of the person in the course of pension activities in respect of one or more pension plans that are in the master pension group in respect of the person and a master pension entity at that time, if the person is not at that time a qualifying employer of any pension plan in the master pension group, if it is not the case that the employer resource is an excluded resource of the person in respect of any pension plan in the master pension group, if the pension activities relate exclusively to the establishment, management or administration of the master pension entity of the pension plan or the management or administration of assets held by the master pension entity of the pension plan and if neither of sections 289.6 and 289.6.1 applies to that consumption or use, the following rules apply:

(1) the person is deemed to have made a taxable supply of the employer resource (in this section referred to as the “employer resource supply”) on the last day of the particular fiscal year;

(2) tax in respect of the employer resource supply referred to in subparagraph 1 is deemed to have become payable on the last day of the particular fiscal year and the person is deemed to have collected that tax on that day;

(3) the tax referred to in subparagraph 2 is deemed to be equal to the total of all amounts each of which is determined for each pension plan in the master pension group by the formula

$A \times B \times C$ ; and

(4) for each pension plan in the master pension group, the specified pension entity of the pension plan is deemed—for the purpose of determining, under subdivision 6.6 of Division I of Chapter VII, an eligible amount of the specified pension entity in respect of the person for the particular fiscal year—to have paid tax on the last day of the particular fiscal year, except where the specified pension entity is a selected listed financial institution on that day, equal to the amount determined by the formula

$D - E$ .

**Interpretation.**

For the purposes of the formulas in the first paragraph,

(1) A is

(a) in the case where the employer resource was consumed by the person during the particular fiscal year in the course of its pension activities referred to in the first paragraph, the product obtained when the fair market value of the employer resource at the time the person began consuming it in the particular fiscal year is multiplied by the extent to which that consumption (expressed as a percentage of the total consumption of the employer resource by the person during the particular fiscal year) occurred when the person was both a registrant and a participating employer of any pension plan in the master pension group, or

(b) in any other case, the product obtained when the fair market value of the use of the employer resource during the particular fiscal year as determined on the last day of the particular fiscal year is multiplied by the extent to which the employer resource was used during the particular fiscal year (expressed as a percentage of the total use of the employer resource by the person during the particular fiscal year) in the course of those pension activities when the person was both a registrant and a participating employer of any pension plan in the master pension group;

(2) B is the provincial factor in respect of the pension plan for the particular fiscal year;

(3) C is the master pension factor in respect of the pension plan for the fiscal year of the master pension entity that includes the last day of the particular fiscal year;

(4) D is the amount of tax determined for the pension plan in accordance with subparagraph 3 of the first paragraph; and

(5) E is the total of all amounts each of which is a part of the amount determined in accordance with subparagraph 4

(a) that is not included in determining the person’s net tax for the reporting period that includes the last day of the particular fiscal year, or

(b) that the person has recovered or is entitled to recover by way of rebate, refund or remission, or otherwise, under this or any other Act.

History: 2020, c. 16, s. 212.

**Communication of information to the pension entity.**

**289.8.** If any of sections 289.5 to 289.7.1 applies in respect of a person that is a participating employer of a pension plan, the person shall, in the form and manner determined by the Minister, provide the information determined by the Minister to the pension entity of the pension plan that is deemed to have paid tax under that section.

History: 2011, c. 34, s. 146; 2013, c. 10, s. 220; 2020, c. 16, s. 213.

**Corresponding Federal Provision:** 172.1(8).

**Provision of information by master pension entity.**

**289.8.1.** A master pension entity of a pension plan shall, in the manner determined by the Minister, provide the master pension factor in respect of the pension plan for a fiscal year of the master pension entity, and any other information that the Minister may specify, to each participating employer of the pension plan on or before the day that is 30 days after the first day of the fiscal year.

History: 2020, c. 16, s. 214.

§3. — *Election relating to supplies deemed made for no consideration*

**Joint election.**

**289.9.** A participating employer of a pension plan and a pension entity of the pension plan may jointly elect that every taxable supply made by the participating employer to the pension entity at a time when the election is in effect be deemed to have been made for no consideration.

**Non-application.**

The first paragraph does not apply to

(1) a supply deemed under subdivision 2 to have been made;

(2) a supply of a property or a service that is not acquired by a pension entity of a pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan;

(3) a supply made by a participating employer of a pension plan to a pension entity of the pension plan of all or part of a property or a service if, at the time the participating employer acquires the property or service, the participating employer is a selected qualifying employer;

(4) a supply made by a participating employer of a pension plan to a pension entity of the pension plan of a property or a service if, at the time the participating employer consumes or uses an employer resource of the participating employer for the purpose of making the supply, the participating employer is a selected qualifying employer of the pension plan; or

(5) a supply made in prescribed circumstances or made by a prescribed person.

History: 2015, c. 21, s. 684; 2020, c. 16, s. 215.

**Corresponding Federal Provision:** 157(2), (3) and (5).

**Election for nil consideration — master pension entity.**

**289.9.1.** A person that is a participating employer of a pension plan and a master pension entity of the pension plan may jointly make an election in respect of taxable supplies made by the person to the master pension entity if the total of all percentages, each of which is a master pension factor in respect of a pension plan of which the person is a participating employer for the fiscal year of the master pension entity that includes the day on which the election becomes effective, is equal to or greater than 90%.

**Effect of election.**

Every taxable supply made by a participating employer to a master pension entity at a time when a joint election made under the first paragraph by the participating employer and the master pension entity is in effect is deemed to have been made for no consideration.

**Exception.**

The second paragraph does not apply to

- (1) a supply deemed under subdivision 2 to have been made;
- (2) a supply of a property or a service that is not acquired by a master pension entity of a pension plan for consumption, use or supply by the master pension entity in the course of pension activities in respect of the pension plan;
- (3) a supply made by a participating employer of a pension plan to a master pension entity of the pension plan of all or part of a property or a service if, at the time the participating employer acquires the property or service, the master pension entity is a master pension entity of one or more pension plans

of which the participating employer is a selected qualifying employer;

(4) a supply made by a participating employer of a pension plan to a master pension entity of the pension plan of a property or a service if, at the time the participating employer consumes or uses an employer resource of the participating employer for the purpose of making the supply, the master pension entity is a master pension entity of one or more pension plans of which the participating employer is a selected qualifying employer; or

(5) a supply made in prescribed circumstances or made by a prescribed person.

History: 2020, c. 16, s. 216.

**Form and content of election.**

**289.9.2.** An election under the first paragraph of section 289.9 or 289.9.1 must

- (1) be made in the prescribed form containing prescribed information;
- (2) specify the day on which the election is to become effective, which must be the first day of a fiscal year of the participating employer; and
- (3) be filed by the participating employer with the Minister in prescribed manner on or before the day on which the election is to become effective or any later day that the Minister may determine.

History: 2020, c. 16, s. 216.

**Cessation.**

**289.10.** An election under the first paragraph of section 289.9 or 289.9.1 made by a person that is a participating employer of a pension plan and by another person that is a pension entity of the pension plan or a master pension entity of the pension plan ceases to have effect on the earliest of

- (1) the day on which the person ceases to be a participating employer of the pension plan;
- (2) the day on which the other person ceases to be a pension entity of the pension plan or a master pension entity of the pension plan, as the case may be;
- (3) the day on which a revocation of the election becomes effective in accordance with the second paragraph;
- (4) the day specified in a notice of revocation of the election sent to the person in accordance with section 289.12; and
- (5) in the case of an election made under section 289.9.1, the first day of a fiscal year of the other person for which the total of all percentages, each of which is a master pension

factor in respect of a pension plan of which the person is a participating employer for the fiscal year, is less than 90%.

**Joint revocation.**

The persons that made an election under the first paragraph of section 289.9 or 289.9.1 may jointly revoke the election.

**Form and content of revocation.**

The revocation of the election made under the second paragraph must

- (1) be made in the prescribed form containing prescribed information;
- (2) specify the day on which the revocation is to become effective, which must be the first day of a fiscal year of the person that is the participating employer;
- (3) be filed by that person with the Minister in prescribed manner on or before the day on which the revocation is to become effective or any later day that the Minister may determine.

History: 2015, c. 21, s. 684; 2020, c. 16, s. 217.

**Corresponding Federal Provision:** 157(4), (5), (6) and (10).

**Notice of intent.**

**289.11.** The Minister may send a notice in writing (in this section and section 289.12 referred to as a “notice of intent”) to a participating employer of a pension plan and to a pension entity of the pension plan or a master pension entity of the pension plan that made a joint election under the first paragraph of section 289.9 or 289.9.1, which election is in effect at any time in a particular fiscal year of the participating employer, informing them of the Minister’s intention to revoke the election as of the first day of the particular fiscal year, if the participating employer fails to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of the particular fiscal year in accordance with any of sections 289.5 to 289.6.1 in respect of the pension plan.

**Representations to the Minister.**

A participating employer of a pension plan that receives a notice of intent must establish to the Minister’s satisfaction that the participating employer did not fail to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of the particular fiscal year in accordance with any of sections 289.5 to 289.6.1 in respect of the pension plan.

History: 2015, c. 21, s. 684; 2020, c. 16, s. 218.

**Corresponding Federal Provision:** 157(7) and (8).

**Notice of revocation.**

**289.12.** If, after 60 days after the day on which a notice of intent was sent by the Minister to a participating employer of a pension plan, the Minister is not satisfied that the participating employer did not fail to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of a particular fiscal year in accordance with any of sections 289.5 to 289.6.1 in respect of the pension plan, the Minister may send a notice in writing to the participating employer and to the pension entity of the pension plan or master pension entity of the pension plan with which the participating employer made the election that the election is revoked as of the day specified in the notice, and that day is not to be earlier than the day specified in the notice of intent and must be the first day of any fiscal year of the participating employer.

History: 2015, c. 21, s. 684; 2020, c. 16, s. 218.

**Corresponding Federal Provision:** 157(9).

*§4. — Tax deemed to be paid by a designated pension entity*

**Excluded amount.**

**289.13.** For the purposes of this subdivision, an excluded amount of a master pension entity is an amount of tax that

- (1) is deemed to have been paid by the master pension entity under this Title (other than sections 223 to 231.1);
- (2) became payable, or was paid without having become payable, by the master pension entity at a time when it was entitled to claim a rebate under sections 383 to 388 and 394 to 397.2; or
- (3) is payable under the first paragraph of section 16, or is deemed under sections 223 to 231.1 to have been paid, by the master pension entity in respect of a taxable supply to the master pension entity of a residential complex, an addition to a residential complex or land if, in respect of that supply, the master pension entity is entitled to claim a rebate under subdivision IV.2 of subdivision 3 of Division I of Chapter VII or would be so entitled after paying the tax payable in respect of that supply.

History: 2020, c. 16, s. 219.

**Designated pension entity.**

**289.14.** For the purposes of this subdivision, the following rules apply:

- (1) if a person is a master pension entity of a pension plan having, at any time, only one pension entity, that pension entity is, at that time, the designated pension entity of the pension plan in respect of the person; and

(2) if a person is a master pension entity of a pension plan having, at any time, two or more pension entities and if an election made jointly under section 289.16 by the person and one of those pension entities is in effect at that time, that pension entity is, at that time, the designated pension entity of the pension plan in respect of the person.

History: 2020, c. 16, s. 219.

**Tax deemed paid by designated pension entity.**

**289.15.** For the purposes of subdivision 6.6 of Division I of Chapter VII, if a particular amount of tax becomes payable, or is paid without having become payable, by a master pension entity of one or more pension plans at any time in a fiscal year of the master pension entity and if the particular amount of tax is not an excluded amount of the master pension entity, an amount of tax equal to the amount determined by the following formula is deemed, for each of those pension plans, to have been paid at that time by the designated pension entity of the pension plan at that time in respect of the master pension entity:

$A \times B.$

**Interpretation.**

For the purposes of the formula in the first paragraph,

(1) A is

(a) if the designated pension entity is a selected listed financial institution and the particular amount of tax is payable under the first paragraph of section 16 or any of sections 17, 18 and 18.0.1, zero, and

(b) in any other case, the amount determined by the formula

$C - D;$  and

(2) B is the master pension factor in respect of the pension plan for the fiscal year of the master pension entity that includes that time.

**Interpretation.**

For the purposes of the formula in the second paragraph,

(1) C is the particular amount of tax; and

(2) D is the total of all amounts each of which is included in the particular amount of tax and is

(a) an input tax refund that the master pension entity is entitled to claim in respect of the particular amount of tax,

(b) an amount for which it can reasonably be regarded that the master pension entity has obtained or is entitled to obtain a rebate, refund, remission or compensation under any other section of this Act or under any other Act, or

(c) an amount that can reasonably be regarded as being included in an amount adjusted, refunded or credited to or in favour of the master pension entity for which a credit note referred to in section 449 has been received by the master pension entity or a debit note referred to in that section has been issued by the master pension entity.

History: 2020, c. 16, s. 219.

**Joint election.**

**289.16.** A master pension entity of a pension plan having two or more pension entities may jointly elect with one of those pension entities, in the prescribed form containing prescribed information, to have that pension entity be, while the election is in effect, the designated pension entity of the pension plan in respect of the master pension entity for the purposes of this subdivision.

History: 2020, c. 16, s. 219.

**Effective period of election.**

**289.17.** An election made under section 289.16 by a particular person that is a master pension entity of a pension plan and by another person that is a pension entity of the pension plan becomes effective on the day set out in the document evidencing the election and ceases to have effect on the earliest of

(1) the day on which the particular person ceases to be a master pension entity of the pension plan;

(2) the day on which the other person ceases to be a pension entity of the pension plan;

(3) the day on which an election made under section 289.16 by the particular person and by a third person that is a pension entity of the pension plan becomes effective; and

(4) the day specified in a notice of revocation of the election made in accordance with section 289.18.

History: 2020, c. 16, s. 219.

**Revocation.**

**289.18.** A master pension entity and a pension entity that have jointly made an election under section 289.16 may jointly revoke the election, in the prescribed form containing prescribed information, effective on the day specified in the revocation.

History: 2020, c. 16, s. 219.

**DIVISION II  
BENEFIT**

**Benefit to an employee or shareholder.**

**290.** Where a registrant makes a supply, other than an exempt or zero-rated supply, to an individual or a person related to the individual of property or a service, and an

amount (in this paragraph referred to as the “benefit amount”) in respect of the supply is required by section 37, 41, 41.1.1, 41.1.2 or 111 of the Taxation Act (chapter I-3) to be included in computing the individual’s income for a taxation year of the individual, or the supply relates to the use or operation of an automobile and an amount (in this paragraph referred to as a “reimbursement”) is paid by the individual or a person related to the individual that reduces the amount in respect of the supply that would otherwise be required under section 41, 41.1.1, 41.1.2 or 111 of the Taxation Act to be so included, the following rules apply:

(1) in the case of a supply of property otherwise than by way of sale, the use made by the registrant in so providing the property to the individual or person related to the individual is deemed to be use in commercial activities of the registrant and, to the extent that the registrant acquired the property or brought the property into Québec for the purpose of making that supply, the registrant is deemed to have so acquired the property or brought the property into Québec for use in commercial activities of the registrant; and

(2) for the purpose of determining the net tax of the registrant,

(a) the total of the benefit amount and all reimbursements is deemed to be the total consideration payable in respect of the provision during the year of the property or service to the individual or person related to the individual,

(b) the tax calculated on the total consideration is deemed to be equal to

i. where the benefit amount is an amount that is or would, if the individual were an employee of the registrant and no reimbursements were paid, be required under section 41.1.1 or 41.1.2 of the Taxation Act to be included in computing the individual’s income, the prescribed percentage of the total consideration,

ii. where the benefit amount is required under section 37 or 41 of the Taxation Act to be included in computing the individual’s income from an office or employment and the last establishment of the employer at which the individual ordinarily worked or to which the individual ordinarily reported in the year in relation to that office or employment is located in Québec, the amount determined by multiplying the total consideration by 9.975/109.975, and

iii. where the benefit amount is required under section 111 of the Taxation Act to be included in computing the individual’s income and the individual is resident in Québec at the end of the year, the amount determined by multiplying the total consideration by 9.975/109.975, and

(c) that tax is deemed to have become collectible, and to have been collected, by the registrant

i. except where subparagraph ii applies, on the last day of February of the year following the taxation year, and

ii. where the benefit amount is or would, if no reimbursements were paid, be required under section 111 of the Taxation Act to be included in computing the individual’s income and relates to the provision of the property or service in a taxation year of the registrant, on the last day of that taxation year.

**Exception.**

Subparagraph 2 of the first paragraph does not apply where the registrant is, by reason of section 203 or 206, not entitled to include, in determining an input tax refund, an amount in respect of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the property or service.

History: 1991, c. 67, s. 290; 1993, c. 19, s. 210; 1994, c. 22, s. 513; 1995, c. 63, s. 382 [amended by 1997, c. 85, s. 747; 2019, c. 14, s. 591]; 1997, c. 85, s. 580 [amended by 2001, c. 53, s. 387]; 2010, c. 5, s. 217 [amended by 2019, c. 14, s. 603]; 2011, c. 6, s. 253; 2012, c. 28, s. 88.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 173(1).

**291. (Repealed).**

History: 1991, c. 67, s. 291; 1994, c. 22, s. 514.

**Exceptions.**

**292.** Subparagraph 2 of the first paragraph of section 290 does not apply in respect of property where

(1) the registrant is an individual or a partnership and the property is a passenger vehicle or an aircraft of the registrant that is not used by the registrant exclusively in commercial activities of the registrant;

(2) the registrant is not an individual or a partnership and the property is a passenger vehicle or an aircraft of the registrant that is not used by the registrant primarily in commercial activities of the registrant;

(3) an election made by the registrant under section 293 in respect of the property is in effect at the beginning of the taxation year; or

(4) *(paragraph repealed)*;

(5) *(paragraph repealed)*.

History: 1991, c. 67, s. 292; 1993, c. 19, s. 211; 1994, c. 22, s. 515; 1995, c. 63, s. 383 [amended by 1997, c. 85, s. 748; 2019, c. 14, s. 592]; 1997, c. 3, s. 135; 1997, c. 85, s. 581; 2004, c. 21, s. 530; 2019, c. 14, s. 549.

**Interpretation Bulletins:** TVQ. 206.1-10.

**Corresponding Federal Provision:** 173(1).



**Election in respect of a passenger vehicle or aircraft acquired by way of lease.**

**293.** Where in a reporting period of a registrant other than a financial institution, the registrant acquires a passenger vehicle or an aircraft by way of lease for use otherwise than primarily in the course of commercial activities of the registrant or the registrant uses, otherwise than primarily in the course of commercial activities of the registrant, a passenger vehicle or an aircraft that was last acquired by the registrant by way of lease, or where in a reporting period of a registrant that is a financial institution, the registrant acquires such property by way of purchase or lease or the registrant uses such property that was last acquired by the registrant by way of purchase or lease, the registrant may make an election in respect of the vehicle or aircraft to take effect on the first day of that reporting period of the registrant, in which event the following rules apply:

(1) despite subparagraph 1 of the first paragraph of section 290, the registrant is deemed to have begun, on that day, to use the property exclusively in activities of the registrant that are not commercial activities and, as soon as the election becomes effective and until the registrant disposes of or ceases to lease the property, the registrant is deemed to use the property exclusively in activities of the registrant that are not commercial activities;

(2) where the property was last supplied to the registrant by way of lease,

(a) there shall not be included, in determining an input tax refund claimed by the registrant in the return under section 468 for the particular or any subsequent reporting period, tax calculated on consideration, or a part thereof, for that supply that is reasonably attributable to a reporting period after the day the election becomes effective, and

(b) where an amount in respect of any tax referred to in subparagraph *a* was included in determining an input tax refund claimed by the registrant in a return under section 468 for a reporting period ending before the particular reporting period, that amount shall be added in determining the net tax of the registrant for the particular reporting period;

(2.1) where the property was last supplied to the registrant by way of sale, the registrant is a financial institution and the cost of the property to the registrant did not exceed \$50,000,

(a) there shall not be included, in determining an input tax refund claimed by the registrant in a return under section 468 for that or any subsequent reporting period, tax calculated on all or part of the consideration for that supply and tax in respect of improvements to the property that were acquired or brought into Québec by the registrant after the property was last so acquired or brought into Québec, and

(b) where an amount in respect of any tax referred to in subparagraph *a* was included in determining an input tax

refund claimed by the registrant in a return under section 468 for a reporting period that ends before that period, that amount shall be added in determining the net tax of the registrant for that period;

(3) there shall not be included, in determining an input tax refund claimed by the registrant in a return under section 468 for that or any subsequent reporting period, tax calculated on an amount of consideration, or a value within the meaning of section 17, that may reasonably be attributed to

(a) any property that is acquired or brought into Québec for consumption or use in operating the vehicle or aircraft in respect of which the election is made and that is, or is to be, consumed or used after that day,

(b) that portion of any service relating to the operation of that vehicle or aircraft that is, or is to be, rendered after that day; and

(4) where an amount in respect of any tax referred to in paragraph 3 was included in determining an input tax refund claimed by the registrant in a return under section 468 for a reporting period ending before that reporting period, that amount shall be added in determining the net tax of the registrant for that reporting period.

**Form of election.**

Any election under the first paragraph shall be made in prescribed form containing prescribed information.

History: 1991, c. 67, s. 293; 1994, c. 22, s. 516; 1997, c. 85, s. 582; 2012, c. 28, s. 89.

**Corresponding Federal Provision:** 173(2) to (4).

**DIVISION III  
SMALL SUPPLIER**

**Small supplier.**

**294.** A person is a small supplier throughout a particular calendar quarter and the first month immediately following the particular calendar quarter if the total referred to in paragraph 1 does not exceed the sum of the total referred to in paragraph 2 and \$30,000 or, where the person is a public service body, \$50,000:

(1) the total of all amounts each of which is the value of the consideration (other than consideration referred to in section 75.2 that is attributable to goodwill of a business) that became due in the four calendar quarters immediately preceding the particular calendar quarter, or that was paid in those four calendar quarters without having become due, to the person or an associate of the person at the beginning of the particular calendar quarter for taxable supplies made inside or outside Québec by the person or associate, other than

(a) supplies of financial services;

(b) supplies by way of sale of capital property of the person or associate; and

(c) supplies of movable property that are deemed to be made otherwise than in the course of commercial activities for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) where, in the four calendar quarters immediately preceding the particular calendar quarter, the person or an associate of the person at the beginning of the particular calendar quarter made a taxable supply of a right to participate in a game of chance or is deemed, under section 60, to have made a supply in respect of a bet and the supply is a taxable supply, the total of all amounts each of which is

(a) an amount of money paid or payable by the person or the associate as a prize or winnings in the game or in satisfaction of the bet, or

(b) consideration paid or payable by the person or the associate for property or a service that is given as a prize or winnings in the game or in satisfaction of the bet.

History: 1991, c. 67, s. 294; 1994, c. 22, s. 517; 1995, c. 1, s. 288; 1995, c. 63, s. 384; 1997, c. 85, s. 583; 2012, c. 28, s. 90; 2015, c. 21, s. 685.

**Interpretation Bulletins:** TVQ. 207-1; TVQ. 407.3-1; TVQ. 415-2/R2.

**Corresponding Federal Provision:** 148(1).

**Exception.**

**295.** Notwithstanding section 294, where at any time in a calendar quarter the total referred to in paragraph 1 exceeds the sum of the total referred to in paragraph 2 and \$30,000 or, where the person is a public service body, \$50,000:

(1) the total of all amounts each of which is the value of the consideration (other than consideration referred to in section 75.2 that is attributable to goodwill of a business) that became due in the calendar quarter or was paid in that calendar quarter without having become due, to the person or an associate of the person at the beginning of the calendar quarter for taxable supplies made inside or outside Québec by the person or associate, other than

(a) supplies of financial services;

(b) supplies by way of sale of capital property of the person or associate; and

(c) supplies of movable property that are deemed to be made otherwise than in the course of commercial activities for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) where, in the calendar quarter, the person or an associate of the person at the beginning of the calendar quarter made a

taxable supply of a right to participate in a game of chance or is deemed, under section 60, to have made a supply in respect of a bet and the supply is a taxable supply, the total of all amounts each of which is

(a) an amount of money paid or payable by the person or the associate as a prize or winnings in the game or in satisfaction of the bet, or

(b) consideration paid or payable by the person or the associate for property or a service that is given as a prize or winnings in the game or in satisfaction of the bet;

the person is not a small supplier throughout the period beginning immediately before that time and ending on the last day of the calendar quarter.

History: 1991, c. 67, s. 295; 1994, c. 22, s. 518; 1995, c. 1, s. 289; 1995, c. 63, s. 384; 1997, c. 85, s. 584; 2012, c. 28, s. 91; 2015, c. 21, s. 686.

**Interpretation Bulletins:** TVQ. 415-2/R2.

**Corresponding Federal Provision:** 148(2).

**296. (Repealed).**

History: 1991, c. 67, s. 296; 2012, c. 28, s. 92.

**Exception.**

**296.1.** Section 294 does not apply to a person not resident in Québec who makes a supply in Québec of admissions in respect of an activity, a seminar, an event or a place of amusement and whose only business carried on in Québec is the making of such supplies.

History: 1995, c. 63, s. 385.

**Corresponding Federal Provision:** 148(3).

**“associate”.**

**297.** For the purposes of sections 294 and 295, the expression “associate” of a particular person at any time means another person who is associated at that time with the particular person.

History: 1991, c. 67, s. 297.

**Corresponding Federal Provision:** 148(4).

**“gross revenue”.**

**297.0.1.** For the purposes of section 297.0.2, “gross revenue” of a person for a fiscal year of the person means the amount by which the amount determined under subparagraph 1 exceeds the amount determined under subparagraph 2:

(1) the amount that is the total of the following amounts that have not already been included in determining the total under this section for a preceding fiscal year of the person and each of which is

(a) a gift that is received or becomes receivable depending on the method (in this section referred to as the “accounting method”) followed by the person in determining the person’s revenue for the fiscal year, by the person during the fiscal year,

(b) a grant, subsidy, forgivable loan or other assistance (other than a refund or rebate of, or credit in respect of duties, fees or taxes imposed by an Act of Québec, of another province, of the Northwest Territories, of the Yukon Territory, of Nunavut or of the Parliament of Canada) in the form of money that is received or becomes receivable, depending on the accounting method, by the person during the fiscal year from a government, municipality or other public authority,

(c) revenue that is or would be, if the person were a taxpayer under the Taxation Act (chapter I-3), included for the purposes of that Act in determining the person’s income for the fiscal year from property, a business, an adventure or concern in the nature of trade or other source and that is not included in subparagraph b,

(d) an amount that is or would be, if the person were a taxpayer under the Taxation Act, a capital gain for the fiscal year for the purposes of that Act from the disposition of property of the person, or

(e) other revenue of any kind whatever (other than an amount that is or would be, if the person were a taxpayer under the Taxation Act, included in determining the amount of a capital gain or loss of the person for the purposes of that Act) that is received or becomes receivable, depending on the accounting method, by the person during the fiscal year;

(2) the total of all amounts each of which is, or would be, if the person were a taxpayer under the Taxation Act, a capital loss for the fiscal year for the purposes of that Act from the disposition of property of the person.

History: 1995, c. 1, s. 290; 1995, c. 63, s. 386; 2003, c. 2, s. 329; 2015, c. 21, s. 687.

**Corresponding Federal Provision:** 148.1(1).

**Charity or public institution as a small supplier.**

**297.0.2.** A person that is a charity or a public institution at any time in a particular fiscal year of the person is a small supplier throughout the particular fiscal year if

(1) the particular fiscal year is the first fiscal year of the person;

(2) the particular fiscal year is the second fiscal year of the person and the gross revenue of the person for the first fiscal year does not exceed \$250,000; or

(3) the particular fiscal year is not the first or second fiscal year of the person and the gross revenue of the person for

either of the two fiscal years immediately preceding the particular fiscal year of the person does not exceed \$250,000.

History: 1995, c. 1, s. 290; 1997, c. 85, s. 585.

**Interpretation Bulletins:** TVQ. 407.3-1.

**Corresponding Federal Provision:** 148.1(2).

**DIVISION III.0.0.1  
FINANCIAL INSTITUTION**

**Election — deemed supply of financial services.**

**297.0.2.1.** Where a particular corporation that is a member of a closely related group of which a listed financial institution is a member and another corporation that is a member of the group make a valid joint election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the particular corporation and the other corporation shall make the joint election that every supply between them of property by way of lease, licence or similar arrangement or of a service that is made at a time when the election under that subsection 1 is in effect for the purposes of Part IX of that Act that would, but for this section, be a taxable supply is deemed to be a supply of a financial service.

**Form and manner of filing.**

An election required to be made by a particular corporation under the first paragraph must be made in the prescribed form containing prescribed information, specify the day the election is to become effective, and be filed by the particular corporation with the Minister on or before the day on which a return under Chapter VIII for the reporting period of the particular corporation in which the election is to become effective is required to be filed.

**Deemed election.**

Where a particular corporation has, before 1 January 2013, made a valid joint election with another corporation under subsection 1 of section 150 of the Excise Tax Act and that election is valid on that date for the purposes of Part IX of that Act, the particular corporation is deemed to have made the election required under the first paragraph.

History: 2012, c. 28, s. 93.

**Corresponding Federal Provision:** 150(1) and (3).

**Exceptions.**

**297.0.2.2.** The election required under section 297.0.2.1 does not apply in respect of

(1) property held or services rendered by a corporation party to the election as a participant in a joint venture with another person while an election under section 346 made jointly by the corporation and the other person is in effect;

(2) a supply described in section 18; or

(3) a supply of services in relation to the clearing or settlement of cheques and other payment items under the national payments system of the Canadian Payments Association if the recipient (in this subparagraph referred to as the “related purchaser”) is acquiring all or part of those services for the purpose of making a supply of exempt services to

(a) an unrelated party, or

(b) a supplier that is a member of a closely related group of which the related purchaser is a member and that acquires all or part of the exempt services for the purpose of making a supply of exempt services to an unrelated party or to another supplier described by this subparagraph.

**Definitions:**

For the purposes of the first paragraph,

**“exempt services”;**

“exempt services” means any service in relation to the clearing and settlement of cheques and other payment items under the national payments system of the Canadian Payments Association that is supplied by the Association or any of its members;

**“unrelated party”.**

“unrelated party”, in respect of a supply of services, means a person that is not a member of a closely related group of which the supplier is a member and that is acquiring the services for the purpose of making a supply of services in relation to the clearing or settlement of cheques and other payment items under the national payments system of the Canadian Payments Association.

**Transitional provision.**

If a supply is made between a person and a corporation that have jointly made an election under section 297.0.2.1 and the election is in effect on 22 March 2016 and on the day, after that date but before 22 March 2017, on which the agreement for the supply is entered into, the first paragraph is to be read, in respect of the supply, as if the following subparagraph were inserted after subparagraph 2:

(« 2.1) a supply made between a person and a corporation if

(a) the supply is

i. a supply of a service and it is not the case that all or substantially all of the service is performed before 22 March 2017, or

ii. a supply of property by way of lease, licence or similar arrangement and it is not the case that all or substantially all of the property is delivered or made available to the recipient of the supply before 22 March 2017, and

(b) the person and the corporation are not members of the same closely related group either at any time after the day on

which the agreement for the supply is entered into but before 22 March 2017 or on that latter date; or ».

History: 2012, c. 28, s. 93; 2020, c. 16, s. 220.

**Corresponding Federal Provision:** 150(2) and (2.1).

**Effect of election.**

**297.0.2.3.** The election required under section 297.0.2.1 is valid for the period that begins on 1 January 2013 or, if made later, the day on which the election made under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) becomes effective, and that ends on the earliest of

(1) the day either corporation that made the election ceases to be a member of one and the same closely related group;

(2) the first day the closely related group of which the corporations that made the election are members does not include a listed financial institution (other than a corporation that is a financial institution only by reason of the presumption provided for in section 297.0.2.6); and

(3) the day specified in a notice of revocation filed jointly by the corporations that made the election with the Minister in prescribed manner and containing prescribed information.

**Notice of revocation.**

For the purposes of subparagraph 3 of the first paragraph, the following rules apply:

(1) where a notice of revocation in relation to the election made under subsection 1 of section 150 of the Excise Tax Act is filed by the corporations that made the election required under section 297.0.2.1, in accordance with paragraph *c* of subsection 4 of section 150 of that Act, a notice of revocation stating the date specified in the notice of revocation filed in accordance with that paragraph *c* must also be filed by the corporations with the Minister; and

(2) a notice of revocation may be filed with the Minister only if the corporations that made the joint election required under section 297.0.2.1 have filed a notice of revocation in accordance with paragraph *c* of subsection 4 of section 150 of the Excise Tax Act.

History: 2012, c. 28, s. 93.

**Corresponding Federal Provision:** 150(4).

**Credit unions.**

**297.0.2.4.** The following rules apply to credit unions:

(1) every credit union is deemed to be at all times a member of a closely related group of which every other credit union is a member;

(2) every credit union is deemed to have made the election required under section 297.0.2.1 with every other credit union, which election is in effect at all times; and

(3) every supply of a corporeal movable property (other than a capital property) made by a credit union to another credit union is deemed to be a supply of a financial service.

History: 2012, c. 28, s. 93.

**Corresponding Federal Provision:** 150(6).

**Mutual insurance group.**

**297.0.2.5.** The following rules apply to the members of a mutual insurance group:

(1) every member of a mutual insurance group is deemed to be at all times a member of a closely related group of which every other member of the mutual insurance group is a member; and

(2) every member of a mutual insurance group is deemed to have made the election required under section 297.0.2.1 with every other member of the mutual insurance group, which election is in effect at all times.

History: 2012, c. 28, s. 93.

**Corresponding Federal Provision:** 150(7).

**Effect of election.**

**297.0.2.6.** A corporation that is a member of a closely related group and that makes the election required under section 297.0.2.1 is deemed to be a financial institution throughout the period for which the election is in effect.

History: 2012, c. 28, s. 93.

**Corresponding Federal Provision:** 151.

**DIVISION III.0.1  
NETWORK SELLER**

**Definitions:**

**297.0.3.** For the purposes of this division and of sections 457.0.1 to 457.0.5,

**“network commission”;**

“network commission” means, in respect of a sales representative of a person, an amount that is payable by the person to the sales representative under an agreement between the person and the sales representative

(1) as consideration for a supply of a service, made by the sales representative, of arranging for the sale of a select product or a sales aid of the person; or

(2) solely as a consequence of a supply of a service, made by any sales representative of the person described in paragraph 1 of the definition of “sales representative”, of arranging for the sale of a select product or a sales aid of the person;

**“network seller”;**

“network seller” means a person notified by the Minister of an approval under section 297.0.7;

**“sales aid”;**

“sales aid” of a particular person that is a network seller or a sales representative of a network seller means property (other than a select product of any person) that

(1) is a customized business form or a sample, demonstration kit, promotional or instructional item, catalogue or similar movable property acquired, manufactured or produced by the particular person for sale to assist in the distribution, promotion or sale of select products of the network seller; and

(2) is neither sold nor held for sale by the particular person to a sales representative of the network seller that is acquiring the property for use as capital property;

**“sales representative”;**

“sales representative” of a particular person means

(1) a person (other than an employee of the particular person or a person acting, in the course of its commercial activities, as mandatary in making supplies of select products of the particular person on behalf of the particular person) that

(a) has a contractual right under an agreement with the particular person to arrange for the sale of select products of the particular person, and

(b) does not arrange for the sale of select products of the particular person primarily at a fixed place of business of the person other than a private residence; or

(2) a person (other than an employee of the particular person or a person acting, in the course of its commercial activities, as mandatary in making supplies of select products of the particular person on behalf of the particular person) that has a contractual right under an agreement with the particular person to be paid an amount by the particular person solely as a consequence of a supply of a service, made by a person described in paragraph 1, of arranging for the sale of a select product or a sales aid of the particular person;

**“select product”;**

“select product” of a person means corporeal movable property that

(1) is acquired, manufactured or produced by the person for supply by the person for consideration, otherwise than as used corporeal movable property, in the ordinary course of business of the person; and

(2) is ordinarily acquired by consumers by way of sale.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(1).

**Qualifying network seller.**

**297.0.4.** For the purposes of this division, a person is a qualifying network seller throughout a fiscal year of the person if

(1) all or substantially all of the total of all consideration, included in determining the person's income from a business for the fiscal year, for supplies made in Québec by way of sale is for

(a) supplies of select products of the person, made by the person, by way of sales that are arranged for by sales representatives of the person (in this section referred to as "select supplies"), or

(b) if the person is a direct seller (as defined in section 297.1), supplies by way of sale of exclusive products (as defined in that section) of the person made by the person to independent sales contractors (as defined in that section) of the person at any time when an approval of the Minister for the purposes of sections 297.2 to 297.7.0.2 to the person is in effect;

(2) all or substantially all of the total of all consideration, included in determining the person's income from a business for the fiscal year, for select supplies is for select supplies made to consumers;

(3) all or substantially all of the sales representatives of the person to which network commissions become payable by the person during the fiscal year are sales representatives, each having a total of such network commissions of not more than the amount determined by the formula

$\$30,000 \times A / 365$ ; and

(4) the person and each of its sales representatives have made joint elections under section 297.0.6.

**Interpretation.**

For the purposes of the formula in subparagraph 3 of the first paragraph, A is the number of days in the fiscal year.

History: 2011, c. 6, s. 254; 2012, c. 28, s. 94.

**Corresponding Federal Provision:** 178(2).

**Application.**

**297.0.5.** A person may file an application with the Minister in prescribed form containing prescribed information to have section 297.0.9 apply to the person and each of its sales representatives, beginning on the first day of a fiscal year of the person, if the person

(1) is registered under Division I of Chapter VIII and is reasonably expected to be, throughout the fiscal year,

(a) engaged exclusively in commercial activities, and

(b) a qualifying network seller; and

(2) files the application in the manner prescribed by the Minister before,

(a) in the case of a person that has never made a supply of a select product of the person, the day in the fiscal year on which the person first makes a supply of a select product of the person, and

(b) in any other case, the first day of the fiscal year.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(3).

**Joint election.**

**297.0.6.** A person to which section 297.0.5 applies or a person that is a network seller and a sales representative of the person may jointly elect, in prescribed form containing prescribed information, to have section 297.0.9 apply to them at all times when an approval granted under section 297.0.7 is in effect.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(4).

**Approval or refusal.**

**297.0.7.** The Minister may approve an application filed under section 297.0.5 by a person or refuse the application and shall notify the person in writing of the approval and the day on which it becomes effective or of the refusal.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(5).

**Evidence of joint elections.**

**297.0.8.** A network seller shall maintain evidence satisfactory to the Minister that the network seller and each of its sales representatives have made joint elections under section 297.0.6.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(6).

**Effect of approval.**

**297.0.9.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, a network commission becomes payable by the network seller to a sales representative of the network seller as consideration for a taxable supply (other than a zero-rated supply) of a service made in Québec by the sales representative, the supply is deemed not to be a supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(7).

**Sales aid.**

**297.0.10.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, the network seller or a sales representative of the network seller makes in Québec a taxable supply by way of sale of a sales aid of the network seller or of the sales representative, as the case may be, to a sales representative of the network seller, the supply is deemed not to be a supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(8).

**Host gifts.**

**297.0.11.** If an approval granted by the Minister under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, the network seller or a particular sales representative of the network seller makes a supply of property to an individual as consideration for the supply by the individual of a service of acting as a host at an event organized for the purpose of allowing a sales representative of the network seller or the particular sales representative, as the case may be, to promote, or to arrange for the sale of, select products of the network seller, the individual is deemed not to have made a supply of the service and the service is deemed not to be consideration for a supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(9).

**Notification of refusal.**

**297.0.12.** A person notified by the Minister of a refusal under section 297.0.7 shall, without delay and in a manner satisfactory to the Minister, notify the sales representative with whom the person made a joint election under section 297.0.6.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(10).

**Revocation by the Minister.**

**297.0.13.** The Minister may, effective on the first day of a fiscal year of a network seller, revoke an approval granted under section 297.0.7 if, before that day, the Minister notifies the network seller of the revocation and the day on which it becomes effective and if

- (1) the network seller fails to comply with a provision of this Title;
- (2) it can reasonably be expected that the network seller will not be a qualifying network seller throughout the fiscal year;
- (3) the network seller requests in writing that the Minister revoke the approval;

(4) the notice referred to in section 416 has been given to, or the request referred to in subparagraph 1 of the first paragraph of section 417 has been filed by, the network seller; or

(5) it can reasonably be expected that the network seller will not be engaged exclusively in commercial activities throughout the fiscal year.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(11).

**Deemed revocation.**

**297.0.14.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect at any time in a particular fiscal year of the network seller and, at any time during the particular fiscal year, the network seller ceases to be engaged exclusively in commercial activities or the Minister cancels the registration of the network seller, the approval is deemed to be revoked, effective on the first day of the fiscal year of the network seller immediately following the particular fiscal year, unless, on that first day, the network seller is registered under Division I of Chapter VIII and it is reasonably expected that the network seller will be engaged exclusively in commercial activities throughout that following fiscal year.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(12).

**Effect of revocation.**

**297.0.15.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is revoked under section 297.0.13 or 297.0.14, the following rules apply:

- (1) the approval ceases to have effect immediately before the day on which the revocation becomes effective;
- (2) the network seller shall without delay notify each of its sales representatives in a manner satisfactory to the Minister of the revocation and the day on which it becomes effective; and
- (3) a subsequent approval granted under section 297.0.7 in respect of the network seller and each of its sales representatives may not become effective before the first day of a fiscal year of the network seller that is at least two years after the day on which the revocation became effective.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(13).

**Effect of revocation.**

**297.0.16.** A taxable supply (other than a zero-rated supply) of a service made in Québec by a sales representative of a network seller is deemed not to be a supply if

(1) the consideration for the taxable supply is a network commission that becomes payable by the network seller to the sales representative at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation on the basis of any of paragraphs 1 to 3 of section 297.0.13;

(2) the approval could not have been revoked on the basis of paragraph 4 or 5 of section 297.0.13 and would not have otherwise been revoked under section 297.0.14;

(3) at the time the network commission becomes payable, the sales representative

(a) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(b) neither knows, nor ought to know, that the approval ceased to have effect; and

(4) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(14).

**Failure to notify on revocation.**

**297.0.17.** Section 297.0.18 applies if the following conditions are satisfied:

(1) the consideration for a taxable supply (other than a zero-rated supply) of a service made in Québec by a sales representative of a network seller is a network commission that becomes payable by the network seller to the sales representative at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation under section 297.0.13 or 297.0.14;

(2) the approval was, or could at any time otherwise have been, revoked under paragraph 4 or 5 of section 297.0.13 or was, or would at any time otherwise have been, revoked under section 297.0.14;

(3) at the time the network commission becomes payable, the sales representative

(a) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(b) neither knows, nor ought to know, that the approval ceased to have effect; and

(4) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(15).

**Failure to notify on revocation.**

**297.0.18.** If the conditions described in section 297.0.17 are satisfied, the following rules apply:

(1) section 68 does not apply in respect of the taxable supply described in paragraph 1 of section 297.0.17;

(2) tax that becomes payable or that would, in the absence of section 68, become payable in respect of the taxable supply is not included in determining the net tax of the sales representative referred to in paragraph 1 of section 297.0.17; and

(3) the consideration for the taxable supply is not, in determining whether the sales representative is a small supplier, included in the total referred to in paragraph 1 of section 294 or in paragraph 1 of section 295.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(16).

**Sales aids on revocation.**

**297.0.19.** A taxable supply of a sales aid of a particular sales representative of a network seller made in Québec by way of sale to another sales representative of the network seller is deemed not to be a supply if

(1) the consideration for the taxable supply becomes payable at any time after the day on which an approval granted under section 297.0.7 ceases to have effect as a consequence of a revocation under section 297.0.13 or 297.0.14;

(2) at the time the consideration becomes payable, the particular sales representative

(a) has not been notified of the revocation by the network seller, as required under paragraph 2 of section 297.0.15, or by the Minister, and

(b) neither knows, nor ought to know, that the approval ceased to have effect; and

(3) an amount has not been charged or collected as or on account of tax in respect of the taxable supply.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(17).

**Restrictions on input tax refunds.**

**297.0.20.** If a registrant that is a network seller in respect of which an approval granted under section 297.0.7 is in effect acquires or brings into Québec property (other than a select product of the network seller) or a service for supply to a sales representative of the network seller or an individual related to the sales representative for no consideration or for consideration that is less than the fair market value of the property or service, tax becomes payable in respect of the acquisition or bringing into Québec and the sales



representative or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the sales representative or individual, as the case may be, the following rules apply:

(1) no tax is payable in respect of the supply; and

(2) in determining an input tax refund of the registrant, no amount must be included in respect of tax that becomes payable, or is paid without having become payable, by the registrant in respect of the property or service.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(18).

**Appropriations for sales representatives.**

**297.0.21.** If a registrant that is a network seller in respect of which an approval granted under section 297.0.7 is in effect and that, in the course of commercial activities of the registrant, has acquired, manufactured or produced property (other than a select product of the network seller), or has acquired or performed a service, appropriates the property or service, at any time, for the benefit of any of the sales representatives of the network seller or of an individual related to the sales representative (otherwise than by way of a supply made for consideration equal to the fair market value of the property or service), and the sales representative or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the sales representative or individual, the registrant shall be deemed

(1) to have made a supply of the property or service for consideration paid at that time equal to the fair market value of the property or service at that time; and

(2) to have collected, at that time, tax in respect of the supply, unless the supply is an exempt supply, calculated on that consideration.

**Exception.**

This section does not apply to property or a service appropriated by a registrant that was not entitled to claim an input tax refund in respect of the property or service because of section 203 or 206.

History: 2011, c. 6, s. 254 [amended by 2019, c. 14, s. 604].

**Corresponding Federal Provision:** 178(19) and (20).

**Ceasing to be a registrant.**

**297.0.22.** If an approval granted under section 297.0.7 in respect of a network seller and each of its sales representatives is in effect and, at any time, a sales representative of the network seller ceases to be a registrant, paragraph 1 of section 209 does not apply to sales aids that were supplied to the sales representative by the network

seller or another sales representative of the network seller at any time when the approval was in effect.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(21).

**Non-arm's length supply.**

**297.0.23.** Section 55 does not apply to the supply described in section 297.0.11 made to an individual acting as a host.

History: 2011, c. 6, s. 254.

**Corresponding Federal Provision:** 178(22).

**297.0.24. (Repealed).**

History: 2011, c. 6, s. 254; 2015, c. 21, s. 688.

**Network sellers rules.**

**297.0.25.** If a network seller that is a registrant is granted an approval under subsection 5 of section 178 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:

(1) the network seller is not required to file an application under section 297.0.5;

(2) the network seller is deemed to have been granted an approval under section 297.0.7 and the time or day on which the approval becomes effective is the same as the time or day on which the approval granted under subsection 5 of section 178 of that Act becomes effective; and

(3) the approval deemed to have been granted to the network seller under section 297.0.7 is deemed

(a) to have been revoked on the day on which revocation of the approval granted under subsection 5 of section 178 of that Act becomes effective and the revocation is deemed to be in effect on that day, and

(b) to have ceased to have effect on the day on which the approval referred to in subparagraph *a* ceased to have effect.

**Powers of the Minister.**

The Minister may require to be informed by the network seller in the manner prescribed by the Minister in prescribed form containing prescribed information, and within the time determined by the Minister, of an approval granted under subsection 5 of section 178 of that Act, of a revocation of that approval or of the fact that an approval has ceased to have effect, or require the network seller to send notice of an approval or of its revocation to the Minister.

History: 2011, c. 6, s. 254.

**DIVISION III.1  
DIRECT SELLERS**

**Definitions:**

**297.1.** For the purposes of this division,

**“direct seller”;**

“direct seller” means a person who sells exclusive products of the person to independent sales contractors of the person;

**“distributor”;**

“distributor” of a direct seller means a person who is an independent sales contractor of the direct seller and who, in the course of the contractor’s business, sells some or all of the exclusive products of the direct seller acquired by the contractor to other independent sales contractors of the direct seller;

**“exclusive product”;**

“exclusive product” of a direct seller means movable property that is acquired, manufactured or produced by the direct seller for sale, in the ordinary course of a business of the direct seller, to an independent sales contractor of the direct seller, with the expectation that the property would be ultimately sold, otherwise than as used corporeal movable property, by an independent sales contractor of the direct seller, in the ordinary course of a business of the contractor, for consideration to a person other than an independent sales contractor;

**“independent sales contractor”;**

“independent sales contractor” of a direct seller means a person, other than a mandatary or employee of the direct seller or of a distributor of the direct seller, who

(1) has a contractual right to purchase exclusive products of the direct seller from the direct seller or from a distributor of the direct seller;

(2) purchases exclusive products of the direct seller for the purpose of resale to another independent sales contractor of the direct seller or to a purchaser; and

(3) does not solicit, negotiate or enter into contracts for the sale of exclusive products of the direct seller to purchasers primarily at a fixed place of business of the person other than a private residence;

**“purchaser”;**

“purchaser” of an exclusive product of a direct seller means a person who is the recipient of a supply of the product and who is not acquiring the product for the purpose of supplying it for consideration;

**“sales aid”;**

“sales aid” of a person who is a direct seller or a distributor of a direct seller means

(1) property, other than an exclusive product of the direct seller, that is a customized business form or a sample, demonstration kit, promotional or instructional item, catalogue or other movable property acquired, manufactured or produced by the person for sale to assist in the

distribution, promotion or sale of exclusive products of the direct seller, but does not include property that is sold, or held for sale, by the person to an independent sales contractor of the direct seller who is acquiring the property for use as capital property; and

(2) the service of shipping or handling, or processing an order for, either property included in paragraph 1 or an exclusive product of the direct seller;

**“suggested retail price”.**

“suggested retail price” at any time of an exclusive product of a direct seller means the lowest price published by the direct seller applicable to supplies of the product made at that time to purchasers and includes the duties, fees and taxes described in section 52, but does not include tax payable under this Title and duties, fees and taxes prescribed for the purposes of the second paragraph of section 52.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 387; 2001, c. 53, s. 319.

**Corresponding Federal Provision:** 178.1.

**Application for alternate collection method.**

**297.1.1.** A direct seller who is a registrant may file an application in prescribed form containing prescribed information, with and as prescribed by the Minister, to have sections 297.2 to 297.7 apply in respect of the direct seller.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(1).

**Joint application for alternate collection method.**

**297.1.2.** Where a direct seller and a distributor of the direct seller are registrants, they may file a joint application in prescribed form containing prescribed information, with and as prescribed by the Minister, to have sections 297.7.1 to 297.7.4 apply in respect of the distributor.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(2).

**Grant of approval.**

**297.1.3.** Where the Minister receives an application under section 297.1.1 from a direct seller, the Minister may approve the application in writing, and the Minister shall, in writing, notify the direct seller of the approval and the day on which it becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(3).

**Grant of approval.**

**297.1.4.** Where the Minister receives a joint application under section 297.1.2 from a direct seller and a distributor of the direct seller, the Minister may approve the application in writing, and the Minister shall, in writing, notify both the direct seller and the distributor of the approval and the day on which it becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(4).

**Deemed approval.**

**297.1.5.** Where, at a time when an approval granted under section 297.1.3 in respect of a direct seller would not, but for this section, be in effect, an approval granted under section 297.1.4 in respect of a distributor of the direct seller becomes effective and no other approval granted under section 297.1.4 in respect of a distributor of the direct seller is in effect at that time, the direct seller is deemed, for the purposes of this division, to have been granted an approval under section 297.1.3 that becomes effective immediately before that time.

History: 1995, c. 63, s. 388; 1999, c. 83, s. 314.

**Corresponding Federal Provision:** 178.2(5).

**Revocation of approval in respect of a direct seller.**

**297.1.6.** The Minister may revoke an approval granted under section 297.1.3 in respect of a direct seller where an approval granted under section 297.1.4 in respect of a distributor of the direct seller is not in effect and

- (1) the direct seller fails to comply with any provision of this Title; or
- (2) except in the case of an approval deemed under section 297.1.5 to have been granted, the direct seller requests, in writing, the Minister to revoke the approval.

**Notification.**

The Minister shall, in writing, notify the direct seller of the revocation of the approval and the day on which it becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(6).

**Revocation of approval in respect of a distributor.**

**297.1.7.** The Minister may revoke an approval granted under section 297.1.4 in respect of a distributor of a direct seller where

- (1) the distributor fails to comply with any provision of this Title; or
- (2) the distributor and the direct seller, in writing, jointly request the Minister to revoke the approval.

**Notification.**

The Minister shall, in writing, notify both the distributor and the direct seller of the revocation of the approval and the day on which it becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(7).

**Cessation.**

**297.1.8.** An approval granted under section 297.1.3 in respect of a direct seller ceases to have effect on the earliest of

- (1) the day the direct seller ceases to be a registrant;
- (2) the day an approval granted under section 297.1.4 in respect of any distributor of the direct seller ceases to have effect and no other approval granted under that section in respect of any distributor of the direct seller is in effect; and
- (3) the day a revocation of the approval under section 297.1.6 becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(8).

**Cessation.**

**297.1.9.** An approval granted under section 297.1.4 ceases to have effect on the earliest of

- (1) the day the direct seller ceases to be a registrant;
- (2) the day the distributor ceases to be a registrant; and
- (3) the day a revocation of the approval under section 297.1.7 becomes effective.

History: 1995, c. 63, s. 388.

**Corresponding Federal Provision:** 178.2(9).

**Rules applicable to a direct seller.**

**297.1.10.** Where a direct seller who is a registrant is granted approval under subsection 3 of section 178.2 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:

- (1) the direct seller is not required to file an application under section 297.1.1;
- (2) the direct seller is deemed to have been granted approval under section 297.1.3 and the time or day on which the approval becomes effective is the same as the day on which the approval granted under subsection 3 of section 178.2 of that Act becomes effective; and
- (3) the approval deemed to have been granted to the direct seller under section 297.1.3 is deemed
  - (a) to have been revoked on the day on which revocation of the approval granted under subsection 3 of section 178.2 of that Act becomes effective and the revocation is deemed to be in effect on that day, and
  - (b) to have ceased to have effect on the day on which the approval referred to in subparagraph *a* ceased to have effect.

**Power of the Minister.**

The Minister may require to be informed by the direct seller in the manner prescribed by the Minister in prescribed form containing prescribed information, and within the time determined by the Minister, of an approval granted under subsection 3 of section 178.2 of that Act, of a revocation of that approval or of the fact that an approval has ceased to have effect, or require the direct seller to send notice of an approval or of its revocation to the Minister.

History: 1997, c. 14, s. 340.

**Rules applicable to a direct seller and a distributor.**

**297.1.11.** Where a direct seller and a distributor of the direct seller who are registrants have been granted approval under subsection 4 of section 178.2 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the following rules apply:

- (1) the direct seller and the distributor are not required to file a joint application under section 297.1.2;
- (2) the direct seller and the distributor are deemed to have been granted an approval under section 297.1.4 which becomes effective on the day on which the approval granted under subsection 4 of section 178.2 of that Act becomes effective; and
- (3) the approval deemed to have been granted to the direct seller and the distributor under section 297.1.4 is deemed
  - (a) to have been revoked on the day on which the approval granted under subsection 4 of section 178.2 of that Act becomes effective and the revocation is deemed to be in effect on that day, and
  - (b) to have ceased to have effect on the day on which the approval referred to in subparagraph *a* ceased to have effect.

**Power of the Minister.**

The Minister may require to be informed by the direct seller or the distributor in the manner prescribed by the Minister in prescribed form containing prescribed information, and within the time determined by the Minister, of an approval granted under subsection 4 of section 178.2 of that Act, of a revocation of that approval or of the fact that an approval has ceased to have effect, or require the direct seller or the distributor to send notice of an approval or of its revocation to the Minister.

History: 1997, c. 14, s. 340.

**Supply by a direct seller to an independent sales contractor of the direct seller.**

**297.2.** Where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, the direct seller makes in Québec a taxable supply by way of sale, other than a zero-rated supply, of an

exclusive product of the direct seller to an independent sales contractor of the direct seller who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, the following rules apply:

- (1) the supply is deemed to have been made for consideration, that becomes due and is paid at the particular time that is the earlier of the time when any part of the consideration for the supply becomes due and the time when any part of that consideration is paid, equal to the suggested retail price of the exclusive product at the time the supply is made;
- (2) tax is deemed not to be payable by the contractor in respect of the supply;
- (3) the contractor is not entitled to any rebate under sections 400 to 402.0.2 in respect of the supply; and
- (4) in determining the net tax of the direct seller for the reporting period of the direct seller that includes the particular time, there shall be added an amount equal to tax calculated on the suggested retail price of the product at the time the supply is made.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 389.

**Corresponding Federal Provision:** 178.3(1).

**297.3.** *(Repealed).*

History: 1994, c. 22, s. 519; 1995, c. 63, s. 390.

**297.4.** *(Repealed).*

History: 1994, c. 22, s. 519; 1995, c. 63, s. 390.

**Supply by an independent sales contractor.**

**297.5.** Subject to the second paragraph, where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, a particular independent sales contractor of the direct seller, other than a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, makes in Québec a particular taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller, the following rules apply:

- (1) if the recipient of the particular taxable supply is another independent sales contractor of the direct seller, the particular taxable supply is deemed, except for the purposes of section 297.1 and sections 297.2 to 297.7, not to have been made by the particular contractor and not to have been received by the other contractor; and
- (2) if the recipient of the particular taxable supply is a person other than the direct seller or another independent sales contractor of the direct seller,

(a) the particular taxable supply is deemed, except for the purposes of sections 297.1, 297.7 and 297.11, to be a taxable supply made by the direct seller, and not by the particular contractor, for consideration equal to the lesser of the actual consideration for the supply and the suggested retail price of the product at the time the particular taxable supply is made,

(b) any tax in respect of the particular taxable supply that is collected by the particular contractor is deemed to have been collected on behalf of the direct seller, and

(c) tax in respect of the particular taxable supply shall not be included in determining the net tax of the direct seller for any reporting period.

**Application.**

This section applies where section 297.2 applied in respect of a supply of an exclusive product made at an earlier time or where section 297.7.5 applied at an earlier time in respect of the exclusive product.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 391.

**Corresponding Federal Provision:** 178.3(2).

**Supply by an independent sales contractor to the direct seller.**

**297.6.** Where a direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.2 to be added in determining the net tax of the direct seller and an independent sales contractor of the direct seller subsequently supplies the product to the direct seller in a particular reporting period of the direct seller, the following rules apply:

(1) the contractor is deemed not to have supplied the product; and

(2) the direct seller may deduct that amount, in determining the net tax of the direct seller for the particular reporting period or for a subsequent reporting period, in a return under Chapter VIII filed by the direct seller within four years after the day on or before which the return under Chapter VIII for the particular reporting period is required to be filed.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 392; 1997, c. 85, s. 586.

**Corresponding Federal Provision:** 178.3(3).

**Adjustment to the direct seller's net tax.**

**297.7.** A direct seller may deduct the amount determined under subparagraph 3 in determining the net tax for the particular reporting period of 379 the direct seller in which the amount is paid to, or credited by the direct seller in favour of, an independent sales contractor of the direct seller, or for a subsequent reporting period, in a return under Chapter VIII filed by the direct seller within four years after the day on or before which the return under Chapter VIII is required to be filed for the particular reporting period where

(1) at a particular time the direct seller makes a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.2 to be added in determining the net tax of the direct seller;

(2) the independent sales contractor

(a) makes a supply of the product that is

i. a zero-rated supply,

ii. a supply made outside Québec, or

iii. a supply in respect of which the recipient is not required to pay tax under a law of Canada or a province,

(b) makes a supply of the product to a person other than an independent sales contractor of the direct seller for consideration that is less than the suggested retail price of the product at the particular time and more than nominal, and on which was calculated tax that was paid by the person, or

(c) makes a supply of the product to a person other than an independent sales contractor of the direct seller for no consideration or for nominal consideration or appropriates the product for the consumption, use or enjoyment of the particular contractor or that of an individual related thereto; and

(3) the direct seller pays to, or credits in favour of, an independent sales contractor of the direct seller an amount in respect of the product equal to

(a) where subparagraph *a* of subparagraph 2 applies, tax calculated on the suggested retail price of the product at the particular time, and

(b) where subparagraph *b* or *c* of subparagraph 2 applies, the amount determined by the formula

$A - B.$

**Interpretation.**

For the purposes of this formula,

(1) *A* is the tax calculated on the suggested retail price of the product at the particular time; and

(2) *B* is

(a) where subparagraph *b* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product by the contractor, and

(b) where subparagraph *c* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the

supply of the product to the contractor, determined without reference to paragraph 1 of section 297.2.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 393; 1997, c. 85, s. 587; 2020, c. 16, s. 221.

**Corresponding Federal Provision:** 178.3(4).

**Bad debt.**

**297.7.0.1.** A direct seller may deduct the amount determined under subparagraph 4 in determining the net tax for the particular reporting period of the direct seller in which the amount is paid, or credited in favour of, an independent sales contractor of the direct seller, or for a subsequent reporting period, in a return under Chapter VIII filed by the direct seller within four years after the day on which the return under that chapter for the particular reporting period is required to be filed if

(1) the direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.2 to be added in determining the net tax of the direct seller;

(2) a particular independent sales contractor of the direct seller has or would have, but for subparagraph 2 of the first paragraph of section 297.5, also made a supply of the exclusive product to a person with whom the particular independent sales contractor was dealing at arm's length, other than the direct seller and another independent sales contractor of the direct seller;

(3) the direct seller has obtained evidence satisfactory to the Minister that the consideration and the tax payable in respect of the supply by the particular independent sales contractor have become in whole or in part a bad debt and that the amount of the bad debt has, at a particular time, been written off in the books of account of the particular independent sales contractor; and

(4) the direct seller pays to, or credits in favour of, the particular independent sales contractor an amount in respect of the exclusive product equal to the amount determined by the formula

$$A \times B / C.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the tax payable in respect of the supply made by the particular independent sales contractor;

(2) B is the total of the consideration and tax in respect of that supply remaining unpaid and written off at a particular time as a bad debt; and

(3) C is the total of the consideration and tax payable in respect of that supply.

History: 2001, c. 53, s. 320.

**Corresponding Federal Provision:** 178.3(7).

**Recovery of bad debt.**

**297.7.0.2.** If all or part of a bad debt in respect of which a direct seller has made a deduction under section 297.7.0.1 is recovered, the direct seller shall, in determining the net tax for the direct seller's reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

$$A \times B / C.$$

**Interpretation.**

For the purposes of this formula,

(1) A is the amount recovered;

(2) B is the tax payable in respect of the supply to which the bad debt relates; and

(3) C is the total of the consideration and tax payable in respect of that supply.

History: 2001, c. 53, s. 320.

**Corresponding Federal Provision:** 178.3(8).

**Supply by a distributor to an independent sales contractor.**

**297.7.1.** Where, at any time when an approval granted by the Minister under section 297.1.4 in respect of a distributor of a direct seller is in effect, the distributor makes in Québec a taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller to an independent sales contractor of the direct seller who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, the following rules apply:

(1) the supply is deemed to have been made for consideration, that becomes due and is paid at the particular time that is the earlier of the time when any part of the consideration for the supply becomes due and the time when any part of that consideration is paid, equal to the suggested retail price of the product at the time the supply is made;

(2) tax is deemed not to be payable by the contractor in respect of the supply;

(3) the contractor is not entitled to any rebate under sections 400 to 402.0.2 in respect of the supply; and

(4) in determining the net tax of the distributor for the reporting period of the distributor that includes the particular time, there shall be added an amount equal to tax calculated

on the suggested retail price of the product at the time the supply is made.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.4(1).

**Supply by an independent sales contractor.**

**297.7.2.** Subject to the second paragraph, where, at any time when an approval granted by the Minister under section 297.1.4 in respect of a distributor of a direct seller is in effect, a particular independent sales contractor of the direct seller, other than a distributor, makes in Québec a particular taxable supply by way of sale, other than a zero-rated supply, of an exclusive product of the direct seller, the following rules apply:

(1) if the recipient of the particular taxable supply is a person who is an independent sales contractor of the direct seller, other than a distributor, the particular taxable supply is deemed, except for the purposes of section 297.1 and sections 297.7.1 to 297.7.4, not to have been made by the particular contractor and not to have been received by the person; and

(2) if the recipient of the particular taxable supply is a person other than a distributor or another independent sales contractor of the direct seller,

(a) the particular taxable supply is deemed, except for the purposes of sections 297.1, 297.7.4 and 297.11, to be a taxable supply made by the distributor, and not by the particular contractor, for consideration equal to the lesser of the actual consideration for the supply and the suggested retail price of the product at the time the particular taxable supply is made,

(b) any tax in respect of the particular taxable supply that is collected by the particular contractor is deemed to have been collected on behalf of the distributor, and

(c) tax in respect of the particular taxable supply shall not be included in determining the net tax of the distributor for any reporting period.

**Application.**

This section applies where section 297.7.1 applied in respect of a supply of an exclusive product made at an earlier time by an independent sales contractor of the direct seller or where section 297.7.6 applied at an earlier time in respect of the exclusive product.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.4(2).

**Supply by an independent sales contractor of a direct seller to another independent sales contractor.**

**297.7.3.** Where a distributor of a direct seller has made a supply of an exclusive product of the direct seller in

circumstances in which an amount was required under paragraph 4 of section 297.7.1 to be added in determining the net tax of the distributor and another independent sales contractor of the direct seller subsequently supplies the product to the distributor in a particular reporting period of the distributor, the following rules apply:

(1) the other contractor is deemed not to have supplied the product; and

(2) the distributor may deduct that amount, in determining the net tax of the distributor for the particular reporting period or for a subsequent reporting period, in a return under Chapter VIII filed by the distributor within four years after the day on or before which the return under Chapter VIII for the particular reporting period is required to be filed.

History: 1995, c. 63, s. 394; 1997, c. 85, s. 588.

**Corresponding Federal Provision:** 178.4(3).

**Adjustment to the distributor's net tax.**

**297.7.4.** A distributor of a direct seller may deduct the amount determined under subparagraph 3 in determining the net tax for the particular reporting period of the distributor in which the amount is paid to, or credited by the distributor in favour of, an independent sales contractor of the direct seller, other than a distributor, or for a subsequent reporting period, in a return under Chapter VIII filed by the distributor within four years after the day on or before which the return under Chapter VIII for the particular reporting period is required to be filed where

(1) at a particular time the distributor makes a supply of an exclusive product of the direct seller in circumstances in which an amount is required under paragraph 4 of section 297.7.1 to be added in determining the net tax of the distributor;

(2) the independent sales contractor

(a) makes a supply of the product that is

i. a zero-rated supply,

ii. a supply made outside Québec, or

iii. a supply in respect of which the recipient is not required to pay tax by reason of the law of Canada or a province,

(b) makes a supply of the product to a person other than an independent sales contractor of the direct seller for consideration that is less than the suggested retail price of the product at the particular time and more than nominal, and on which was calculated tax that was paid by the person, or

(c) makes a supply of the product to a person other than an independent sales contractor of the direct seller for no consideration or for nominal consideration or appropriates the product for the consumption, use or enjoyment of the

particular contractor or that of an individual related thereto; and

(3) the distributor pays to, or credits in favour of, the particular contractor, an amount in respect of the product equal to

(a) where subparagraph *a* of subparagraph 2 applies, tax calculated on the suggested retail price of the product at the particular time, and

(b) where subparagraph *b* or *c* of subparagraph 2 applies, the amount determined by the formula

$A - B$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the tax calculated on the suggested retail price of the product at the particular time; and

(2) B is

(a) where subparagraph *b* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product by the particular contractor, and

(b) where subparagraph *c* of subparagraph 2 of the first paragraph applies, tax calculated on the consideration for the supply of the product to the particular contractor, determined without reference to paragraph 1 of section 297.7.1.

History: 1995, c. 63, s. 394; 1997, c. 85, s. 589; 2020, c. 16, s. 222.

**Corresponding Federal Provision:** 178.4(4).

**Bad debt.**

**297.7.4.1.** The distributor of a direct seller may deduct the amount determined under subparagraph 4 in determining the net tax for the particular reporting period of the distributor in which the amount is paid, or credited in favour of, an independent sales contractor of the distributor, or for a subsequent reporting period, in a return under Chapter VIII filed by the distributor within four years after the day on which the return under that chapter for the particular reporting period is required to be filed if

(1) the distributor has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph 4 of section 297.7.1 to be added in determining the net tax of the distributor;

(2) a particular independent sales contractor of the direct seller, other than the distributor, has or would have, but for subparagraph 2 of the first paragraph of section 297.7.2, also made a supply of the exclusive product to a person with whom the particular independent sales contractor was dealing at arm's length, other than the direct seller, the

distributor and another independent sales contractor of the direct seller;

(3) the distributor has obtained evidence satisfactory to the Minister that the consideration and the tax payable in respect of the supply by the particular independent sales contractor have become in whole or in part a bad debt and that the amount of the bad debt has, at a particular time, been written off in the books of account of the particular independent sales contractor; and

(4) the distributor pays to, or credits in favour of, the particular independent sales contractor an amount in respect of the exclusive product equal to the amount determined by the formula

$A \times B / C$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the tax payable in respect of the supply made by the particular independent sales contractor;

(2) B is the total of the consideration and tax in respect of that supply remaining unpaid and written off at a particular time as a bad debt; and

(3) C is the total of the consideration and tax payable in respect of that supply.

History: 2001, c. 53, s. 321.

**Corresponding Federal Provision:** 178.4(7).

**Recovery of bad debt.**

**297.7.4.2.** If all or part of a bad debt in respect of which the distributor of a direct seller has made a deduction under section 297.7.4.1 is recovered, the distributor shall, in determining the net tax for the distributor's reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

$A \times B / C$ .

**Interpretation.**

For the purposes of this formula,

(1) A is the amount recovered;

(2) B is the tax payable in respect of the supply to which the bad debt relates; and

(3) C is the total of the consideration and tax payable in respect of that supply.

History: 2001, c. 53, s. 321.

**Corresponding Federal Provision:** 178.4(8).



**Exclusive product held by an independent sales contractor at the time of approval.**

**297.7.5.** Where an approval granted under section 297.1.3 in respect of a direct seller becomes effective at any time after 31 July 1995 and a registrant who is an independent sales contractor of the direct seller, other than a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective immediately after that time, has at that time in inventory an exclusive product of the direct seller, the registrant is deemed, except for the purposes of sections 294, 295, 297, 462 and 462.1,

(1) to have made, immediately before that time, a supply of the product for consideration, that becomes due and is paid immediately before that time, equal to the suggested retail price of the product at that time; and

(2) to have collected, immediately before that time, tax in respect of the supply calculated on that consideration.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.5(1).

**Exclusive product held by a distributor at the time of revocation.**

**297.7.6.** Subject to the second paragraph, where, at the time an approval granted under section 297.1.4 in respect of a distributor of a direct seller ceases to have effect, the distributor has in inventory an exclusive product of the direct seller, the distributor is deemed, except for the purposes of sections 294, 295, 297, 462 and 462.1,

(1) to have made, immediately before that time, a supply of the product for consideration, that becomes due and is paid immediately before that time, equal to the suggested retail price of the product at that time; and

(2) to have collected, immediately before that time, tax in respect of the supply calculated on that consideration.

**Application.**

This section applies where an approval granted under section 297.1.3 in respect of the direct seller does not cease to have effect at that time.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.5(2).

**Exclusive product held by an independent sales contractor at the time of revocation.**

**297.7.7.** Where an approval granted under section 297.1.4 in respect of a distributor of a direct seller ceases to have effect at the same time as an approval granted under section 297.1.3 in respect of the direct seller ceases to have effect, each independent sales contractor of the direct seller, other than a distributor in respect of whom an approval

granted under section 297.1.4 ceases to have effect at that time, is deemed

(1) to have received, immediately after that time, a supply of each exclusive product of the direct seller that the contractor has in inventory at that time for consideration, that becomes due and is paid immediately after that time, equal to the suggested retail price of the product at that time; and

(2) to have paid, immediately after that time, tax in respect of the supply calculated on that consideration.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.5(3).

**Exclusive product held by an independent sales contractor at the time of revocation.**

**297.7.8.** Where at any time an approval granted under section 297.1.3 in respect of a direct seller ceases to have effect and section 297.7.7 does not apply, each independent sales contractor of the direct seller is deemed

(1) to have received, immediately after that time, a supply of each exclusive product of the direct seller that the contractor has in inventory at that time for consideration, that becomes due and is paid immediately after that time, equal to the suggested retail price of the product at that time; and

(2) to have paid, immediately after that time, tax in respect of the supply calculated on that consideration.

History: 1995, c. 63, s. 394.

**Corresponding Federal Provision:** 178.5(4).

**297.8.** *(Repealed).*

History: 1994, c. 22, s. 519; 1995, c. 63, s. 395.

**297.9.** *(Repealed).*

History: 1994, c. 22, s. 519; 1995, c. 63, s. 395.

**Sales aids.**

**297.10.** Where an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect and the direct seller or an independent sales contractor of the direct seller makes in Québec a taxable supply by way of sale of a sales aid of the direct seller or of the contractor, as the case may be, to an independent sales contractor of the direct seller, the supply is deemed not to be a supply.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 396.

**Corresponding Federal Provision:** 178.5(5).

**Bonus payments.**

**297.10.1.** Where an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect and an amount is paid or payable by the direct seller or an independent sales contractor of the direct seller to an independent sales contractor of the direct seller because of

the volume of purchases or sales of exclusive products of the direct seller or of sales aids and otherwise than as consideration for a supply of such a product or sales aid, the amount is deemed not to be consideration for a supply.

History: 1995, c. 63, s. 397.

**Corresponding Federal Provision:** 178.5(6).

**Host gifts.**

**297.11.** Where, at any time when an approval granted by the Minister under section 297.1.3 in respect of a direct seller is in effect, an independent sales contractor of the direct seller, who is not a distributor in respect of whom an approval granted under section 297.1.4 is in effect at that time or becomes effective after that time, makes a supply of property to a person as consideration for the supply by the person of a service of acting as a host at an occasion that is organized for the purpose of the distribution, promotion or sale by the contractor of exclusive products of the direct seller, the person is deemed not to have made a supply of the service and the service is deemed not to be consideration for a supply.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 398.

**Corresponding Federal Provision:** 178.5(7).

**Restriction on input tax refund.**

**297.12.** Where a registrant who is a direct seller in respect of whom an approval granted under section 297.1.3 is in effect or who is a distributor of such a direct seller acquires or brings into Québec property, other than an exclusive product of the direct seller, or a service for supply to an independent sales contractor of the direct seller or an individual related thereto for no consideration or for consideration that is less than the fair market value of the property or service and the contractor or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the contractor or individual, the following rules apply:

- (1) no tax is payable in respect of the supply; and
- (2) in determining an input tax refund of the registrant, no amount shall be included in respect of tax that becomes payable, or is paid without having become payable, by the registrant in respect of the property or service;

(3) (*paragraph repealed*).

History: 1994, c. 22, s. 519; 1995, c. 63, s. 399.

**Corresponding Federal Provision:** 178.5(8).

**Appropriations from a contractor.**

**297.13.** Where a registrant who is a direct seller in respect of whom an approval granted under section 297.1.3 is in effect or who is a distributor of such a direct seller appropriates, at any time, property, other than an exclusive product of the direct seller, that was acquired, manufactured or produced, or any service acquired or performed, in the

course of commercial activities of the registrant, to or for the benefit of an independent sales contractor of the direct seller, or any individual related thereto, otherwise than by way of supply for consideration equal to the fair market value of the property or service, and the contractor or individual is not acquiring the property or service for consumption, use or supply exclusively in the course of commercial activities of the contractor or individual, the registrant is deemed

(1) to have made a supply of the property or service for consideration, paid at that time, equal to the fair market value of the property or service at that time; and

(2) except where the supply is an exempt supply, to have collected, at that time, tax in respect of the supply calculated on that consideration.

**Exception.**

This section does not apply to property or a service appropriated by a registrant where the registrant is not entitled to claim an input tax refund in respect of the property or service because of section 203 or 206.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 400 [amended by 1997, c. 85, s. 749; 2019, c. 14, s. 593]; 2019, c. 14, s. 550.

**Corresponding Federal Provision:** 178.5(9) and (10).

**Independent sales contractor ceasing to be a registrant.**

**297.14.** Where, at any time when an approval granted under section 297.1.3 in respect of a direct seller is in effect, an independent sales contractor of the direct seller ceases to be a registrant, paragraph 1 of section 209 does not apply to sales aids supplied to the contractor by the direct seller or another independent sales contractor of the direct seller at any time when the approval was in effect.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 400 [amended by 1997, c. 85, s. 749; 2019, c. 14, s. 593].

**Corresponding Federal Provision:** 178.5(11).

**Non-arm's length supply.**

**297.15.** Section 55 does not apply to a supply described in subparagraph *b* or *c* of subparagraph 2 of the first paragraph of section 297.7, in subparagraph *b* or *c* of subparagraph 2 of the first paragraph of section 297.7.4 or in section 297.11.

History: 1994, c. 22, s. 519; 1995, c. 63, s. 400 [amended by 1997, c. 85, s. 749; 2019, c. 14, s. 593].

**Corresponding Federal Provision:** 178.5(12).

**DIVISION IV  
INSURER**

**Transfer of property to an insurer.**

**298.** Where at any time after 1 July 1992 property is transferred to an insurer by a person in the course of settling an insurance claim,

(1) the person is deemed to have made, and the insurer is deemed to have received, at that time, a supply by way of sale of the property;

(2) the supply is deemed to have been made for no consideration, except for the purposes of sections 233, 234, 379 and 380;

(3) in the case of a taxable supply of an immovable, for the purposes of sections 233, 234, 379 and 380, the tax payable in respect of the supply is deemed to be equal to tax calculated on the fair market value of the property at that time; and

(4) in the case of a supply of an immovable referred to in section 102, in section 138.1 or in section 168, for the purposes of sections 233, 234, and 380, the supply is deemed to be a taxable supply and the tax payable in respect of the supply is deemed to be equal to tax calculated on the fair market value of the property at that time.

History: 1991, c. 67, s. 298; 1994, c. 22, s. 520; 1997, c. 85, s. 590.

**Corresponding Federal Provision:** 184(1).

**Supply in a commercial activity.**

**299.** Where at any time an insurer makes a supply, other than an exempt supply, of property transferred to the insurer in circumstances in which section 298 applies, except where any of sections 300 to 300.2 applied at an earlier time in respect of the use of the property by the insurer,

(1) the insurer is deemed to have made the supply in the course of a commercial activity of the insurer; and

(2) anything done by the insurer in the course of, or in connection with, the making of the supply and not in connection with the transfer of the property is deemed to have been done in the course of the commercial activity.

History: 1991, c. 67, s. 299; 1994, c. 22, s. 520.

**Corresponding Federal Provision:** 184(2).

**Use of property.**

**300.** Where at any time an insurer to whom an immovable has been transferred, in circumstances in which section 298 applies, begins to use the immovable otherwise than in the making of a supply of the immovable, the insurer is deemed to have made a supply of the property at that time and, except where the supply is an exempt supply,

(1) the insurer is deemed to have collected, at that time, tax in respect of the supply equal to the amount determined by multiplying the fair market value of the property at that time by 9.975/109.975; and

(2) the insurer is deemed to have acquired the property and to have paid that tax at that time.

History: 1991, c. 67, s. 300; 1994, c. 22, s. 520; 1995, c. 63, s. 401; 1997, c. 85, s. 591; 2010, c. 5, s. 218; 2011, c. 6, s. 255; 2012, c. 28, s. 95.

**Corresponding Federal Provision:** 184(3).

**Use of movable property transferred before 1 January 1994.**

**300.1.** Where an insurer to whom movable property has been transferred from a person before 1 January 1994, in circumstances in which section 298 applies, begins at a particular time to use the property otherwise than in the making of a supply of the property, the following rules apply:

(1) the insurer is deemed to have received, immediately after the particular time, a supply by way of sale of the property; and

(2) where tax would have been payable had the property been purchased in Québec from the person for consideration at the time it was transferred, the insurer is deemed

(a) to have made, at the particular time, a taxable supply of the property and to have collected, at the particular time, tax in respect of that supply equal to the amount determined by multiplying the fair market value of the property at the time it was transferred by 9.975/109.975, and

(b) to have paid, immediately after the particular time, tax in respect of the supply referred to in paragraph 1 equal to the amount determined under subparagraph a.

History: 1994, c. 22, s. 521; 1995, c. 63, s. 402; 1997, c. 85, s. 592; 2010, c. 5, s. 219; 2011, c. 6, s. 256; 2012, c. 28, s. 96.

**Corresponding Federal Provision:** 184(4).

**Use of movable property transferred after 31 December 1993.**

**300.2.** Where an insurer to whom movable property has been transferred from a person after 31 December 1993, in circumstances in which section 298 applies, begins at a particular time to use the property otherwise than in the making of a supply of the property, the following rules apply:

(1) the insurer is deemed

(a) to have received, immediately after the particular time, a supply by way of sale of the property, and

(b) to have paid, immediately after the particular time, all tax payable in respect of that supply, which is deemed to be equal to the amount determined by multiplying the fair market value of the property at the time it was transferred by 9.975/109.975, except where

i. the supply is a zero-rated supply, or

ii. in the case of property that was, at the time it was transferred, specified corporeal movable property having a

fair market value in excess of the prescribed amount in respect of the property, tax would not have been payable had the property been purchased in Québec from the person at that time; and

(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was transferred, the insurer is deemed

(a) to have made, at the particular time, a taxable supply of the property, and

(b) to have collected, at the particular time, all tax payable in respect of that supply, which is deemed to be equal to the amount determined by multiplying the fair market value of the property at the time it was transferred by 9.975/109.975.

History: 1994, c. 22, s. 521; 1995, c. 63, s. 403; 1997, c. 85, s. 593; 2001, c. 53, s. 322; 2010, c. 5, s. 220; 2011, c. 6, s. 257; 2012, c. 28, s. 97.

**Corresponding Federal Provision:** 184(5).

**Sale of movable property.**

**301.** The rules set out in the second paragraph apply where

(1) an insurer to whom movable property has been transferred from a person in circumstances in which section 298 applies makes at any time a taxable supply of the property by way of sale, other than a supply deemed, under this Title, to have been made;

(2) the insurer was not deemed under section 300.1, 300.2 or 301.2 to have received a supply of the property at an earlier time;

(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code; and

(3) no tax would have been payable by the insurer had the insurer purchased the property in Québec from the person at the time the property was transferred;

(4) *(subparagraph repealed)*.

**Presumptions.**

The insurer is deemed to have received a supply by way of sale of the property immediately before that time for consideration equal to the consideration for the supply referred to in subparagraph 1 of the first paragraph and, except if the supply is a zero-rated supply, to have paid, immediately before that time, all tax payable in respect of the supply deemed under this paragraph to have been received, which is deemed to be equal to the amount determined by the formula

A – B.

**Interpretation.**

For the purposes of this formula,

(1) A is tax calculated on that consideration; and

(2) B is the total of all amounts each of which is an input tax refund or a rebate under Division I of Chapter VII that the insurer was entitled to claim in respect of the property or an improvement thereto.

History: 1991, c. 67, s. 301; 1994, c. 22, s. 522; 1995, c. 63, s. 404; 1997, c. 85, s. 594; 2001, c. 51, s. 275; 2001, c. 53, s. 323.

**Corresponding Federal Provision:** 184(6).

**Exception.**

**301.1.** Section 301 does not apply where

(1) the supply referred to in subparagraph 1 of the first paragraph of the said section is made outside Québec or is a zero-rated supply; and

(2) the property was transferred to the insurer before 1 January 1994 or was, at the time it was transferred, specified corporeal movable property having a fair market value in excess of the prescribed amount in respect of the property.

History: 1994, c. 22, s. 523; 1997, c. 85, s. 595.

**Corresponding Federal Provision:** 184(6).

**Lease of movable property.**

**301.2.** The rules set out in the second paragraph apply if

(1) at a particular time an insurer to whom movable property has been transferred from a person in circumstances in which section 298 applies makes a taxable supply of the property by way of lease, licence or similar arrangement for the first lease interval, within the meaning of section 32.2, in respect of the arrangement;

(2) the insurer was not deemed under section 300.1 or 300.2 to have received a supply of the property at an earlier time;

(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code; and

(3) no tax would have been payable had the property been purchased in Québec from the person at the time the property was transferred;

(4) *(subparagraph repealed)*.

**Presumption.**

The insurer is deemed to have received a supply by way of sale of the property immediately before the particular time

and, except if the supply is a zero-rated supply, to have paid, immediately before the particular time, all tax payable in respect of the supply, which is deemed to be equal to tax calculated on the fair market value of the property at the time it was transferred.

History: 1994, c. 22, s. 523; 1995, c. 63, s. 405; 1997, c. 85, s. 596; 2001, c. 51, s. 276; 2001, c. 53, s. 324.

**Corresponding Federal Provision:** 184(7).

**Exception.**

**301.3.** Section 301.2 does not apply where

(1) the supply referred to in subparagraph 1 of the first paragraph of the said section is made outside Québec or is a zero-rated supply; and

(2) the property was transferred to the insurer before 1 January 1994 or was, at the time it was transferred, specified corporeal movable property having a fair market value in excess of the prescribed amount in respect of the property.

History: 1994, c. 22, s. 523; 1997, c. 85, s. 597.

**Corresponding Federal Provision:** 184(7).

**DIVISION IV.1  
PERFORMANCE BONDS**

**Provisions applicable.**

**301.4.** Sections 301.5 to 301.9 apply if a person (in this division referred to as the “surety”) acting as a surety under a performance bond in respect of a contract for a particular taxable supply of construction services relating to an immovable situated in Québec carries on construction (in this division referred to as “particular construction”) that is undertaken in full or partial satisfaction of the surety’s obligations under the bond and is entitled to receive at any time from the creditor, by reason of carrying on the particular construction, an amount (in this division referred to as a “contract payment”).

**Definitions.**

For the purposes of the first paragraph,

(1) a reference to a particular person carrying on construction includes a reference to the particular person engaging another person, by way of acquiring services from the other person, to carry on construction for the particular person; and

(2) a contract payment does not include an amount the tax in respect of which was or will be required to be included in determining the net tax of the debtor under the performance bond and is not an amount paid or payable as or on account of tax under this Title, tax under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), or a

duty, fee or tax payable by the creditor that is prescribed for the purposes of section 52.

History: 2001, c. 53, s. 325; 2012, c. 28, s. 98.

**Corresponding Federal Provision:** 184.1(1) and (2) before (a) and (a).

**Performance bonds.**

**301.5.** Except for the purposes of section 301.6, in carrying on the particular construction, the surety is deemed to be making a taxable supply in Québec to which section 68 and Divisions III.0.0.1 and X do not apply and for which the contract payment is deemed to be consideration.

History: 2012, c. 28, s. 99; 2013, c. 10, s. 221.

**Corresponding Federal Provision:** 184.1(2)(a).

**Performance bonds.**

**301.6.** For the purpose of determining the extent to which a property or a service is acquired or brought into Québec by a surety for consumption, use or supply in the course of commercial activities of the surety and for the purpose of determining the extent to which the property or service is consumed, used or supplied by the surety in the course of commercial activities of the surety, the carrying on of the particular construction by the surety is deemed not to be for the purpose of making a taxable supply and not to be a commercial activity of the surety.

History: 2012, c. 28, s. 99.

**Corresponding Federal Provision:** 184.1(2)(b).

**Performance bonds.**

**301.7.** Despite section 301.6, if section 301.5 deems a surety to be making a taxable supply, any property or service (in this division referred to as a “direct input”) that the surety acquires or brings into Québec for consumption, use or supply exclusively and directly in the course of carrying on the particular construction and not for use as capital property of the surety or in improving such a capital property is deemed, except for the purposes of sections 17, 18 to 18.0.3 and 55 and of Division X, to have been acquired or brought into Québec by the surety for consumption, use or supply exclusively in the course of commercial activities of the surety.

History: 2012, c. 28, s. 99; 2013, c. 10, s. 222.

**Corresponding Federal Provision:** 184.1(2)(c).

**Input tax refund — surety.**

**301.8.** The input tax refund of a surety in respect of direct inputs is the lesser of

(1) the amount determined in accordance with Chapter V, but for this section, in respect of those inputs; and

(2) either of the following amounts:

(a) where the amount obtained by the following formula exceeds the total of all amounts, each of which would be an input tax refund of the surety in respect of a direct input but for the fact that tax is not payable by the surety in respect of the acquisition or bringing into Québec of the direct input because of section 75 or Division III.0.0.1 or because of the fact that the surety is deemed to have acquired it, or brought it into Québec, for consumption, use or supply exclusively in the course of commercial activities of the surety, that excess amount:

$A \times B$ , and

(b) in any other case, zero.

**Interpretation.**

For the purposes of the formula in subparagraph *a* of subparagraph 2 of the first paragraph,

(1) *A* is the tax rate specified in the first paragraph of section 16; and

(2) *B* is the total of all contract payments (other than contract payments that are not in respect of the carrying on of the particular construction).

History: 2012, c. 28, s. 99; 2013, c. 10, s. 223.

**Corresponding Federal Provision:** 184.1(2)(d).

**Determining refund for construction inputs.**

**30L9.** If a person acquires or brings into Québec a property or a service for consumption, use or supply exclusively and directly in the course of construction work that includes the carrying on of a particular construction that is undertaken in full or partial satisfaction of the person’s obligations as a surety under a performance bond and in the course of carrying on other construction activities, the following rules apply for the purposes of this division, of determining the input tax refund of the person and of determining the total amount of all input tax refunds in respect of direct inputs that the person is entitled to claim:

(1) despite section 34, that part (in this section referred to as the “particular construction input”) of the property or service that is for consumption, use or supply in the course of carrying on the particular construction and the remaining part (in this section referred to as the “additional construction input”) of the property or service are each deemed to be a separate property or service that does not form part of the other;

(2) the particular construction input is deemed to have been acquired or brought into Québec, as the case may be, exclusively and directly for use in the course of carrying on the particular construction;

(3) the additional construction input is deemed not to have been acquired or brought into Québec, as the case may be,

for consumption, use or supply in the course of carrying on the particular construction;

(4) the tax payable in respect of the supply or bringing into Québec, as the case may be, of the particular construction input is deemed to be equal to the amount determined by the formula

$A \times B$ ; and

(5) the tax payable in respect of the additional construction input is deemed to be equal to the amount by which the amount determined under subparagraph 1 of the second paragraph exceeds the amount determined under subparagraph 4.

**Interpretation.**

For the purposes of the formula in subparagraph 4 of the first paragraph:

(1) *A* is the tax payable by the person in respect of the supply or bringing into Québec, as the case may be, of the property or service, determined without reference to this section; and

(2) *B* is the extent (expressed as a percentage) to which the property or service was acquired or brought into Québec, as the case may be, for consumption, use or supply in the course of carrying on the particular construction.

History: 2012, c. 28, s. 99; 2013, c. 10, s. 224.

**Corresponding Federal Provision:** 184.1(3).

**DIVISION IV.2**

**FINANCIAL SERVICE DEEMED TO BE SUPPLIED IN THE COURSE OF COMMERCIAL ACTIVITIES**

**Financial services.**

**30L10.** If tax in respect of a property or a service acquired or brought into Québec by a registrant becomes payable by the registrant at a time when the registrant is neither a listed financial institution nor a person who is a financial institution referred to in subparagraph *a* of paragraph 2 of the definition of “financial institution” in section 1, for the purposes of subdivision 5 of Division II of Chapter V and for the purpose of determining the applicable input tax refund, the following rules apply to the extent (determined in accordance with sections 42.0.2, 42.0.3 and 42.0.12) that the property or service was acquired or brought into Québec, as the case may be, for consumption, use or supply in the course of making a supply of financial services that relate to commercial activities of the registrant:

(1) if the registrant is a financial institution referred to in subparagraph *b* of paragraph 2 of the definition of “financial institution” in section 1, the property or service is deemed, despite sections 42.0.2, 42.0.3 and 42.0.12, to have been so acquired or brought into Québec for consumption, use or

supply in the course of those commercial activities except to the extent that the property or service was so acquired or brought into Québec for consumption, use or supply in the course of activities of the registrant that relate to

- (a) credit cards or charge cards issued by the registrant, or
  - (b) the making of any advance, the lending of money or the granting of any credit; and
- (2) in any other case, the property or service is deemed, despite sections 42.0.2, 42.0.3 and 42.0.12, to have been so acquired or brought into Québec for consumption, use or supply in the course of those commercial activities.

**Financial service relating to commercial activity.**

For the purposes of the first paragraph, a financial service is deemed to be related to commercial activities of an individual only to the extent that the revenues and expenses relating to those activities are taken into account in determining the individual's income for the purposes of the Taxation Act (chapter I-3).

History: 2012, c. 28, s. 100.

**Corresponding Federal Provision:** 185(1) and (2).

**Related corporations.**

**301.11.** Subject to section 301.12 and for the purpose of determining an input tax refund, a corporation (in this section referred to as the “parent”) that acquires or brings into Québec a property or a service at a particular time is deemed to have acquired the property or service or brought it into Québec for use in the course of commercial activities of the parent to the extent that the parent can reasonably be regarded as having so acquired the property or service, or as having so brought it into Québec, for consumption or use in relation to shares of the capital stock, or indebtedness, of another corporation that is at that time related to the parent, if

- (1) the parent is a registrant resident in Canada; and
- (2) at the time that tax in respect of the acquisition or bringing into Québec of the property or service becomes payable, or is paid without having become payable, by the parent, all or substantially all of the property of the other corporation is property that was last acquired or imported into Canada by the other corporation for consumption, use or supply by the other corporation exclusively in the course of its commercial activities.

History: 2012, c. 28, s. 100.

**Corresponding Federal Provision:** 186(1).

**Takeover fees.**

**301.12.** The property or service that a registrant that is a corporation resident in Canada (in this section referred to as the “purchaser”) acquires or brings into Québec is deemed to have been acquired or brought into Québec, as the case may

be, for use exclusively in the course of commercial activities of the purchaser if

- (1) the property or service is related to the acquisition or proposed acquisition by the purchaser of all or substantially all of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of another corporation; and
- (2) throughout the period beginning when the performance of the service began or when the purchaser acquired or brought into Québec, as the case may be, the property and ending on the later of the days described in subparagraph 1 of the second paragraph, all or substantially all of the property of the other corporation was property that was acquired or imported into Canada for consumption, use or supply exclusively in the course of commercial activities.

**Determining an input tax refund.**

For the purpose of determining an input tax refund, any tax in respect of the supply of the property or service to the purchaser, or the bringing into Québec of the property by the purchaser, is deemed to have become payable and been paid by the purchaser on the later of

- (1) the later of the day the purchaser acquired all or substantially all of the shares and the day the intention to acquire the shares was abandoned; and
- (2) the day the tax became payable or was paid by the purchaser.

History: 2012, c. 28, s. 100.

**Corresponding Federal Provision:** 186(2).

**Property deemed acquired for use exclusively in the course of commercial activities.**

**301.13.** For the purposes of sections 301.11 and 301.12, where at a particular time all or substantially all of the property of a particular corporation is property that was acquired or imported into Canada by it for consumption, use or supply exclusively in the course of its commercial activities, all the shares of the capital stock of the particular corporation owned by, and all the indebtedness of the particular corporation owed to, any other corporation that is related to the particular corporation is deemed to be, at that time, property that was acquired by the other corporation for use exclusively in the course of its commercial activities.

History: 2012, c. 28, s. 100.

**Corresponding Federal Provision:** 186(3).

**DIVISION V  
BANKRUPTCY**

**Application.**

**302.** Sections 302.1 to 309 apply where on a particular day a person becomes a bankrupt.

**“bankrupt” and “estate of the bankrupt”.**

In this section and in sections 303 to 309, “bankrupt” and “estate of the bankrupt” have the same meanings as in the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3).

History: 1991, c. 67, s. 302; 1994, c. 22, s. 524; 1997, c. 85, s. 598.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1) before (a) and (2).

**Service supplied by a trustee in bankruptcy.**

**302.1.** A trustee in bankruptcy is deemed to supply a service to the bankrupt of acting as trustee in bankruptcy and any amount to which the trustee is entitled for acting in that capacity is deemed to be consideration payable for that supply.

History: 1997, c. 85, s. 599.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(a).

**Estate of the bankrupt.**

**303.** The estate of the bankrupt is deemed not to be a trust or a succession.

History: 1991, c. 67, s. 303.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(b).

**Ownership.**

**304.** The property and the money of the person immediately before the particular day are deemed not to pass to and be vested in the trustee in bankruptcy on the bankruptcy order being made or the assignment in bankruptcy being filed, but to remain vested in the bankrupt.

History: 1991, c. 67, s. 304; 1994, c. 22, s. 525; 2005, c. 38, s. 371.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(c).

**Registration.**

**304.1.** Where on the particular day the person is registered under Division I of Chapter VIII, the registration continues in relation to the activities of the person to which the bankruptcy relates as though the trustee in bankruptcy were the registrant in respect of those activities and ceases to apply to the activities of the person in which the person begins to engage on or after the particular day and to which the bankruptcy does not relate.

History: 1994, c. 22, s. 526.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(e).

**Activities.**

**304.2.** Where on or after the particular day the person begins to engage in particular activities to which the bankruptcy does not relate,

(1) the particular activities are deemed to be separate from the activities of the person to which the bankruptcy relates as though the particular activities were activities of a separate person; and

(2) the person may apply for, and be granted, registration under Division I of Chapter VIII, and establish fiscal periods and make elections respecting reporting periods under Division IV of that chapter, in relation to the particular activities as though they were the only activities of the person.

History: 1994, c. 22, s. 526.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(f).

**Reporting periods of the bankrupt.**

**305.** Subject to sections 306 and 307, the reporting periods of the person begin and end on the days on which they would have begun and ended if the bankruptcy had not occurred.

History: 1991, c. 67, s. 305; 1994, c. 22, s. 527.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(g) before (i).

**Reporting period of the person becoming a bankrupt.**

**306.** The reporting period of the person during which the person becomes a bankrupt shall end on the particular day and a new reporting period of the person in relation to the activities of the person to which the bankruptcy relates shall begin on the day immediately after the particular day.

History: 1991, c. 67, s. 306; 1994, c. 22, s. 527.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(g)(i).

**Reporting period of the person in relation to the activities to which the bankruptcy relates.**

**307.** The reporting period of the person, in relation to the activities of the person to which the bankruptcy relates, during which the trustee in bankruptcy is discharged under the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) shall end on the day the order of discharge is granted.

History: 1991, c. 67, s. 307; 1994, c. 22, s. 527.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(g)(ii).

**308. (Repealed).**

History: 1991, c. 67, s. 308; 1994, c. 22, s. 528.



**Effect of the order of discharge.**

**309.** The property and the money held by the trustee in bankruptcy for the person on the day on which an absolute order of discharge of the person is granted under the Bankruptcy and Insolvency Act (Revised Statutes of Canada, 1985, chapter B-3) are deemed not to pass to the person on the order being granted but to have been vested in and held by the person continuously since the day they were acquired by the person or the trustee, as the case may be.

History: 1991, c. 67, s. 309; 1994, c. 22, s. 529.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 265(1)(k).

**DIVISION VI  
RECEIVERSHIP**

**Application.**

**310.** This division applies where on a particular day a receiver is vested with authority to manage, operate or liquidate any business or property, or to manage or care for the affairs or the assets, of a person.

**Definitions:**

In this division,

**“business”;**

“business” includes a part of a business;

**“receiver”;**

“receiver” means a person who

(1) under the authority of a bond or other debt security, of a court order or of an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut, or of the Parliament of Canada, is empowered to manage or operate a business or property of another person,

(1.1) is appointed by a trustee under a trust deed in respect of a debt security to exercise the authority of the trustee to manage or operate a business or property of the debtor under the debt security,

(1.2) is appointed by a bank to act as mandatary of the bank in the exercise of the authority of the bank under subsection 3 of section 426 of the Bank Act (Revised Statutes of Canada, 1985, chapter B-1) in respect of property of another person,

(2) is appointed as a liquidator to liquidate the assets of a corporation or to wind up the affairs of a corporation, or

(3) is appointed as a committee, tutor or curator with authority to manage and care for the affairs and assets of an individual who is incapable of managing his affairs and assets,

and includes a person who is appointed to exercise the authority of a creditor under a bond or other debt security to manage or operate a business or property of another person but, where a person is appointed to exercise the authority of a

creditor under a bond or other debt security to manage or operate a business or property of another person, does not include that creditor;

**“relevant assets”.**

“relevant assets” of a receiver means

(1) where the receiver’s authority relates to all the businesses, affairs, properties and assets of a person, all those businesses, affairs, properties and assets; and

(2) where the receiver’s authority relates to only part of the businesses, affairs, properties or assets of a person, that part of the businesses, affairs, properties or assets, as the case may be.

History: 1991, c. 67, s. 310; 1994, c. 22, s. 530; 1997, c. 3, s. 122; 2003, c. 2, s. 330; [2020, c. 11, s. 254 — the amendment provided by this section, which comes into force on the date or dates to be set by the Government, will be incorporated into the Act on that date: 2020, c. 11, s. 257].

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(1) and (2) before (a).

**Mandatary of the person.**

**311.** The receiver is deemed to be a mandatary of the person and any supply made or received and any act performed by the receiver in respect of the relevant assets of the receiver is,

(1) in the case of a supply, deemed to have been made or received by the receiver as mandatary of the person; and

(2) in the case of any act, deemed to have been performed by the receiver as mandatary of the person.

History: 1991, c. 67, s. 311; 1994, c. 22, s. 530.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(a).

**Estate of the person.**

**312.** The receiver is deemed not to be a trustee of the estate or any part of the estate of the person.

History: 1991, c. 67, s. 312; 1994, c. 22, s. 530.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(b).

**Relevant assets.**

**312.1.** Where the relevant assets of the receiver are a part and not all of the person’s businesses, affairs, properties or assets, the relevant assets of the receiver are deemed to be, throughout the period during which the receiver is acting as receiver of the person, separate from the remainder of the businesses, affairs, properties or assets of the person as though the relevant assets were businesses, affairs, properties or assets, as the case may be, of a separate person.

History: 1994, c. 22, s. 531.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(c).

**Solidary liability.**

**313.** The person and the receiver are solidarily liable for the payment or remittance of all amounts that become payable or remittable by the person before or during the period during which the receiver is acting as receiver of the person to the extent that the amounts can reasonably be considered to relate to the relevant assets of the receiver or to the businesses, affairs, properties or assets of the person that would have been the relevant assets of the receiver if the receiver had been acting as receiver of the person at the time the amounts became payable or remittable, as the case may be.

**Limitation.**

Notwithstanding the first paragraph, the following rules apply:

(1) the receiver is liable for the payment or remittance of amounts that became payable or remittable before that period only to the extent of the property and money of the person in possession or under the control and management of the receiver after

(a) satisfying the claims of creditors whose claims ranked, on the particular day, in priority to the claim of the State in respect of the amounts, and

(b) paying any amounts that the receiver is required to pay to a trustee in bankruptcy of the person;

(2) the person is not liable for the remittance of any tax collected or collectible by the receiver; and

(3) the payment or remittance by the person or the receiver of an amount in respect of the liability shall discharge the liability to the extent of that amount.

History: 1991, c. 67, s. 313; 1994, c. 22, s. 532; 1995, c. 63, s. 510; 1998, c. 16, s. 304.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(d).

**Reporting periods of the person.**

**314.** Subject to sections 314.1 and 315, the reporting periods of the person begin and end on the days on which they would have begun and ended if the vesting had not occurred.

History: 1991, c. 67, s. 314; 1994, c. 22, s. 532.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(e) before (i).

**Reporting period of the person.**

**314.1.** The reporting period of the person, in relation to the relevant assets of the receiver, during which the receiver begins to act as receiver of the person, shall end on the particular day and a new reporting period of the person in relation to the relevant assets shall begin on the day immediately after the particular day.

History: 1994, c. 22, s. 533.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(e)(i).

**Reporting period of the person.**

**315.** The reporting period of the person, in relation to the relevant assets of the receiver, during which the receiver ceases to act as receiver of the person, shall end on the day the receiver ceases to act as receiver of the person.

History: 1991, c. 67, s. 315; 1994, c. 22, s. 534.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(e)(ii).

**Filing of the person's returns.**

**316.** The receiver shall file with the Minister in prescribed form containing prescribed information all returns that are required to be filed by the person in respect of

(1) the relevant assets of the receiver for reporting periods ending in the period during which the receiver is acting as receiver of the person; and

(2) supplies of immovables that can reasonably be considered to relate to the relevant assets and that were made to the person in those periods.

**Relevant assets.**

The receiver shall file the returns referred to in the first paragraph as if the relevant assets were the only businesses, affairs, properties and assets of the person.

History: 1991, c. 67, s. 316; 1994, c. 22, s. 534.

**Interpretation Bulletins:** TVQ. 302-1.

**Corresponding Federal Provision:** 266(2)(f).

**317.** *(Repealed).*

History: 1991, c. 67, s. 317; 1994, c. 22, s. 535.

**Interpretation Bulletins:** TVQ. 302-1.

**Filing of a return.**

**317.1.** The receiver shall, unless the Minister waives in writing the requirement for the receiver to file the return, file with the Minister in prescribed form containing prescribed information a return for the reporting period referred to in the second paragraph that relates to the businesses, affairs, properties or assets of the person that would have been the relevant assets of the receiver if the receiver had been acting as receiver of the person during that reporting period.

**Application.**

The rules set out in the first paragraph apply if the person has not on or before the particular day filed a return required to be filed by the person for a reporting period of the person ending

(1) on or before the particular day; and

(2) in or immediately before the fiscal year of the person that included the particular day.

History: 1994, c. 22, s. 536.

**Corresponding Federal Provision:** 266(2)(g).

**Filing of a return — immovable.**

**317.2.** The receiver shall, unless the Minister waives in writing the requirement for the receiver to file the return, file with the Minister in prescribed form containing prescribed information a return in respect of the supply referred to in the second paragraph that can reasonably be considered to relate to the businesses, affairs, properties or assets of the person that would have been the relevant assets of the receiver if the receiver had been acting as receiver of the person in the reporting period referred to in the second paragraph.

**Application.**

The rules set out in the first paragraph apply if the person has not on or before the particular day filed a return required to be filed by the person in respect of a supply of an immovable made to the person in a reporting period ending

(1) on or before the particular day; and

(2) in or immediately before the fiscal year of the person that included the particular day.

History: 1994, c. 22, s. 536.

**Corresponding Federal Provision:** 266(2)(h).

**317.3.** *(Repealed).*

History: 1994, c. 22, s. 536; 2015, c. 21, s. 689.

**DIVISION VII  
FORFEITURE, SEIZURE AND REPOSSESSION**

**Forfeiture or reduction of debt.**

**318.** Where at any time, as a consequence of the breach, modification or termination, after 30 June 1992, of an agreement for the making of a taxable supply, other than a zero-rated supply, of property or a service in Québec by a registrant to a person, an amount is paid or forfeited to the registrant otherwise than as consideration for the supply, or a debt or other obligation of the registrant is reduced or extinguished without payment being made in respect of the debt or obligation,

(1) the person is deemed to have paid, at that time, an amount of consideration for the supply equal to the amount determined by multiplying the amount paid or forfeited, or by which the debt or obligation was reduced or extinguished, as the case may be, by 100/109.975; and

(2) the registrant is deemed to have collected, and the person is deemed to have paid, at that time, all tax in respect of the supply that is calculated on that consideration, which is deemed to be equal to tax under section 16 calculated on that consideration.

History: 1991, c. 67, s. 318; 1994, c. 22, s. 537; 1997, c. 85, s. 600; 2010, c. 5, s. 221; 2011, c. 6, s. 258; 2012, c. 28, s. 101.

**Corresponding Federal Provision:** 182(1).

**Exception.**

**318.0.1.** Paragraph 2 of section 318 does not apply in respect of amounts paid or forfeited, and debts or other obligations reduced or extinguished, as a consequence of a breach, modification or termination of an agreement where

(1) the agreement was entered into in writing before 1 July 1992;

(2) the amount is paid or forfeited, or the debt or other obligation is reduced or extinguished, as the case may be, after 1992; and

(3) tax in respect of the amount paid, forfeited or extinguished, or by which the debt or obligation was reduced, as the case may be, was not contemplated in the agreement.

History: 1997, c. 85, s. 601.

**Corresponding Federal Provision:** 182(2).

**Exception.**

**318.0.2.** Chapters I to V of Title VI do not apply in respect of section 318.

History: 1997, c. 85, s. 601.

**Corresponding Federal Provision:** 182(2.1).

**Exception.**

**318.1.** Section 318 does not apply to that part of any amount paid or forfeited in respect of the breach, modification or termination of an agreement for the making of a supply where that part is

(1) an additional amount that is charged to a person because the consideration for the supply is not paid within a reasonable period and is such an amount referred to in section 57;

(2) an amount paid by one railway corporation to another railway corporation as or on account of a penalty for failure to return rolling stock within a stipulated time; or

(3) an amount paid as or on account of demurrage.

History: 1994, c. 22, s. 538.

**Corresponding Federal Provision:** 182(3).

**319.** *(Repealed).*

History: 1991, c. 67, s. 319; 1994, c. 22, s. 539; 1997, c. 85, s. 602.

**Seizure or repossession.**

**320.** Where at any time after 1 July 1992 property of a person is, for the purpose of satisfying in whole or in part a debt or other obligation owing by the person to another person (in this section and in sections 321 to 324.6 referred to as the “creditor”), seized or repossessed by the creditor under a right or power exercisable by the creditor, other than a right or power that the creditor has under, or because of being a party to, a lease, licence or similar arrangement by which the person acquired the property, the following rules apply:

(1) the person is deemed to have made, and the creditor is deemed to have received, at that time a supply of the property by way of sale;

(2) the supply is deemed to have been made for no consideration, except for the purposes of sections 233, 234, 379 and 380;

(3) where the supply is a taxable supply of an immovable, for the purposes of sections 233, 234, 379 and 380, the tax payable in respect of the supply is deemed to be equal to the tax calculated on the fair market value of the property at that time; and

(4) where the supply is a supply of an immovable referred to in section 102, 138.1 or 168, for the purposes of sections 233, 234, 379 and 380, the supply is deemed to be a taxable supply and the tax payable in respect of the supply is deemed to be equal to the tax calculated on the fair market value of the property at that time.

History: 1991, c. 67, s. 320; 1994, c. 22, s. 539; 1997, c. 85, s. 603.

**Interpretation Bulletins:** TVQ. 321-1; TVQ. 321-2.

**Corresponding Federal Provision:** 183(1).

**Supply in commercial activities.**

**321.** Subject to section 323, where at any time a creditor who has seized or repossessed property, in circumstances in which section 320 applies, makes a supply, other than an exempt supply, of the property, except where any of sections 323.1 to 323.3 applied at an earlier time in respect of the use of the property by the creditor, the following rules apply:

(1) the creditor is deemed to have made the supply in the course of a commercial activity of the creditor; and

(2) anything done by the creditor in the course of, or in connection with, the making of the supply and not in

connection with the seizure or repossession is deemed to have been done in the course of the commercial activity.

History: 1991, c. 67, s. 321; 1994, c. 22, s. 539.

**Interpretation Bulletins:** TVQ. 321-1; TVQ. 321-2.

**Corresponding Federal Provision:** 183(2).

**322.** *(Repealed).*

History: 1991, c. 67, s. 322; 1994, c. 22, s. 540.

**Court seizures.**

**323.** Where a court, for the purpose of satisfying an amount owing under a judgment of the court, orders a bailiff or officer of the court to seize property of a debtor and subsequently makes a supply of the property, the supply of the property by the court is deemed to be made otherwise than in the course of a commercial activity.

History: 1991, c. 67, s. 323; 1994, c. 22, s. 541; I.N. 2016-01-01 (NCCP).

**Interpretation Bulletins:** TVQ. 321-2.

**Corresponding Federal Provision:** 183(3).

**Use of seized property.**

**323.1.** Where a creditor who has seized or repossessed an immovable in circumstances in which section 320 applies or would, but for section 324.6, apply, begins at any time to use the immovable otherwise than in the making of a supply of the property, the creditor is deemed to have made a supply of the property at that time and, except where the supply is an exempt supply, the following rules apply:

(1) the creditor is deemed to have collected, at that time, tax in respect of the supply equal to the amount determined by multiplying the fair market value of the property at that time by 9.975/109.975; and

(2) the creditor is deemed to have acquired the property and paid that tax at that time.

History: 1994, c. 22, s. 542; 1995, c. 63, s. 406; 1997, c. 85, s. 604; 2010, c. 5, s. 222; 2011, c. 6, s. 259; 2012, c. 28, s. 102.

**Corresponding Federal Provision:** 183(4).

**Use of movable property seized before 1 January 1994.**

**323.2.** Where a creditor who has seized or repossessed movable property from a person before 1 January 1994, in circumstances in which section 320 applies or would, but for section 324.6, apply, begins at a particular time to use the property otherwise than in the making of a supply of the property, the following rules apply:

(1) the creditor is deemed to have received, immediately after the particular time, a supply by way of sale of the property; and

(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed, the creditor is deemed

(a) to have made, at the particular time, a taxable supply of the property and to have collected, at that time, tax in respect of that supply equal to the amount determined by multiplying the fair market value of the property at the time it was seized or repossessed by 9.975/109.975, and

(b) to have paid, immediately after the particular time, tax in respect of the supply referred to in paragraph 1 equal to the amount determined under subparagraph a.

History: 1994, c. 22, s. 542; 1995, c. 63, s. 407; 1997, c. 85, s. 605; 2010, c. 5, s. 223; 2011, c. 6, s. 260; 2012, c. 28, s. 103.

**Corresponding Federal Provision:** 183(5).

**Use of movable property seized after 31 December 1993.**

**323.3.** Where a creditor who has seized or repossessed movable property from a person after 31 December 1993, in circumstances in which section 320 applies or would, but for section 324.6, apply, begins at a particular time to use the property otherwise than in the making of a supply of the property, the following rules apply:

(1) the creditor is deemed

(a) to have received, immediately after the particular time, a supply by way of sale of the property, and

(b) to have paid, immediately after the particular time, all tax payable in respect of the supply, which is deemed to be equal to the amount determined by multiplying the fair market value of the property at the time it was seized or repossessed by 9.975/109.975, except where

i. the supply is a zero-rated supply, or

ii. in the case of property that was, at the time it was seized or repossessed, specified corporeal movable property having a fair market value in excess of the prescribed amount in respect of the property, tax would not have been payable had the property been purchased in Québec from the person at that time; and

(2) where tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed, the creditor is deemed

(a) to have made, at the particular time, a taxable supply of the property, and

(b) to have collected, at the particular time, all tax payable in respect of the supply, which is deemed to be equal to the amount determined by multiplying the fair market value of

the property at the time it was seized or repossessed by 9.975/109.975.

History: 1994, c. 22, s. 542; 1995, c. 63, s. 408; 1997, c. 85, s. 606; 2001, c. 53, s. 326; 2010, c. 5, s. 224; 2011, c. 6, s. 261; 2012, c. 28, s. 104.

**Corresponding Federal Provision:** 183(6).

**Seized property of a non-registrant.**

**324.** The rules set out in the second paragraph apply where

(1) a creditor makes at any time a taxable supply by way of sale, other than a supply deemed under this Title to have been made, of movable property seized or repossessed from a person in circumstances in which section 320 applies;

(2) the creditor was not deemed under section 323.2, 323.3 or 324.2 to have received a supply of the property at an earlier time;

(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code; and

(3) no tax would have been payable by the creditor had the property been purchased in Québec by the creditor from the person at the time it was seized or repossessed;

(4) *(subparagraph repealed)*.

**Presumption.**

The creditor is deemed to have received a supply by way of sale of the property immediately before that time for consideration equal to the consideration for the supply referred to in subparagraph 1 of the first paragraph and, except if the supply is a zero-rated supply, to have paid, immediately before that time, all tax payable in respect of the supply deemed under this paragraph to have been received, which is deemed to be equal to the amount determined by the formula

A – B.

**Interpretation.**

For the purposes of this formula,

(1) A is tax calculated on that consideration; and

(2) B is the total of all amounts each of which is an input tax refund or a rebate under Division I of Chapter VII that the creditor was entitled to claim in respect of the property or an improvement thereto.

History: 1991, c. 67, s. 324; 1994, c. 22, s. 543; 1995, c. 63, s. 409; 1997, c. 85, s. 607; 2001, c. 51, s. 277; 2001, c. 53, s. 327.

**Corresponding Federal Provision:** 183(7).

**Sale of movable property.**

**324.1.** Section 324 does not apply where

(1) the supply referred to in subparagraph 1 of the first paragraph of the said section is made outside Québec or is a zero-rated supply; and

(2) the property was seized or repossessed by the creditor before 1 January 1994 or was, at the time it was seized or repossessed, specified corporeal movable property having a fair market value in excess of the prescribed amount in respect of the property.

History: 1994, c. 22, s. 544; 1997, c. 85, s. 608.

**Corresponding Federal Provision:** 183(7).

**Lease of movable property.**

**324.2.** The rules set out in the second paragraph apply if

(1) at a particular time a creditor who has seized or repossessed movable property from a person in circumstances in which section 320 applies makes a taxable supply of the property by way of lease, licence or similar arrangement for the first lease interval, within the meaning of section 32.2, in respect of the arrangement;

(2) the creditor was not deemed under section 323.2 or 323.3 to have received a supply of the property at an earlier time;

(2.1) the property is not a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) other than a road vehicle exempt from registration under section 14 of the Highway Safety Code; and

(3) no tax would have been payable had the property been purchased in Québec from the person at the time it was seized or repossessed;

(4) *(subparagraph repealed)*.

**Presumption.**

The creditor is deemed to have received a supply by way of sale of the property immediately before the particular time and, except if the supply is a zero-rated supply, to have paid, immediately before the particular time, all tax payable in respect of the supply, which is deemed to be equal to tax calculated on the fair market value of the property at the time it was seized or repossessed.

History: 1994, c. 22, s. 544; 1995, c. 63, s. 410; 1997, c. 85, s. 609; 2001, c. 51, s. 278; 2001, c. 53, s. 328.

**Corresponding Federal Provision:** 183(8).

**Exception.**

**324.3.** Section 324.2 does not apply where

(1) the supply referred to in subparagraph 1 of the first paragraph of the said section is made outside Québec or is a zero-rated supply; and

(2) the property was seized or repossessed by the creditor before 1 January 1994 or was, at the time it was seized or repossessed, specified corporeal movable property having a fair market value in excess of the prescribed amount in respect of the property.

History: 1994, c. 22, s. 544; 1997, c. 85, s. 610.

**Corresponding Federal Provision:** 183(8).

**Voluntary transfer.**

**324.4.** For the purposes of sections 320 to 324.3 and sections 324.5 and 324.6, where property is at any time voluntarily transferred by a particular person to another person for the purpose of satisfying in whole or in part a debt or other obligation in respect of which the particular person is in default, the other person is deemed to have seized or repossessed the property from the particular person at that time in circumstances in which section 320 applies.

History: 1994, c. 22, s. 544.

**Corresponding Federal Provision:** 183(9).

**Debt security.**

**324.5.** The rules set out in the second paragraph apply where

(1) for the purpose of satisfying in whole or in part a debt or other obligation owing by a person, a creditor exercises a right under an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut, or of the Parliament of Canada or an agreement relating to a debt security to cause the supply of property;

(2) section 323 does not apply to the supply; and

(3) a receiver, within the meaning assigned by section 310, does not have authority in respect of the property.

**Presumption.**

The creditor is deemed to have seized the property immediately before the supply and that supply is deemed to have been made by the creditor and not by the person.

History: 1994, c. 22, s. 544; 1997, c. 85, s. 611; 2003, c. 2, s. 331.

**Interpretation Bulletins:** TVQ, 321-2.

**Corresponding Federal Provision:** 183(10).

**Redemption of property.**

**324.5.1.** The rules set out in the second paragraph apply where

(1) for the purpose of satisfying in whole or in part a debt or obligation owing by a person (in this section referred to as the “debtor”), a creditor exercises a right under an Act of the

Legislature of Québec, another province, the Northwest Territories, the Yukon Territory, Nunavut, or of the Parliament of Canada or an agreement relating to a debt security to cause the supply of property (in this section referred to as the “first supply”);

(2) the recipient of the first supply has paid an amount (in this section referred to as the “tax amount”) as or on account of tax with respect to that supply; and

(3) under the Act or the agreement, the debtor has a right to redeem the property and the debtor exercises that right.

**Rules.**

The rules to which the first paragraph refers are as follows:

(1) the redemption of the property is deemed to be a supply of the property made by way of sale by the recipient of the first supply to the debtor for no consideration; and

(2) where the property was redeemed from the recipient of the first supply and an amount has been reimbursed by the debtor to the creditor or that recipient on account of the tax amount,

(a) except for the purposes of sections 320 to 324.6, the debtor is deemed not to have supplied the property to the creditor under section 320 or to have received a supply of the property at the time of the redemption,

(b) the debtor is deemed, for the purposes of sections 400 to 402, to have paid tax in error at the time of the redemption equal to the amount so reimbursed,

(c) where the tax amount has been included in determining a rebate or an input tax refund claimed by that recipient in an application or return, the amount of the rebate or the input tax refund shall be added in determining the net tax of that recipient for the reporting period in which the property was redeemed, and

(d) the tax amount shall not be included in determining a rebate or an input tax refund claimed by that recipient in an application or a return filed after the redemption of the property.

History: 1997, c. 85, s. 612; 2003, c. 2, s. 332.

**Corresponding Federal Provision:** 183(10.1).

**Application of Division VI.**

**324.6.** Division VI applies and sections 320, 321 and 324 to 324.4 do not apply where a creditor

(1) is a receiver, within the meaning of section 310, in respect of property and exercises a right or power to seize or repossess property for the purpose of satisfying in whole or in part a debt or other obligation owing by a person; or

(2) appoints a mandatary who is a receiver within the meaning of section 310, in respect of property to exercise a right or power to seize or repossess property for the purpose of satisfying in whole or in part a debt or other obligation owing by a person.

History: 1994, c. 22, s. 544.

**Corresponding Federal Provision:** 183(11).

**DIVISION VIII  
SUCCESSION AND TRUST**

**Reporting period of a succession.**

**324.7.** Subject to sections 324.8, 324.9 and 326, where an individual dies, this Title applies as though the succession of the individual were the individual and the individual had not died, except that

(1) the reporting period of the individual during which the individual died ends on the day the individual died; and

(2) a reporting period of the succession begins on the day after the individual died and ends on the day the reporting period of the individual would have ended if the individual had not died.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.

**Definitions:**

**324.8.** For the purposes of sections 324.9 to 326,

“*trust*”;

“*trust*” includes the succession of a deceased individual;

“*trustee*”.

“*trustee*” includes the personal representative of a deceased individual, but does not include a receiver within the meaning assigned by the second paragraph of section 310.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.1(1).

**Trustee’s liability.**

**324.9.** Subject to section 324.10, each trustee of a trust is liable to satisfy every obligation imposed on the trust under this Title, whether the obligation was imposed before or during the period during which the trustee acts as trustee of the trust.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.1(2).

**Solidary liability.**

**324.10.** A trustee of a trust is solidarily liable with the trust and each of the other trustees, if any, for the payment or remittance of all amounts that become payable or remittable by the trust before or during the period during which the trustee acts as trustee of the trust.

**Extent of liability.**

Notwithstanding the first paragraph, the trustee is liable for the payment or remittance of amounts that became payable or remittable before the period only to the extent of the value of the property and money of the trust under the control of the trustee.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.1(3).

**Waiver to file a return.**

**324.11.** Notwithstanding section 324.9, the Minister may, in writing, waive the requirement for the personal representative of a deceased individual to file a return in prescribed form containing prescribed information for a reporting period of the individual ending on or before the day the individual died.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.1(4).

**Activities of a trustee.**

**324.12.** Where a person acts as trustee of a trust,

(1) anything done by the person in the person's capacity as trustee of the trust is deemed to have been done by the trust and not by the person; and

(2) notwithstanding paragraph 1, where the person is not an officer of the trust, the person is deemed to supply a service to the trust of acting as a trustee of the trust and any amount to which the person is entitled for acting in that capacity that is included, for the purposes of the Taxation Act (chapter I-3), in determining the person's income or, where the person is an individual, the person's income from a business, is deemed to be consideration for that supply.

History: 1997, c. 85, s. 614.

**Corresponding Federal Provision:** 267.1(5).

**Inter vivos trust.**

**325.** Where a person settles property on an *inter vivos* trust,

(1) the person is deemed to have made and the trust is deemed to have received a supply by way of sale of the property; and

(2) the supply is deemed to have been made for consideration equal to the amount determined under the Taxation Act (chapter I-3) to be the proceeds of disposition of the property.

History: 1991, c. 67, s. 325; 1993, c. 19, s. 212; 1995, c. 1, s. 291; 1997, c. 85, s. 615; 2005, c. 23, s. 275.

**Corresponding Federal Provision:** 268.

**Distribution by trustee.**

**326.** Where a trustee of a trust distributes property of the trust to one or more persons, the distribution of the property is deemed to be a supply of the property made by the trust at the place at which the property is delivered to the persons and for consideration equal to the amount determined under the Taxation Act (chapter I-3) to be the proceeds of disposition of the property.

History: 1991, c. 67, s. 326; 1994, c. 22, s. 545; 1997, c. 85, s. 615; 2005, c. 23, s. 276.

**Corresponding Federal Provision:** 269.