

## Consumer Taxes

TVQ. 160-1/R1                      Professional Membership Dues  
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Reference(s):                        *Act respecting the Québec sales tax (CQLR, c. T-0.1), section 160*

*This version of interpretation bulletin TVQ. 160-1 replaces the version of January 31, 2000. The bulletin was revised to take into account amendments made to articles 89 and 89.1 of the Professional Code (CQLR, c. C-26) by means of An Act to amend the Professional Code and other legislative provisions (SQ 2008, c. 11), which received royal assent on June 5, 2008. Article 89.1 of the Professional Code now mentions conditions for the setting up of a compensation fund and rules for the administration and investment of the sums making up the fund.*

*While some style changes were made, the position set out in this bulletin and its date of application (July 1, 1992) remain unchanged.*

This bulletin discusses the application of the *Act respecting the Québec sales tax (AQST)* with respect to professional membership dues that are required to maintain a professional status recognized by statute.

### APPLICATION OF THE ACT

1. Under section 160 of the AQST, a supply of a membership required to maintain a professional status recognized by statute is exempt when made by an organization.
2. That section of the AQST provides that the supplier of such membership may make an election in prescribed form containing prescribed information, to the effect that the supply of such membership constitutes a taxable supply.
3. Thus, the dues payable to a professional order by its members, that are required for members to maintain a professional status recognized by statute, constitute the consideration for an exempt supply of membership, unless the professional order has made the election under section 160 of the AQST to have the supply constitute a taxable supply.
4. Moreover, professional membership dues may include an amount for dues to be paid to a compensation fund set up under article 89.1 of the *Professional Code* (CQLR, c. C-26). That fund

is used to repay amounts of money or other securities used by a professional for purposes other than those for which they were entrusted to them in the practice of their profession.

**5.** Professional membership dues relative to such a compensation fund constitute part of the consideration for the supply of the membership made by the professional order to its members, even if the billing and collection of the dues payable to this fund are separate from the billing and collection of the other components of the membership.

**6.** In fact, the obligation to set up a compensation fund is the responsibility of the professional order, and that order fulfils its obligations by means of the dues or any part thereof that it collects from its members. Consequently, even if the bill shows a separate amount for the part of the dues that must be paid to the fund, that amount is part of the dues and does not constitute consideration for another supply.

**7.** Thus, if a professional order has made the election under section 160 of the AQST to have the supply of the membership it makes treated as taxable, the QST must be collected by the order in respect of the contributions payable by its members for the compensation fund.