

Consumer Taxes

TVQ. 167-1 **Identity Card Required to Obtain a Reduced-Fare Transit Service**

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Reference(s): *An Act respecting the Québec sales tax* (R.S.Q., c. T-0.1), sections 139 and 167

This bulletin discusses how the *Act respecting the Québec sales tax* (the “Act”) applies to the issuance of an identity card required to obtain a reduced-fare municipal transit service.

CONTEXT

1. Most public transit corporations offer their student clientele and their senior citizen clientele a reduced-fare municipal transit service.
2. Other regular users may also be entitled to the reduced-fare service.
3. To be entitled to a reduced fare, students, senior citizens and users in general who wish to take advantage of a monthly reduction, are required to obtain an identity card bearing the user’s photo at a sales outlet determined by the transit corporation.

PERTINENT LEGISLATIVE PROVISIONS

4. A supply made to a member of the public of a municipal transit service or of a public passenger transportation service designated by the Minister to be a municipal transit service is exempt under section 167 of the Act.
5. A municipal transit service within the meaning of section 139 of the Act, is a public passenger transportation service 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.
6. A transit authority is also defined in section 139 of the Act and means 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. Thus, a body composed of municipalities, such as an inter-municipal transit board or transit corporation constitutes a transit authority.
7. A non-profit organisation also qualifies as a transit authority where, as the case may be:
 - (a) it receives funding from a government, municipality or school authority to support the supply of public passenger transportation services; or

- (b) it is established and operated for the purpose of providing public passenger transportation services to disabled individuals.

INTERPRETATION

8. To the extent that the amount required for the identity card is charged by a transit corporation that qualifies as a transit authority providing a municipal transit service or by another person acting as a mandatary thereof, issuance of the card is part of the transit service, which service gives rise to an exempt supply for the purposes of section 167 of the Act.

9. However, if the amount required for the identity card is charged by a person who is not acting as a mandatary of the corporation according to the basic qualifications generally recognized for a person acting as such, this amount constitutes consideration for a taxable supply of corporeal movable property separate from the consideration for the exempt supply of the municipal transit service.

10. It should be remembered that under the rules of civil law, for a person to be considered as acting as the mandatary of another person, it is necessary for that person to represent the other person in the performance of a juridical act with a third person. In the case at hand, the person must represent the transit corporation with respect to the price of the card charged to the third person, the user of the service.

11. This bulletin has effect from July 1, 1992.