

Consumer Taxes

TVQ. 16-21 **Amounts Charged by Organizations for the Marketing of Agricultural, Food and Fish Products**

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Reference(s): *An Act respecting the Québec sales tax* (R.S.Q., c. T-0.1), sections 16 and 422

This bulletin states how the *Act respecting the Québec sales tax* (the “Act”) applies to the amounts claimed by organizations responsible for the marketing of agricultural, food and fish products from producers on the sales of their products.

THE SITUATION

1. In accordance with the *Act respecting the marketing of agricultural, food and fish products* (R.S.Q., c. M-35.1), marketing organizations (federations, syndicates, boards, etc.) act as the intermediaries or representatives of producers for the sale of agricultural, food and fish products.
2. In order to pay the expenses they incur in fulfilling their obligations, the marketing organizations collect various contributions from producers. These amounts are deducted from the sale price paid to producers for their products.
3. More specifically, the marketing organizations can collect contributions for the Joint Plan, administration, transportation, the research fund, advertising, etc.

APPLICATION OF THE ACT

4. Under the first paragraph of section 16 of the Act, every recipient of a taxable supply made in Québec shall pay the Québec sales tax in respect of the supply.
5. Under section 422 of the Act, every person who makes a taxable supply shall, as a mandatary of the Minister, collect the tax payable by the recipient under section 16 in respect of the supply.
6. Subject to the specific legislative provisions that may govern certain organizations, the Ministère generally considers that the various contributions collected by marketing organizations from producers constitute consideration for the taxable supply of a marketing service.
7. Whether or not the marketing organization acquires the ownership of the products and whether or not it acquires them FOB point of origin or otherwise, does not change the fiscal treatment reserved for the various contributions collected by the organization.

8. The marketing organization must therefore collect from the producer the tax calculated on the value of the consideration for the supply of the product marketing service, that consideration being represented by the contributions it collects.

EFFECTIVE DATE

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