

## Consumer Taxes

TVQ. 176-2/R3      Eyeglasses and ophthalmic lenses  
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Reference(s):      *An Act respecting the Québec sales tax (R.S.Q., c. T-0.1), s. 176*

*This version of interpretation bulletin TVQ. 176-2 supersedes the version of August 31, 2001. The position set forth in the bulletin remains the same. Only some changes in respect of style and conformity have been made to ensure technical accuracy.*

*This bulletin is effective from July 1, 1992, except for the restriction provided for under point 5.*

This bulletin explains how the Act respecting the Québec sales tax (AQST) applies in respect of the supply of eyeglasses and ophthalmic lenses obtained on the order of an eye-care professional, non-prescription sunglasses and clip-on sunglasses.

### APPLICATION OF THE ACT

1. According to paragraph 8 of section 176 of the AQST, the supply of ophthalmic lenses, with or without frames, constitutes a zero-rated supply when the lenses are, or are to be, supplied on the written order of an eye-care professional for the correction or treatment of a defect of vision of the consumer named in the order, where the eye-care professional is entitled to prescribe lenses for such purpose under the laws of the jurisdiction in which the professional practises (Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut). This supply is zero-rated regardless of the identity of the legal recipient of the supply.
2. Consequently, the supply of non-prescription sunglasses that do not meet the conditions for the application of paragraph 8 of section 176 of the AQST does not constitute a zero-rated supply and Québec sales tax (QST) is payable in respect of the supply of such property.
3. In the eyewear sector, a “two-for-one” marketing policy is frequently used. A customer may acquire two pairs of eyeglasses or ophthalmic lenses and pay only for the more expensive pair, the other pair being absolutely free.
4. In such circumstances, two supplies are made, one of which is made for a consideration equal to nil. The consideration paid by the customer is therefore entirely attributable to the pair of eyeglasses or ophthalmic lenses for which a price is charged. As a result, no QST is payable by

the recipient in respect of the supply of the pair of eyeglasses or ophthalmic lenses that is supplied free of charge. QST is payable by the recipient only if the supply for which a consideration is charged constitutes a taxable supply, other than a zero-rated supply.

### **Example 1**

A consumer goes to an eyewear dealer to acquire a pair of eyeglasses prescribed by an eye-care professional. The value of the eyeglasses (lenses and frame) is \$350. Under the “two-for-one” policy practised by the dealer, the customer can choose to purchase a second pair of eyeglasses and pay only for the more expensive pair, the other pair being free. The second pair of eyeglasses chosen by the customer, also prescribed by an eye-care professional, is worth \$300. The price charged by the dealer is therefore \$350. Since the \$350 consideration paid by the customer is entirely attributable to the supply of a pair of eyeglasses that constitutes a zero-rated supply, no QST is payable by the customer or any other legal recipient on the acquisition of the two pairs of eyeglasses.

### **Example 2**

A consumer who wishes to take advantage of a dealer’s “two-for-one” offer chooses to purchase a pair of eyeglasses prescribed by an eye-care professional worth \$300, as well as a pair of non-prescription sunglasses worth \$180. The price charged by the dealer is therefore \$300, the pair of non-prescription sunglasses being free. Since the \$300 consideration paid by the customer is entirely attributable to the supply of a pair of eyeglasses that constitutes a zero-rated supply (i.e. the pair of eyeglasses prescribed by an eye-care professional), no QST is payable by the customer or any other legal recipient on the acquisition of the two pairs of eyeglasses.

The same treatment would apply if, instead of a pair of eyeglasses prescribed by an eye-care professional, the customer had chosen a pair of ophthalmic lenses meeting the same conditions.

### **Example 3**

Under a dealer’s “two-for-one” offer, a consumer chooses to purchase a pair of eyeglasses prescribed by an eye-care professional worth \$225, as well as a pair of non-prescription sunglasses worth \$250. The price charged by the dealer is therefore \$250, the pair of prescription eyeglasses being free. Since the \$250 consideration paid by the customer is entirely attributable to the supply of a pair of non-prescription sunglasses that does not constitute a zero-rated supply, QST must be paid on the consideration the customer is required to pay.

### **Example 4**

A consumer goes to an eyewear dealer and chooses to purchase two pairs of non-prescription sunglasses, one worth \$125 and the other worth \$160. Under the dealer’s “two-for-one” offer, the customer pays only for the more expensive pair (i.e. the pair worth \$160), the other pair being free. Since the consideration paid by the customer is entirely attributable to the supply of a pair of eyeglasses that does not constitute a zero-rated supply, QST must be paid on the \$160 consideration the customer is required to pay.

5. As regards points 1 and 4, for the period before April 24, 1996, zero-rating applies only to a supply made to the consumer named in the written order of the eye-care professional.

6. Furthermore, paragraph 31 of section 176 of the AQST provides that the supply of a part, accessory or attachment that is specially designed for a property described in Division II of Chapter IV of Title I of the AQST (prescription eyeglasses, for example) constitutes a zero-rated supply.

7. For the purposes of paragraph 31 of section 176 of the AQST, the supply of clip-on sunglasses constitutes a zero-rated supply with no further conditions, given that they are an accessory specially designed for prescription eyeglasses. The Ministère du Revenu du Québec considers that, by their very nature, clip-on sunglasses can be used only with prescription eyeglasses and have no other use.