

Consumer Taxes

TVQ. 177-7/R1 Sweetened Dried Cranberries
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Reference(s): *Act respecting the Québec sales tax (CQLR, c. T-0.1), section 177*

This version of interpretation bulletin TVQ. 177-7 supersedes the version of December 28, 2006. The bulletin was revised to make sure it is relevant and up to date. The position remains the same. Only some style changes were made. The bulletin has effect from December 1, 2006.

This bulletin explains how the *Act respecting the Québec sales tax (AQST)* applies to supplies of sweetened dried cranberries.

DESCRIPTION OF THE PRODUCT

1. The product consists of cranberries that are dried by osmosis, that is, by being immersed in a concentrated solution of sugar and maple syrup, which dehydrates and sweetens the fruit. The drying process is then completed in a dryer.
2. The product may be sold as a snack or an ingredient in various formats, such as
 - (a) a “snack” format of 150 grams sold in a resealable bag;
 - (b) in bulk, that is, in a container holding five kilograms or more sold to retailers that package the product in smaller containers for retail sale.

LEGISLATIVE PROVISIONS

3. Under section 177 of the AQST, 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, are zero-rated supplies. However, supplies of the products listed in paragraphs (1) through (19) of that section are subject to Québec sales tax (QST).
4. Among those exceptions are fruit drops, rolls or bars or similar fruit-based snack foods, mentioned in paragraph (13) of section 177 of the AQST.

APPLICATION OF THE ACT

5. Revenu Québec considers that supplies of sweetened dried cranberries made following the osmosis process described above are taxable supplies under paragraph (13) of section 177 of the AQST, because the product includes an additional ingredient, such as maple syrup or sugar, that enhances or alters the flavour of the fruit, and the product is sold as a snack or in bulk to wholesalers or retailers that package it for resale as snacks. This position is applicable even if the product may then also be used as an ingredient.

6. However, if the product is sold exclusively as an ingredient (for example, to a baker or a manufacturer), the supply of the product is a zero-rated supply under section 177 of the AQST.

7. Furthermore, supplies of dried fruit that is unsweetened or sold without the addition of ingredients that enhance or alter the flavour are zero-rated supplies unless the fruit is part of a mixture. Similarly, the addition of an ingredient for the sole purpose of food preservation is not sufficient to change the tax status of a product from zero-rated to taxable.