

Consumer Taxes

TVQ. 212-3/R2 Employees' Professional Dues
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Reference(s): *Act respecting the Québec sales tax (CQLR, c. T-0.1), sections 199 and 212*

This version of interpretation bulletin TVQ. 212-3 replaces the version of December 20, 2013. The bulletin has been revised to take into account Revenu Québec's position, which is based on the same guidelines for reimbursements of expenses as those described in GST/HST Memorandum 9.4, published by the Canada Revenue Agency.

This bulletin explains how the *Act respecting the Québec sales tax (AQST)* applies in respect of professional dues that may be reimbursed by employers to their employees.

APPLICATION OF THE ACT

Input tax refunds (ITRs)

1. Under section 212 of the AQST, where expenses incurred by employees in activities of their employer are reimbursed by the employer, the tax included in the amounts reimbursed is deemed to have been paid by the employer. This presumption allows the employer to claim an ITR in respect of the reimbursement.
2. Revenu Québec takes into account the same guidelines for reimbursements of expenses as those described in the CRA's GST/HST Memorandum 9.4.

Accordingly, Revenu Québec considers that a reimbursement which results in a taxable benefit for an individual under the *Taxation Act* (CQLR, c. I-3) is in fact remuneration or income of the individual, instead of a reimbursement. As income, the payment is not subject to the Québec sales tax (QST), and hence not eligible for purposes of determining an ITR or other rebate under the AQST.

Professional dues that constitute taxable benefits

3. For income tax purposes, Revenu Québec generally considers that when professional dues that a member of a professional association is required to pay are paid on behalf of, or reimbursed to, the member by someone else, the payment or reimbursement constitutes a benefit since the member is personally responsible for the payment of the dues.

4. When such a payment or reimbursement constitutes a taxable benefit for the employee, the employer cannot claim an ITR in respect of the QST included in the reimbursement.

Employee's entitlement to a reimbursement

5. Under section 358 of the AQST, an employee can claim a QST rebate in respect of the tax paid on professional dues, if the conditions in that section are met. For the purpose of calculating the QST rebate, if the professional dues borne by the employer constitute a taxable benefit, the rebate will be calculated on the full amount of the benefit.

Inapplicability of section 290 of the AQST — Supply by an employer

6. Under section 290 of the AQST, where a registrant makes a supply of property or of a service to an employee of the registrant and the *Taxation Act* requires that the value of that benefit be included in computing the employee's income, the registrant is deemed to have made the supply for consideration equal to the value of the taxable benefit less certain adjustments. Therefore, the tax in respect of the supply must be remitted to the Minister of Revenue by the registrant as if it had actually been collected by the registrant.

7. However, where the payment or reimbursement by the employer of an employee's professional dues constitutes a taxable benefit under the *Taxation Act*, such action by the employer does not give rise to the application of section 290 of the AQST, because the employer has not thereby made a supply of property or a service to an employee.

Partnerships, charities and public institutions

8. This bulletin also applies (with such adjustments as are necessary) to dues paid by a partnership directly to a professional association as consideration for membership of any of the partnership's members in the association. Likewise, the bulletin applies to professional dues paid by a charity or a public institution directly to an association as consideration for any volunteer's membership in the association.