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Consumer Taxes

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Act(s): *Act respecting the Québec sales tax (CQLR, c. T-0.1), sections 198.0.1 and 198.1*

Subject: **Printed Books**

This version of interpretation bulletin TVQ. 198.1-1 replaces the version of September 30, 2011. The bulletin was revised to take into account amendments to the Act respecting the Québec sales tax intended to broaden the zero-rating of printed books to include the supply of a printed book and a read-only medium or a right to access a website (see S.Q. 2011, c. 34, ss. 143 and 144).

The position set out in the bulletin, as well as the date of its application (November 1, 2011), remain unchanged; only changes in respect of style and conformity were made.

This bulletin clarifies the application of the *Act respecting the Québec sales tax* (AQST) on the supply of printed books.

LEGISLATIVE PROVISIONS

1. The following supplies are zero-rated under section 198.1 of the AQST:

(a) a supply of a printed book, or its updating, identified by an International Standard Book Number (ISBN) assigned according to the international book numbering system;

(b) a supply, for a single consideration, of a property consisting in a printed book, or its updating, identified by an ISBN assigned according to the international book numbering system and a read-only medium or a right to access a website if

- the printed book, or its updating, and the read-only medium or the right to access a website are wrapped, packaged, combined or otherwise prepared to be supplied together and are the only components of the supply, and

- it is reasonable to consider that the printed book, or its updating, is the main component of the supply; and

(c) a supply of a talking book or of its carrier, acquired by a person as a result of a visual handicap.

2. Section 198.0.1 of the AQST specifies that, for the purposes of section 198.1 of the AQST, “read-only medium” means a corporeal medium that is designed for the read-only storage of information and other material in digital format.

APPLICATION OF THE ACT

THE CONCEPT OF “PRINTED BOOK”

3. Although the AQST does not define “printed book,” the expression is commonly understood to mean a number of sheets, containing characters intended to be read, that have been fastened together in some way and printed. Thus, for the purposes of determining whether a document is a printed book, the following criteria must be considered:

(a) the document must be an assemblage of a certain number of printed sheets;

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(b) the content of the sheets must have been reproduced by some or other printing method and must consist of characters that are intended to be read; and

(c) the sheets must be bound (i.e., stitched, glued, stapled or otherwise bound) and inserted between covers.

4. The following documents are considered to be printed books, the supply of which is zero-rated, inasmuch as they correspond to the concept of “printed book” defined by the criteria given in point 3 of this bulletin and are identified by an ISBN: product catalogues, annual reports and financial statements, admissions guides of educational institutions, student yearbooks, brochures, books of sheet music and conference kits.

5. On the other hand, ruled notebooks, accounting books and the downloaded text of a conference are not considered printed books. Consequently, the supply of such documents is taxable, even if they are identified by an ISBN.

6. Moreover, the supply of a newspaper, periodical or other document that is not a book but that may be identified by an ISBN, such as software or an electronic document on CD-ROM, is a taxable supply.

ACTIVITY BOOKS AND AGENDAS

7. Activity books include colouring books and books of sudoku puzzles, crossword puzzles, word searches, mazes or connect-the-dots puzzles. If an activity book corresponds to the concept of printed book described in point 3 above and is identified by an ISBN, it constitutes a printed book and its supply is zero-rated.

8. The same tax treatment applies to agendas: if an agenda meets the criteria listed in point 3 and is identified by an ISBN, it constitutes a printed book and its supply is zero-rated.

PRINTED BOOKS ISSUED WITH A READ-ONLY MEDIUM OR A RIGHT TO ACCESS A WEBSITE

9. Under section 198.1 of the AQST, the supply of a product consisting of a printed book identified by an ISBN and a read-only medium or the right to access a website that are sold together for a single price may, under certain conditions, be zero-rated.

10. Such a supply is zero-rated if the printed book and the read-only medium or the right to access a website are supplied as an inseparable whole of which they are the only elements and the printed book is the principal element of the supply.

11. For example, the supply of the following items is zero-rated, since they meet the conditions provided for in section 198.1 of the AQST:

- a cookbook with a CD-ROM showing how to prepare some of the recipes in the book;
- a psychology book with a right to access a website containing additional material;
- a dictionary with a CD-ROM that reproduces the full text of the dictionary.

However, the supply of a novel that comes with a DVD of the film adapted from the novel is taxable because the product does not meet the conditions provided for in section 198.1 of the AQST.

PRINTED BOOKS ISSUED WITH OTHER PROPERTY

12. The supply of a product that consists of a printed book identified by an ISBN and another property (other than a read-only medium or a right to access a website) that are sold together for a single price is taxable, since it is considered to be a single supply of a new product that does not constitute a printed book.



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13. Thus, the supply of a printed book that is packaged, for example, with massage stones, cups, tasting spoons, tarot cards, tools, paints and brushes, crayons, a cooking thermometer, a jigger and cocktail shaker, a bowl or needles and thread, constitutes a taxable supply.

14. In some very rare instances, a product consists of a printed book identified by an ISBN and another property that is obviously of little importance. In such cases, the product continues to be considered a printed book, the supply of which is zero-rated. For example, the supply of a printed book that comes with a simple cardstock bookmark is zero-rated.