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Consumer Taxes

Number: TVQ. 124-1/R1

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Act(s): *Act respecting the Québec sales tax (R.S.Q., c. T-0.1), sections 1, 124 and 386*

Subject: **School Authorities Eligible for Partial Québec Sales Tax Rebates on Their Supplies of Student Transportation**

This version of interpretation bulletin TVQ. 124-1 replaces the version of September 30, 1996, in order to update its content. The interpretation herein and the effective date (i.e. July 1, 1992) have not changed.

This bulletin explains how the *Act respecting the Québec sales tax* (AQST) applies in respect of partial Québec sales tax (QST) rebates that may be claimed by certain school authorities.

GENERAL

1. Certain school authorities enter into agreements with private carriers whereby the carriers provide student transportation on behalf of those authorities.
2. The *Education Act* (R.S.Q., c. I-13.3) provides that such a transportation service must be offered free of charge.
3. To assist financially in the provision of such supplies by school authorities, the *Education Act* provides that amounts may be paid to them as subsidies for student transportation.
4. As a general rule and pursuant to the AQST, transfer payments, that is, subsidies, contributions, donations and other similar payments made in the public interest or for charitable purposes, are not deemed to be consideration for a supply.

APPLICATION OF THE ACT

5. Under subparagraph (c) of paragraph (3) of the definition of “recipient” in section 1 of the AQST,

where no consideration is payable for the supply of a service, the recipient is the person to whom the service is rendered. Thus, a student to whom the student transportation service provided by a school authority is rendered is considered to be the recipient of the supply.

6. Moreover, pursuant to section 124 of the AQST, the supply of a transportation service for elementary or secondary school students to or from a school of a school authority is exempt if the supply is made by a school authority to a person that is not a school authority. Thus no input tax refund (ITR) may be claimed in that respect by a school authority.

7. Nevertheless, subject to the conditions of application set forth in section 386 of the AQST, school authorities are eligible for a partial rebate of the QST paid to private carriers according to the prescribed rate applicable to school authorities.