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Consumer Taxes

Number: TVQ. 179-1/R1

Date: December 29, 2011

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Act(s): *Act respecting the Québec sales tax (R.S.Q., c. T-0.1), sections 179 and 180*

Subject: **Meals Supplied to an Air Carrier**

This version of interpretation bulletin TVQ. 179-1 supersedes the version of November 30, 1993. The bulletin was revised further to a change in how the provisions concerned are interpreted. The effective date of this bulletin remains July 1, 1992.

This bulletin explains how the *Act respecting the Québec sales tax (AQST)* applies to supplies of meals made by a caterer to an air carrier.

INTRODUCTION

1. An air carrier acquires, from a caterer that is registered for the Québec sales tax (QST), meals intended to be served to passengers during their flight.
2. The carrier may operate flights originating in Québec that terminate in Québec, in Canada outside Québec and outside Canada.
3. The caterer is informed before flight departure of the number of meals required. The meals are delivered to the carrier a few minutes before departure. The carrier is subsequently presented with an invoice detailing the number and the nature of the meals as well as the flight number.

PERTINENT LEGISLATIVE PROVISIONS

4. Under section 179 of the AQST, a supply of corporeal movable property, other than excisable goods, made by a person to a recipient, other than a consumer, who intends to ship the property outside Québec is a zero-rated supply if

(a) the recipient ships the property outside Québec as soon after the property is delivered by the person to the recipient as is reasonable having regard to the circumstances surrounding the shipment outside Québec and, where applicable, to the normal business practice of the recipient;

(b) the property is not acquired by the recipient for consumption, use or supply in Québec before the shipment of the property outside Québec by the recipient;

(c) after the supply is made and before the recipient ships the property outside Québec, the property is not further processed, transformed or altered in Québec except to the extent reasonably necessary or incidental to its transportation; and

(d) the person maintains evidence satisfactory to the Minister of the shipment of the property outside Québec by the recipient.

5. Under section 180 of the AQST, a supply of movable property or services made to a person who is not resident in Québec, who is not registered for the QST and who carries on a business of transporting passengers to or from Québec, or between places outside Québec, by aircraft, railway or ship is also zero-rated, where the property or service is acquired for consumption, use

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or supply in the course of so transporting property or passengers.

APPLICATION OF THE ACT

6. Section 179 of the AQST may, subject to certain conditions, apply for the purpose of zero-rating a supply of meals made to an air carrier.

7. Revenu Québec accepts to consider a supply of meals made to an air carrier a zero-rated supply under section 179 of the AQST where the meals are consumed outside Québec.

8. To the extent that an air carrier, who is the recipient of the meals, can reasonably show that the meals will not be consumed in Québec airspace, a supply of meals may constitute a zero-rated supply under section 179 of the AQST.

9. In addition, a supply of meals made to an air carrier may be zero-rated under section 180 of the AQST, if the conditions provided for in point 5 of this bulletin are met.