



# Checklist for New Businesses

## CONSUMPTION TAXES

Business name: \_\_\_\_\_

Business Number (federal):

Identification and file numbers:  TQ

Québec enterprise number (NEQ):

### COLLECTION OF TAXES

- Once you are registered for the GST and the QST, you are required to collect the taxes on every taxable sale you make, regardless of the amount of your sales (even if they total less than \$30,000).
- You must keep and conserve registers, along with supporting documents and invoices.

#### Sales in Québec

- You must collect the GST (5%) and the QST (7.5%) on every taxable sale you make.
- The GST is calculated first (on the price of the item sold) and then the QST (on the price of the item, plus the GST).

<b>Example</b>	Sale of a taxable item:	Item	\$100.00
		GST (\$100 x 5%)	\$5.00
		QST (\$105 x 7.5%)	\$7.88
		<b>Total</b>	<b>\$112.88</b>

- Enter your numbers for the GST (Business Number) and the QST (identification and file numbers) on the invoices you remit to your customers. For more information, refer to the brochure *General Information Concerning the QST and the GST/HST* (IN-203-V).

#### Sales in Canada outside Québec

- You must apply the rules respecting the GST or the HST, depending on the province in which the sale is made or the service provided. The HST applies in three provinces, that is, New Brunswick, Nova Scotia and Newfoundland and Labrador.
- You must conserve sufficient proof that the sale was made outside Québec (such as the carrier's bill of lading).

#### Sales outside Canada

- As a rule, you are not required to collect tax on sales made outside Canada.
- You must conserve sufficient proof that the sale was made outside Canada (such as proof of delivery or export documentation).

## FILING GST AND QST RETURNS

Reporting period chosen: \_\_\_\_\_

Deadline for filing your first return: \_\_\_\_\_

- Your reporting period depends on the estimated annual total of your business's taxable sales, or on the election you made when you registered. The reporting period may be monthly, quarterly or annual.
- You must transmit your return, together with your remittance, to a Revenu Québec office or a financial institution, within the filing deadline indicated on the return.
- You must file your returns, duly completed and signed, whether the amount is positive, negative or nil.
- **In no case may you change** the pre-printed data on your return. If corrections need to be made, contact Revenu Québec for instructions on how to proceed.
- When making your payment, indicate on your cheque the amount of GST and QST you are remitting, as well as your numbers for the GST (Business Number) and the QST (identification and file numbers).
- Even if you did not receive your return, or if you lost the return sent to you, you are required to file your return within the prescribed deadline. In this case, contact Revenu Québec.

## REFUNDS

- The GST and QST paid on purchases for your business can generally be refunded to you in the form of **input tax credits (ITCs)** in respect of the GST and **input tax refunds (ITRs)** in respect of the QST.
- When the GST and the QST are included in the price, the amount of the taxes can be determined as follows:

**Amount including the taxes  $\div 1.1288 =$  selling price before taxes**

**GST = selling price before taxes  $\times 5\%$**

**QST = (selling price before taxes + GST)  $\times 7.5\%$**

- When completing your return, you must deduct the ITCs and ITRs from the amounts of GST and QST that you are required to report and remit to Revenu Québec.

**Amount of taxes collected – amount of ITCs and ITRs = net tax**

For more information, refer to the brochure *General Information Concerning the QST and the GST/HST* (IN-203-V).

- In order for you to claim ITCs and ITRs, certain information must appear on your suppliers' invoices. For more information, refer to the brochure *General Information Concerning the QST and the GST/HST* (IN-203-V).

## GENERAL INFORMATION

- You must indicate your numbers for the GST (Business Number) and the QST (identification and file numbers) on all correspondence with Revenu Québec.
- You must keep a copy of all documents you send to Revenu Québec.
- You must always sign the documents you send to Revenu Québec. If, however, you wish to authorize another person (such as your accountant or your spouse) to sign the documents pertaining to your file, you must file an application to that effect, along with a power of attorney. Revenu Québec will provide you with a power of attorney form on request.
- All the information contained in the files of Revenu Québec is confidential. If you wish to authorize another person (such as your accountant or your spouse) to obtain information pertaining to your file, you must complete and sign the form *Power of Attorney, Authorization to Communicate Information, or Revocation* (MR-69-V).
- If you wish to cancel your registration for the GST and the QST, you must complete and sign the form *Request for Cancellation or Variation of Registration* (FP-611-V).
- If the status of your business changes (for example, you convert it from a sole proprietorship to a corporation), you must apply to have the registration of the former business cancelled and to obtain new numbers for the GST (Business Number) and the QST (identification and file numbers).
- You must keep and conserve registers, along with supporting documents (including documents on magnetic media), for a period of at least six years after the year to which they refer.
- Depending on the business sector in which you operate, you may be required to obtain a special licence or permit from a Québec or federal department or agency. Contact Services Québec and the Government of Canada for more information.

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This checklist is provided for information purposes only. The information it contains does not constitute a legal interpretation of the *Excise Tax Act*, the *Act respecting the Québec sales tax*, or any other statute.