

PARTIAL REBATE OF THE QUÉBEC SALES TAX GRANTED TO MUNICIPALITIES

As a result of the expiry, December 31, 2013, of the *Entente sur un nouveau partenariat fiscal et financier avec les municipalités* and the postponement to 2014 of negotiations on a new agreement with the municipalities, the government must make known its intentions concerning certain measures of the current agreement.

This is the case, in particular, of the fiscal measure consisting of compensation paid to the municipalities for the amount of Québec sales tax (QST) they pay on the properties and services they acquire. This compensation, whose amount is determined annually by the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire according to a formula and rules laid down by the current agreement, must be replaced by a rebate of the QST actually paid by each municipality.

This QST rebate granted to municipalities will be stipulated by the *Act respecting the Québec sales tax*,¹ as was the case before the 1997 elimination of the partial rebate of this tax granted to them until then.

Briefly, municipal bodies that, as municipalities, are entitled to a rebate of the tax paid on their acquisitions of properties and services in the federal goods and services tax and harmonized sales tax system will be entitled, as of 2014, to a rebate of 62.8% of the QST paid on such acquisitions under similar terms to those stipulated in this regard in the federal tax system. This 62.8% rate for the rebate granted to municipal bodies as of 2014 was established based on the amounts paid as compensation to municipalities in 2013 according to the current agreement which represent, overall, 62.8% of the QST payable by them during that year.

More specifically, these municipal bodies will be eligible for a rebate of 62.8% of the QST applicable to taxable supplies of properties and services for which this tax becomes payable after December 31, 2013 and is paid after that date.

Technical changes will be made to the QST system to reflect the introduction of this partial rebate the details of which will be provided later by the Ministère des Finances et de l'Économie.

For information concerning this information bulletin, contact the secteur du droit fiscal et des politiques locales et autochtones at 418 691-2236.

The French and English versions of this bulletin are available on the Ministère des Finances et de l'Économie website at: www.finances.gouv.qc.ca.

1 CQLR, chapter T-0.1.