

HARMONIZATION WITH A SALES TAX MEASURE ANNOUNCED IN THE FEDERAL BUDGET OF FEBRUARY 27, 2018

On February 27, 2018, the Minister of Finance of Canada presented the federal government's budget for 2018. At that time, he tabled in the House of Commons supplementary information, notices of ways and means motions and draft amendments to various regulations¹ proposing amendments to, among other things, the *Excise Tax Act*² in relation to the goods and services tax and the harmonized sales tax (GST/HST).

In accordance with the principle of general harmonization of the Québec sales tax (QST) system with the GST/HST system, a change will be made to the Québec tax system to incorporate, with adaptations on the basis of its general principles, the proposed federal measure allowing an investment limited partnership to make an election to advance the application of the special HST rules as of January 1, 2018.

To simplify the joint administration of the QST and the GST/HST systems following their harmonization with respect to the tax treatment of financial services as of January 1, 2013, and to ensure identical application in both systems, persons that make such an election under the federal tax system before the day that follows the date of publication of this information bulletin will be deemed to have made the same election under the Québec tax system.

In addition, persons who make the election for the purposes of the GST/HST system after the date of publication of this information bulletin will be required to make the election for the purposes of the QST system.

Furthermore, persons will not be allowed to make the election under the QST system if they have not also done so under the GST/HST system.

The amendment regarding the QST system will be passed only following assent to any federal statute or adoption of any federal regulation giving effect to this GST/HST measure, taking into account technical amendments that may be made prior to assent or adoption. It will generally apply on the same date as that retained for the purposes of the federal measure with which it is harmonized.

¹ Department of Finance Canada, *Tax Measures: Supplementary Information*, Companion Document to the 2018 budget, February 27, 2018.

² R.S.C., 1985, c. E-15.

As will be recalled, it was previously announced, in *Information Bulletin 2017-12* published on December 6, 2017, that the QST system would be harmonized with the draft legislative and regulatory proposals relating to the GST/HST announced in a news release³ on September 8, 2017, by the Department of Finance Canada, with respect to the extension of the application of the GST/HST rules applicable to selected listed financial institutions to include investment limited partnerships.

For information concerning the matter dealt with in this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones at 418 691-2236.

The English and French versions of this bulletin are available on the Ministère des Finances website at www.finances.gouv.qc.ca.

³ News Release 2017-079, "Department of Finance Canada Consulting Canadians on Draft Tax Legislative Proposals," September 8, 2017, <https://www.fin.gc.ca/n17/17-079-eng.asp>.