

## QUÉBEC SALES TAX MEASURE PERTAINING TO E-COMMERCE

In the March 27, 2018 Budget Speech, the Québec government announced that the Québec sales tax (QST) system would be modified to require suppliers with no physical or significant presence in Québec (hereinafter referred to as “non-resident suppliers”) to register with Revenu Québec under a new specified registration system, for the purposes of collecting and remitting the QST applicable to their taxable supplies of incorporeal movable property and services made in Québec to specified Québec consumers.

The requirement to register under the new specified registration system also applies to digital property and services distribution platforms (hereinafter referred to as “digital platforms”) with respect to taxable supplies of incorporeal movable property or services received by specified Québec consumers, where these digital platforms control the key elements of transactions with specified Québec consumers, such as billing, transaction terms and conditions, and delivery terms.

Such digital platforms must be registered when the value of the considerations for all taxable supplies of incorporeal movable property and services that they enable non-resident suppliers to make in Québec to persons that may reasonably be considered consumers exceeds a threshold of \$30 000.

The new requirements are applicable as of January 1, 2019 for non-resident suppliers located outside Canada (hereinafter referred to as “foreign suppliers”) and to digital platforms enabling such suppliers to make in Québec taxable supplies of incorporeal movable property or services to specified Québec consumers, and as of September 1, 2019 for non-resident suppliers located in Canada (hereinafter referred to as “Canadian suppliers outside Québec”) and to digital platforms enabling such suppliers to make in Québec taxable supplies of incorporeal movable property or services to specified Québec consumers.

The different application dates for foreign suppliers and Canadian suppliers outside Québec mean that, for the period from January 1, 2019 to August 31, 2019, a digital platform must, in calculating the \$30 000 threshold, solely take into consideration taxable supplies of incorporeal movable property and services that it enables foreign suppliers to make in Québec to specified Québec consumers.

However, if, during this period, the digital platform exceeds the \$30 000 threshold, it must register and, as of the time of its registration, it is required to collect the QST and remit it to Revenu Québec in respect of all of the taxable supplies of incorporeal movable property and services that it enables non-resident suppliers to make in Québec to specified Québec consumers. This also applies if the digital platform is already registered under the general QST registration system on January 1, 2019 or if it registers under this general system during the period from January 1, 2019 to August 31, 2019.

In view of the above, the legislation will be amended to ensure that it fully reflects the fiscal policy announced in this respect in the March 27, 2018 Budget Speech. Specifically, the tax legislation will be amended such that a registered digital platform is required to collect and remit the QST applicable to all of the taxable supplies of incorporeal movable property and services that it enables non-resident suppliers to make in Québec to specified Québec consumers.

The amendments will be applicable as of January 1, 2019. However, they will not apply to the taxable supply of incorporeal movable property or a service made no later than on the date of publication of this information bulletin by a Canadian supplier outside Québec through a registered digital platform where such a platform has not charged, collected or remitted the QST in respect of such supply.

For information concerning 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](http://www.finances.gouv.qc.ca).