



Canadian indirect tax news

Measures relating to the Quebec sales tax and e-commerce

April 13, 2018

Quebec's Minister of Finance Mr. Carlos Leitão has announced in the 2018-2019 Quebec budget that the Quebec sales tax (QST) regime will be amended to introduce a mandatory registration system for suppliers without physical or significant presence in Quebec (hereafter referred to as "non-resident suppliers"). As such, non-resident suppliers will be required to collect and remit QST with respect to taxable incorporeal movable property and services supplied in Quebec to a "specified Quebec consumer" which is a person not registered for the QST and whose usual place of residence is located in Quebec. In addition, non-resident suppliers located in Canada will be required to collect and remit QST on corporeal movable property supplied in Quebec to specified Quebec consumers. Mandatory registration will apply to a non-resident supplier, to the extent that the value of the consideration on all taxable supplies made in Quebec to consumers exceeds the threshold of \$30,000.

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This registration requirement will also apply to digital property and services distribution platforms (hereafter referred to as “digital platforms”) in respect of taxable supplies of incorporeal movable property or services received by Quebec consumers. These digital platforms must control the key elements of transactions with the Quebec consumers, such as billing, transaction terms and conditions, and delivery terms. Generally speaking, a digital platform refers to a platform that offers a service, through electronic communication such as an application store or website), to non-resident suppliers, allowing them to make taxable supplies of incorporeal movable property or services in Quebec to Quebec consumers. This measure will apply to digital platforms controlling the key elements of transactions with Quebec consumers. The value of the considerations for all taxable supplies that a digital platform enables non-resident suppliers to make in Quebec to consumers exceeds a threshold of \$30,000.

The measures stemming from the implementation of the new mandatory registration system will apply as of:

- January 1, 2019 for non-resident suppliers located outside Canada and for digital platforms allowing such suppliers to make taxable supplies of incorporeal movable property or services in Quebec to Quebec consumers; and
- September 1, 2019 for non-resident suppliers located in Canada and for digital platforms allowing such suppliers to make taxable supplies of incorporeal movable property or services in Quebec to Quebec consumers.

Deloitte’s Indirect Tax professionals can help you identify whether the above-mentioned requirements may affect your business.

If you have any questions on any of the above, please reach out to your Deloitte representative.

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