

The 2018 Quebec provincial budget introduced significant changes that may affect businesses that have no physical or significant presence in Quebec, but do have Quebec customers as there are new rules on QST registration coming in 2019.

Scenarios which may be impacted by these changes would include professional or other services provided to individuals, providing apps, software or other downloadable electronic content to individuals.

Canadian Businesses Located Outside Quebec

The new registration rules will affect Canadian companies outside Quebec that:

- are currently not registered for QST,
- sell taxable goods, intangibles, or services to specified Quebec consumers and
- the amount of those sales exceeds \$30,000 a year

will have a QST registration requirement effective September 1, 2019.

Non-Canadian Businesses

Non-resident businesses located outside of Canada which:

- are currently not registered for QST,
- sell taxable intangibles or services to specified Quebec consumers and
- the amount of those sales exceeds \$30,000

will have a QST registration requirement effective January 1, 2019.

Note that taxable goods are not included for non-Canadian businesses as Quebec is looking to work with the federal government to improve QST collection on goods at the border.

Specified Quebec Consumer

This doesn't incorporate ALL Quebec customers, but essentially unregistered end users as the term is defined to be those who reside in Quebec, and are not registered for QST purposes.

If QST were incorrectly charged to a registered entity, the registered entity is not simply able to claim a tax refund on their QST return, but must request the refund from the non-Quebec entity that collected it.

Filing and Administration

For these mandatory registration filers, the plan is for a new online service to be available for remittance of the QST collected which will include that they may be able to pay in a currency other than Canadian dollars, but details are still forthcoming.

With the QST implications, there is also a requirement to retain all relevant books and records for six years after the year to which they relate.

If you have any questions or concerns on how the above changes may impact your business, please contact us so that we may discuss the specifics of your situation.