

ANNOUNCEMENT RELATING TO THE QUÉBEC SALES TAX ON ELECTRONIC COMMERCE

HARMONIZATION WITH THE PROPOSED AMENDMENTS RELATING TO ELECTRONIC COMMERCE ANNOUNCED IN THE FEDERAL BUDGET OF APRIL 19, 2021

On April 19, 2021, during her budget speech, Canada's Minister of Finance tabled in the House of Commons a Notice of Ways and Means Motion to amend the *Excise Tax Act*, proposing, among other things, amendments to the November 30, 2020 federal proposals relating to the application of the goods and services tax and the harmonized sales tax (GST/HST) in respect of electronic commerce supplies¹ (hereinafter referred to as "amendments to the federal proposals").

Regarding these amendments to the federal proposals and given the general principle of harmonizing the QST system with the GST/HST system, changes will be made to the QST system to incorporate the amendments to the federal proposals relating to safe harbours rules, by adapting them to the general principles of the QST and taking into account the particularities of the QST and the provincial context in which it operates.

The other proposed amendments to the GST/HST system contained in the Notice of Ways and Means Motion tabled on April 19, 2021 are currently being analyzed by the Ministère des Finances du Québec. Harmonization decisions in this regard will be announced at a later date.

□ **Application date**

The amendments to the QST system will be adopted only following assent to any federal statute giving effect to amendments to federal proposals, taking into account technical amendments that may be made prior to assent. In addition, they will come into effect on the same date as the date retained to implement the amendments to the federal proposals with which they are harmonized.

SIMPLIFYING THE REGISTRATION PROCESS FOR THE GENERAL QST SYSTEM

The registration process for the general QST system is more complex than the one for the specified registration system. The harmonization of the QST system with the November 30, 2020 federal proposals will result in situations where some non-resident businesses and platform operators will have to register for the general QST system rather than the specified registration system.

¹ DEPARTMENT OF FINANCE CANADA, *Tax Measures: Supplementary Information*, April 19, 2021.

In order to simplify the registration process under the general QST system for persons who will be subjected to the new electronic commerce obligations, it is suggested that the amount of prescribed information that must be submitted to the Minister by these persons be reduced, to the extent that they are already registered for the general GST/HST system.

After providing their GST/HST number, persons will be relieved of their obligation to provide certain prescribed information already provided to the Canada Revenue Agency and will then be able to register with Revenu Québec by providing minimal information. This will simplify the process of registering for the general QST system for the persons concerned while giving Revenu Québec the assurance that it has all the information it needs to proceed with their registration.

In view of the above, it is proposed that the Québec tax system be amended so that persons covered by the new electronic commerce obligations can register for the general QST system in a simplified manner by providing, among other things, their GST/HST number in the general system.

These changes will apply on the same date as the application of the QST harmonization measures to the federal proposals of November 30, 2020.

APPROACH FOR THE ADMINISTRATION AND COMPLIANCE

Following the model of what was announced in the 2018-2019 budget speech when the specified registration system² was introduced, Revenu Québec will once again adopt a practical approach to compliance for businesses and platform operators affected by the new electronic commerce provisions.

In addition, during the 12-month period following the date of application of these new electronic commerce provisions, Revenu Québec will work closely with businesses and platform operators impacted by the new provisions to help them meet their obligations. When such businesses and platform operators demonstrate that they have taken reasonable measures but are unable to comply with their new obligations for operational reasons, Revenu Québec will assist such businesses and platform operators and exercise its discretion in administering such measures.

After this 12-month period, the penalties provided for in the existing tax legislation will be applied to businesses and platform operators that have not complied with the new obligations.

To obtain information on the matters dealt with in this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones at secteurdroitfiscalitdelafiscalite@finances.gouv.qc.ca.

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

² MINISTÈRE DES FINANCES DU QUÉBEC, *The Québec Economic Plan – Additional Information 2018-2019*, March 27, 2018, p. A.14