

Election or Revocation of Election Respecting the Quick Method of Accounting

This form is intended for any person that is registered for the GST/HST or QST, has a permanent establishment in Québec and is electing to use the Quick Method of Accounting to calculate the GST/HST or QST payable to Revenu Québec. This form can also be used to revoke such an election.

Eligibility requirements

A person can elect to use the Quick Method of Accounting if:

- it was engaged in commercial activities continuously throughout the year (that is, all 365 days) ending immediately before its current reporting period;
- it did not revoke the election to use the Quick Method of Accounting during the 365 days preceding its reporting period; and
- its total worldwide taxable supplies and those of its associates for any four consecutive fiscal quarters in the five most recent fiscal quarters do not exceed \$400,000 (GST/HST and zero-rated supplies included) or \$418,952 (QST and zero-rated supplies included).

If the person recently became a GST/HST or QST registrant and was not engaged in commercial activities in the last year, it must be reasonable to expect that, at the beginning of the year that follows its first complete year of operations, its total worldwide taxable supplies and those of its associates will not exceed \$400,000 (GST/HST and zero-rated supplies included) or \$418,952 (QST and zero-rated supplies included).

Restrictions

A GST/HST or QST registrant cannot use the Quick Method of Accounting if, at any time during its last four fiscal quarters, it:

- was a listed financial institution;
- supplied legal, accounting or actuarial services in the course of a professional practice; or
- supplied financial or tax consulting services (for example, bookkeeping or the preparation of income tax or consumption tax returns) in the course of its commercial activities.

Note that the Quick Method of Accounting cannot be used by a specified facility operator, designated charity, selected public service body (including a municipality) or qualifying non-profit organization, since those entities must use the Special Quick Method of Accounting.

Pages 3 and 4 provide information on the Quick Method of Accounting, including the applicable rules and rates.

1 Information about the person

| | | | |
|---|--------------------------------|-----------------------|--|
| GST/HST account number R.T | Québec enterprise number (NEQ) | Identification number | File number T.Q |
|---|--------------------------------|-----------------------|--|

| | | | |
|---|-------|---------------------|-------------|
| Name of the person | | | |
| Commercial name (if different from name above) | | | |
| Mailing address | | | Postal code |
| Contact person | Title | Area code Telephone | Extension |
| Check the box that corresponds to the type of business operated by the person (see the definitions on page 3). <input type="checkbox"/> Business engaged in the resale of goods <input type="checkbox"/> Business engaged in the provision of services | | | |

2 Election

The person elects to use the Quick Method of Accounting to calculate the following net tax or taxes (check one box only):

- GST/HST and QST
 GST/HST only
 QST only

Effective date of election



3 Revocation of election

The person revokes the election to use the Quick Method of Accounting to calculate the following net tax or taxes (check one box only):

GST/HST and QST GST/HST only QST only

Effective date of revocation of election

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

4 Certification

I hereby certify that the information given on this form is, to the best of my knowledge, accurate and complete. I further certify that I am authorized to sign on behalf of the person.

First name and last name of authorized person

Signature

Title

Date

Personal information with respect to the GST/HST is collected under the *Excise Tax Act* to administer tax, rebates, and elections. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions.

Refer to Info Source at canada.ca/cra-info-source and Personal Information Bank CRA PPU 241.



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General Information

Definitions

Business engaged in the resale of goods

A business that is operated by a person registered for the GST/HST or QST and that acquires tangible personal property ("corporeal movable property" under the QST system), other than basic groceries and property on which the business did not have to pay tax, for the purpose of reselling it. The cost of the property must represent at least 40% of the total annual taxable supplies made in Canada (for GST/HST purposes) or in Québec (for QST purposes), excluding supplies of financial services and sales of real property ("immovable property" under the QST system), capital assets and goodwill.

Business engaged in the provision of services

A business that is operated by a person registered for the GST/HST or QST and that does not qualify as being engaged in the resale of goods.

Permanent establishment

A permanent establishment of a particular person is either:

- a fixed place of business through which the particular person makes supplies, including a place of management, a branch, an office, a factory or workshop, as well as a mine, an oil or gas well, timberland, a quarry, or any other place where natural resources are extracted; or
- a fixed place of business where another person (other than a broker, a general commission agent or other independent agent acting in the ordinary course of business) is acting in Canada, for GST/HST purposes, or in Québec, for QST purposes, on behalf of the particular person and through whom the particular person makes supplies in the ordinary course of business.

Participating province

A province that has signed an agreement respecting the HST. A list of the participating provinces is available on Revenu Québec's website at revenuquebec.ca. Québec is not a participating province.

Non-participating province

A province, a territory or any other space in Canada that is outside the participating provinces. Québec is a non-participating province.

Total annual supplies

Under the GST/HST system, for a person to use the Quick Method of Accounting for a reporting period, its total worldwide taxable supplies (including zero-rated supplies) and those of its associates for any four consecutive fiscal quarters in the five most recent fiscal quarters must not exceed \$400,000 (GST/HST and zero-rated supplies included). Do not take into account exempt supplies, supplies of financial services or sales of real property (called "immovable property" under the QST system), capital assets and goodwill.

Under the QST system, the limit on total annual taxable supplies, which includes only the QST and zero-rated supplies, is \$418,952.

Application

A person can begin using the Quick Method of Accounting on the effective date of the election entered on this form. The effective date must be the first day of a GST/HST and QST reporting period. When using the Quick Method of Accounting, the person must collect GST/HST and QST in the usual way, but the GST/HST and QST amounts remitted to Revenu Québec must be calculated using the Quick Method of Accounting rate that applies to the type of business.

If a person elects to use the Quick Method of Accounting, that method must be used for at least one year. The election applies to all of the person's branches and divisions (even if they file separate returns). The election remains in effect for as long as the person meets the eligibility requirements or until the election is revoked.

The person must inform Revenu Québec if it ceases to be eligible to use the Quick Method of Accounting.

Filing deadline

A person with a monthly or quarterly reporting period must file this form no later than the filing deadline for the reporting period during which it began using the Quick Method of Accounting.

A person with an annual reporting period must file this form no later than the first day of the second quarter of the fiscal period for the election to be effective for that period.

The GST/HST and QST reporting periods must be the same.

Remittance rates

Under the GST/HST system, there are several different remittance rates for the Quick Method of Accounting. A person may have to use more than one rate if it makes taxable supplies in both participating and non-participating provinces. In addition, persons that make taxable supplies in participating provinces may have to apply different rates to their supplies, depending on location and on whether they must collect GST or HST. For a complete list of remittance rates, see canada.ca/taxes.

The special 90% rule (for the GST/HST only)

The special 90% rule enables a person to use a single remittance rate. If 90% or more of the person's taxable supplies during a particular reporting period are made through a permanent establishment located in a non-participating province, the person can treat all of the supplies for that reporting period as having been made in that non-participating province. Similarly, if 90% or more of the person's taxable supplies are made through a permanent establishment located in a participating province, the person can treat all of its taxable supplies as having been made in that participating province.

Remittance rates for a non-participating province

The table below shows the remittance rates for a person with a permanent establishment in Québec (which is a non-participating province) that makes taxable supplies in Québec or in another non-participating province. The QST remittance rates apply to supplies made in Québec.

| Type of business | Rate | |
|---|------|------|
| | GST | QST |
| Business engaged in the resale of goods in a non-participating province | 1.8% | 3.4% |
| Business engaged in the provision of services in a non-participating province | 3.6% | 6.6% |

Special rate reduction

Under the GST/HST system, a person can apply a rate reduction of 1% for each fiscal year to the first \$30,000 (GST/HST included) of its taxable supplies, provided the election to use the Quick Method of Accounting was in effect at the beginning of the fiscal year in question or on the date on which the GST/HST registration came into effect. The 1% rate reduction applies under the QST system, on the same conditions, to the first \$31,421 of taxable supplies (QST included).

If a person files monthly or quarterly returns, the 1% rate reduction applies to the first reporting period and subsequent reporting periods in the fiscal year, until the fiscal year ends or until the amount of taxable supplies made reaches \$30,000 (GST/HST included) or \$31,421 (QST included). If a person files annual returns, the 1% reduction applies to the first \$30,000 (GST/HST included) or the first \$31,421 (QST included) of taxable supplies made during the fiscal year.

If the amount of supplies in any fiscal year is less than \$30,000 (GST/HST included) or \$31,421 (QST included), the unused portion of the rate reduction cannot be carried forward.

To claim the 1% rate reduction for a reporting period, enter the amount claimed on line 107 of the GST/HST return and on line 207 of the QST return.

Special cases



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Use of the Quick Method of Accounting for certain sales and purchases

Even if a person uses the Quick Method of Accounting, it must nonetheless collect and remit GST/HST and QST, calculated at the rates in effect, on sales of real property ("immovable property" under the QST system) and capital assets. Also, the taxes to be remitted on deemed supplies must be calculated according to sections 172 and 173 of the federal *Excise Tax Act* and sections 285 to 287.3 and 290 to 293 of the *Act respecting the Québec sales tax* (some of these sections concern taxes on taxable benefits).

Input tax credits (ITCs) and input tax refunds (ITRs) can be claimed, in accordance with the usual rules, with respect to purchases of real property and capital assets.

Taxes collected but not remitted

The Quick Method of Accounting remittance rates are less than the applicable rates of GST/HST and QST the person charges its clients. Note that, while a person cannot claim ITCs and ITRs respecting most of its current expenses using the Quick Method of Accounting, the portion of tax the person keeps represents the approximate amount of ITCs and ITRs it could have claimed. In addition, note that where GST/HST and QST are collected and a portion is not remitted owing to the use of the Quick Method of Accounting, the unremitted portion must be taken into account in calculating the person's income for the purposes of both the Québec *Taxation Act* and the federal *Income Tax Act*.

Revocation of the election to use the Quick Method of Accounting

The revocation of the election to use the Quick Method of Accounting will take effect on the first day of the reporting period, provided at least one year has passed since the election took effect. Where a person seeks to revoke such an election, it must do so no later than the deadline for filing its return for the last reporting period during which the election was still in effect. Once the election has been revoked, the person must wait at least one year before it can once again elect to use the Quick Method of Accounting.

Sending the form

Send this duly completed form to Revenu Québec at one of the following addresses:

- 3800, rue de Marly
Québec (Québec) G1X 4A5
- C.P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

For more information on the Quick Method of Accounting or a detailed list of the different rates to be used in participating and non-participating provinces, see guide RC4058, *Quick Method of Accounting for GST/HST*, which is available at canada.ca/taxes.

You can also consult Revenu Québec's website at revenuquebec.ca or call our client services at 418 659-4692 (Québec City area) or 514 873-4692 (Montréal area), or, toll-free, at 1 800 567-4692 (other regions).

