

Tax Credit for the Reporting of Tips

You must complete this form if you are an **eligible individual** and you are claiming a refundable tax credit for certain payroll taxes that you (or the partnership of which you are a member) paid for the 2006 calendar year.

You must attach the form to your 2006 income tax return. However, if you are a **member of a partnership** whose fiscal period that includes December 31, 2006, ends in 2007, you must attach the form to your 2007 income tax return to claim the tax credit for payroll taxes paid by the partnership in 2006.

If for any reason you are unable to file this form with your income tax return, send it to Revenu Québec no later than 12 months after the deadline for filing the return. Please note that in this case you must also attach a duly completed copy of form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

Note: A **corporation** must use **form CO-1029.8.33.13** to claim the credit.

Before completing this form, read the instructions on pages 3 and 4.

1 Identification of the individual

Name of individual	Social insurance number
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2 Identification of the sole proprietorship

Name of regulated establishment	
Québec enterprise number (NEQ)	Identification number R S
Address of regulated establishment	Postal code

3 Identification of the partnership

Name of partnership	
Québec enterprise number (NEQ)	Partnership identification number S P
Name of regulated establishment	
Fiscal year-end Y M D	Identification number R S
Address of regulated establishment	Postal code

4 Calculating the tax credit

Tips of all eligible employees

To complete this part of the form, refer to the *Statement of Tips* (TP-1019.4-V) submitted by your employees at the end of each pay period.

Sole proprietorship

Partnership

Tips reported to the employer for a pay period ending in 2006			1
Tips controlled by the employer (service charges added to customer's bills) for a pay period ending in 2006	+		2
Indemnities (other than vacation pay) paid in 2006, and calculated on tips reported, controlled or allocated for a pay period ending in 2006 (see note below)	+		3
Add lines 1 through 3.	=		4
Tips allocated by the employer for a pay period ending in 2006	+		5
Add lines 4 and 5. Enter the result and carry it to lines 7 and 12.	=		6

Note: Include indemnities paid for statutory holidays and for family events such as a marriage, birth, adoption or death.

Employer contributions to the QPP and the health services fund

Amount from line 6			7
Adjustment respecting the maximum pensionable salary or wages under the QPP for 2006 (see page 4)	-		8
Subtract line 8 from line 7.	=		9
Employer contribution rates (see page 4)	x	%	10
Multiply line 9 by line 10. Enter the result and carry it to line 30.	=		11

Employer contributions to the financing of the CNT

Amount from line 6			12
Vacation pay paid in 2006 or for a pay period ending in that fiscal period if the employer is a partnership	+		13
Add lines 12 and 13.	=		14
Adjustment respecting the maximum wage under the CNT in 2006	-		15
Subtract line 15 from line 14.	=		16
Multiply line 16 by 0.08 %. Enter the result and carry it to line 31.	x	0.08%	17

Employer premiums to the QPIP and the EI

Amount from line 4			18
Adjustment respecting the maximum insurable earnings in 2006 (see page 4)	-		19
Subtract line 19 from line 18.	=		20
Employer premium rates (see page 4)	x	%	21
Multiply line 20 by line 21. Enter the result and carry it to line 32.	=		22

Contributions to the CSST

Estimated amount of tips included in the amount you entered on line 10 of the <i>Statement of Wages 2005-2006</i> (see explanations on page 4)			23
CSST contribution rate for 2006	x	%	24
Multiply line 23 by line 24. Enter the result and carry it to line 33.	=		25

Vacation pay and related employer contributions

For sole proprietorships: Vacation pay earned in 2006, and calculated on the tips reported, controlled or allocated for a pay period ending in that year			26
For partnerships: Vacation pay earned in the fiscal period that includes December 31, 2006, and calculated on the tips reported, controlled or allocated for a pay period ending in that fiscal period	▶▶▶▶▶▶		26
For sole proprietorships: Related employer contributions (QPP, health services fund, QPIP and EI) based on the applicable rates for 2006 (see table on page 4)	+		27
For partnerships: Related employer contributions (QPP, health services fund, QPIP and EI) based on the applicable rates for the year in which the vacation pay was earned (see table on page 4)	▶▶▶▶▶▶	+	27
Add lines 26 and 27.			
Enter the result, carry it to line 34 and continue your calculations on line 30.	=		28

Tax credit for the reporting of tips

	Sole proprietorship	Partnership	
Amount from line 11			30
Amount from line 17	+		31
Amount from line 22	+		32
Amount from line 25	+		33
Amount from line 28	+		34
Indemnities paid after March 23, 2006, for statutory holidays or days of leave for family or parental matters attributable to tips paid in 2006 or in a pay period ending in that fiscal period (see page 4)	+		35
Add lines 30 through 35.	=		36
Multiply line 36 by 75%.	x	75%	37
In the case of sole proprietorships, carry the result to line 48.	=		38
Percentage share of your profits (or losses) in the partnership		x	%
Multiply line 38 by line 41. Enter the result and carry it to line 49.		=	42
Amount from line 38 (for a sole proprietorship)			48
Amount from line 42 (for a partnership)		+	49
Add lines 48 and 49.			50
Enter the result and carry it to line 462 of your income tax return.		Tax credit for the reporting of tips	=

Instructions

Part 2 Identification of the sole proprietorship

Complete this part if the amounts you enter in Part 4 relate to a business you own and operate (sole proprietorship).

Part 3 Identification of the partnership

Complete this part if the amounts you enter in Part 4 relate to a partnership of which you are a member.

Part 4 Calculating the tax credit

Eligible individual

If you are an **individual**, you may claim a refundable tax credit for the payroll taxes that you or a partnership of which you are a member paid **for the 2006 calendar year**, where the taxes relate to tips

- received by your eligible employees or the eligible employees of the partnership; or
- allocated to such employees.

To claim the tax credit, you must be

- the employer of an individual who, during 2006, works for a regulated establishment in the restaurant and hotel sector, as described in section 1.3.2 of the brochure *Tax Measures Respecting Tips* (IN-250-V); or
- a member of a partnership that, during the fiscal period that includes December 31, 2006, is the employer of an individual who works for a regulated establishment in the restaurant and hotel sector, as described in section 1.3.2 of the brochure *Tax Measures Respecting Tips* (IN-250-V).

If you are a member of a partnership, the tax credit is based on your share of the profits (or losses) of the partnership.

Eligible employee

An eligible employee is an employee of a regulated establishment who receives tips directly or indirectly in the course of his or her duties.

An eligible employee may also be an employee respecting whom all or substantially all (90% or more) of the tips received, directly or indirectly, are service charges paid by the customers of the regulated establishment. In this case, the following conditions must be met:

- Service charges represent at least 10% of the amount of tippable sales, and customers are informed of the mandatory nature of the charges.
- Any tip-sharing arrangement in effect at the establishment is administered by the employer.

Amounts giving entitlement to the tax credit

The amounts that give entitlement to the tax credit correspond to the portion of the following contributions that relates to tips received (directly or indirectly) by an eligible employee, or to tips allocated to an eligible employee under the tip-allocation mechanism, for pay periods ending in 2006:

- employer contributions to the QPP, the health services fund and the financing of the CNT; and
- employer premiums to the EI and the QPIP (since allocated tips are not subject to employer premiums to the EI and the QPIP, a tax credit cannot be claimed in this regard).

You must subtract from the above-mentioned amounts any government assistance you (or the partnership) received or are entitled to receive with regard to the amounts.

Amounts giving entitlement to the tax credit also include,

- **on line 25**, the portion of your contributions to the CSST for 2006 that relates to the tips that you (or the partnership) estimate will be received by or allocated to eligible employees. These tips are included in the amount on line 10 of the *Statement of Wages 2005-2006*, that must be filed with the CSST before March 15, 2006;
- **on line 26**, the vacation pay earned in 2006 (or during the fiscal period that includes December 31, 2006, if you are a member of a partnership) under the *Act respecting labour standards* or under an employment contract, with regard to tips received and allocated;
- **on line 27**, the employer contributions (QPP, health services fund, QPIP and EI) paid with regard to vacation pay. These amounts must be determined on the basis of the employer contribution rates for 2006; and
- **on line 35**, indemnities paid after March 23, 2006, for statutory holidays or days of leave for family or parental matters calculated on tips reported, controlled or allocated that were paid in the 2006 taxation year or in a pay period ending in that fiscal period. Only indemnities paid for the following holidays or leaves are admissible for the tax credit:
 - statutory holidays provided in the *Act respecting labour standards* and the *National Holiday Act*, and
 - days of leave on which a salaried employee may be absent from work without reduction in salary or wages for family or parental matters (death, marriage, birth, adoption) pursuant to sections 80, 81 and 81.1 of the *Act respecting labour standards*.

Special tax

The payroll taxes for which you may claim the tax credit, except vacation pay and the related employer contributions, must have been **paid** by the time this form is filed. However, if the vacation pay has not been paid at the time this form must be filed (that is, no later than 12 months after the deadline for filing your income tax return), and you received a tax credit in that regard, you must pay a special tax so that Revenu Québec can recover the tax credit relating to the vacation pay and the related contributions.

Employers that receive a tax credit for contributions must also pay a special tax if the contributions are otherwise refunded to them.

Adjustment respecting the maximum pensionable salary or wages or the maximum insurable earnings in 2006 (line 8, line 15 or line 19)

You must make this adjustment if you included on line 7, line 14 or line 18 the tips or indemnities received by employees whose total remuneration (basic salary or wages, plus tips) exceeds the maximum pensionable salary or wages or the maximum insurable earnings.

Enter on

- line 8, the **portion** of the tips or indemnities that were received by the employees concerned but on which **you neither withheld nor paid the QPP contribution** because the maximum pensionable salary or wages had been reached, \$42,100 in 2006 ;
- line 15, the **portion** of the tips or indemnities that were received by the employees concerned but on which **you neither withheld nor paid the contribution to the financing of the CNT** because the maximum wages had been reached, \$57,000 in 2006 ;
- line 19, the **portion** of the tips or indemnities on which **you neither withheld nor paid QPIP or EI premiums** because the maximum insurable earnings had been reached, 57 000\$ for QPIP or 39 000\$ for EI.

Employer contribution rates (line 10)

Carry the total of the following rates (which appear in the table below) to line 10:

- the QPP contribution rate;
- the contribution rate for the health services fund.

The contribution rate for the health services fund varies according to the total payroll in 2006. For example, if the total payroll is \$900,000, then the contribution rate for the health services fund is 2.7%, and you must enter 7.65% on line 10 (4.95% + 2.7%).

Employer premium rates (line 21)

Carry the total of the following rates (which appear in the table below) to line 21:

- EI premium rate;
- QPIP premium rate.

Table (lines 10, 21 and 27)

Contribution rates for 2006					
QPP	Health services fund		CNT	QPIP	EI
4.95%	Total payroll (TP)	Rate	0.08%	0.583%	2.14%
	\$1,000,000 or less	2.70%			
	Over \$1,000,000 but under \$5,000,000	$2.31\% + \left[0.39\% \times \frac{TP}{1,000,000} \right]$			
	\$5,000,000 or more	4.26%			

List of abbreviations

CNT	Commission des normes du travail	QPIP	Québec Parental Insurance Plan
CSST	Commission de la santé et de la sécurité du travail	QPP	Québec Pension Plan
EI	Employment insurance		