

Election Respecting the Quick Method of Accounting for Small Businesses

Complete this form if you wish to use the Quick Method of Accounting to calculate consumption tax the GST/HST or QST payable to Revenu Québec. You must meet the eligibility criteria below.

- For a person who is already a registrant:
 - You were in business continuously throughout the year (that is, 365 days) ending immediately before your usual reporting period.
 - Your election to use the Quick Method was not revoked during the period of 365 days preceding the reporting period.
 - Your total worldwide taxable sales for any four consecutive fiscal quarters in the five most recent fiscal quarters do not exceed \$200,000 (including GST/HST) or \$215,000 (including GST/HST and QST).
- For a new registrant: It is reasonable to expect that at the beginning of the year that follows your first complete year of operations your total annual sales will not have exceeded \$200,000 (including GST/HST) or \$215,000 (including GST/HST and QST).

Registrants that may not use the Quick Method

The Quick Method of Accounting may not be used by a registrant that, at any time during its last four fiscal quarters, was a listed financial institution; supplied legal, accounting or actuarial services in carrying on its business; or supplied financial or tax consulting services (for example, bookkeeping or the preparation of income or consumption tax returns) in the course of its commercial activities. As well, this method may not be used by a registrant that is a charity, a selected public service body (including a municipality) or a qualifying non-profit organization.

You will find information on the Quick Method of Accounting, including the applicable rules and rates, on the second page of this form.

1 Information about the business

GST account number	Québec enterprise number (NEQ)	Identification number	File number T Q
Name			
Name of business (if different from above)			
Mailing address			Postal code
Contact person	Title or position	Area code	Telephone
Type of business (check one box only)			
<input type="checkbox"/> Business engaged primarily in the resale of goods		<input type="checkbox"/> Business engaged primarily in the provision of services	

2 Eligibility criteria and election (Check the appropriate box or boxes)

To calculate your net GST/HST using the Quick Method of Accounting, **your total annual sales (GST/HST included) must not exceed \$200,000.**

I elect to use the Quick Method of Accounting to calculate my net GST/HST.

To calculate your net QST using the Quick Method of Accounting, **your total annual sales (GST/HST and QST included) must not exceed \$215,000.**

I elect to use the Quick Method of Accounting to calculate my net QST.

I wish to start using the Quick Method of Accounting as of the first day of my reporting period beginning

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3 Certification

I, _____, hereby certify that the information given on this form and in all attached documents is, to the best of my knowledge, accurate and complete. I further certify that I am authorized to sign on behalf of the registrant.

Signature of authorized signee

Title or position

Date

Personal information provided on this form for GST purposes is protected under the *Privacy Act* and is maintained in Personal Information Bank RCC/P-PU-080.

Protected when completed

Information concerning the Quick Method of Accounting

Definitions

Business engaged primarily in the resale of goods

A business engaged primarily in the resale of goods is a registrant that acquires tangible personal property ("corporeal movable property" under the QST system), other than basic groceries, or property on which the registrant 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 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, eligible capital property, and goodwill.

Business engaged primarily in the provision of services

A business that does not meet the above-mentioned conditions to qualify as a business engaged primarily in the resale of goods is considered to be engaged primarily in the provision of services.

Permanent establishment

A permanent establishment of a particular person is

- a fixed place of business through which the particular person makes supplies. A permanent establishment includes a place of management, a branch office, an office, and a factory, as well as a workshop, 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 of another person (other than a broker, a general commission agent or another independent agent acting in the ordinary course of a business) that is acting in Québec on behalf of the particular person and through which the particular person makes supplies in the ordinary course of a business.

Participating province

For the purposes of the GST/HST system, a participating province is the province of New Brunswick, Nova Scotia or Newfoundland and Labrador.

Non-participating province

For the purposes of the GST/HST system, a non-participating province is a province, a territory, or any other space in Canada that is outside the participating provinces.

Total annual sales

If you wish to use the Quick Method of Accounting, your and your associates' total annual worldwide sales (taxable and zero-rated) must not exceed \$200,000 under the GST system (GST/HST 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, eligible capital property, and goodwill. This also applies under the QST system, except that the limit is \$215,000 and includes both the GST/HST and the QST.

Application

If you file monthly or quarterly GST/HST and QST returns, you must file this form on or before the filing deadline for the return for the reporting period in which you begin using the Quick Method. If you file annual GST/HST and QST returns, you must file your form within the first three months of your reporting period for your election to be effective for that period.

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

If you elect to use the Quick Method of Accounting, you must use it for at least one year; the election will apply to all of your branches and divisions (even if they file separate consumption tax returns). The election remains in effect for as long as the business meets the eligibility requirements or until you revoke the election.

Registrants that cease to be eligible for the Quick Method must so inform Revenue Québec.

Remittance rates

There are several different remittance rates under the Quick Method of Accounting, and you may have to use more than one. For example, businesses that make taxable supplies in participating provinces may have to apply various rates to their sales, depending on location and on whether they charge GST or HST.

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

When 90% or more of your supplies are made through a permanent establishment, a 90% rule, allowing you to use a single remittance rate, can be applied. This means that, if 90% or more of your taxable supplies during a particular reporting period are made through a permanent establishment located in a non-participating province, you may treat all of your supplies for that reporting period as having been made in that non-participating province. Similarly, if the permanent establishment is located in a participating province, you may treat all of your taxable supplies as having been made in that participating province.

Remittance rates for businesses engaged primarily in the resale of goods

As of July 1, 2006, the net GST/HST remittance rates for such businesses are as follows:

- 2.2%, for taxable sales made in a non-participating province through a permanent establishment in a non-participating province;
- 9%, for taxable sales made in a participating province through a permanent establishment in a non-participating province;
- 0%, for taxable sales made in a non-participating province through a permanent establishment in a participating province; and
- 4.7%, for taxable sales made in a participating province through a permanent establishment in a participating province.

Moreover, if the 0% remittance rate applies to your taxable supplies, you may claim a credit rate of 2.5% with respect to your taxable supplies (as you pay HST on purchases and collect GST on sales).

The net QST remittance rate is 2.7% for taxable sales made through a permanent establishment.

Remittance rates for businesses engaged primarily in the provision of services

As of July 1, 2006, the net GST/HST remittance rates for such businesses are as follows:

- 4.3%, for taxable supplies made in a non-participating province through a permanent establishment in a non-participating province;
- 11%, for taxable supplies made in a participating province through a permanent establishment in a non-participating province;
- 2.6%, for taxable supplies made in a non-participating province through a permanent establishment in a participating province; and
- 9.4%, for taxable supplies made in a participating province through a permanent establishment in a participating province.

The net QST remittance rate is 5.3% for taxable supplies made through a permanent establishment.

Special credits

Under the GST/HST system, you may reduce the remittance rate by 1% for the first \$30,000 (GST/HST included) of your taxable supplies, provided your election to use the Quick Method is in effect at the beginning of the fiscal year in question or on the date on which your registration came into effect. The same rule applies under the QST system, with the same stipulation, except that the amount of taxable supplies is \$32,250 (GST/HST and QST included).

Special cases

Use of the Quick Method for certain sales and purchases

A registrant that uses the Quick Method of Accounting must nonetheless remit GST/HST and QST/HST at the rates in effect with respect to sales of real property ("immovable property" under the QST system), capital assets and eligible capital property, and to supplies deemed to have been made under sections 172 and 173 of the *Excise Tax Act* and sections 285 through 293 of the *Act respecting the Québec sales tax*. However, input tax credits (ITCs) and input tax refunds (ITRs) may be claimed, in accordance with the usual rules, with respect to purchases of real property, capital assets and eligible capital property.

Unremitted taxes

Please note that, where consumption taxes 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 business's income for the purposes of both the *Taxation Act* (Québec) and the *Income Tax Act* (Canada).