

2018 Issue No. 39
2 November 2018

Tax Alert – Canada

Foreign specified suppliers: less than two months to register for the QST under the new specified registration system

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

Non-Québec resident suppliers that are located outside Canada and not registered for the purposes of the goods and services tax (GST) meet the definition of “foreign specified suppliers” and have until 1 January 2019 to comply with the new provisions of the *Act respecting the Québec sales tax* (AQST). Under these new provisions, these foreign specified suppliers are required to register for the Québec sales tax (the QST) using a new specified registration system and will have to collect the QST on taxable incorporeal movable property and services they supply in Québec to specified Québec consumers. Non-Québec resident suppliers located outside Canada that are registered for the GST and non-Québec resident suppliers located in Canada meet the definition of Canadian specified suppliers and have until 1 September 2019 to comply with the new provisions.

Revenu Québec has launched its new website to allow non-Québec resident suppliers located outside Canada to register online for the QST using the specified registration system in compliance with the new provisions included in sections 477.2 et seq. of the QSTA: <https://www.revenuquebec.ca/en/roq/>.

The online registration procedure has been simplified and does not require the filing of form LM-1, *Application for Registration*, prescribed for registration under the general QST registration system.



When registering online, non-Québec resident suppliers located outside Canada must provide information about the business, information relating to its activities and the names of persons of authority. Following registration, nonresident suppliers will obtain a QST number beginning with the prefix “NR.”

The new provisions of the AQST establish a significant distinction between the concepts of foreign specified supplier and Canadian specified supplier. Accordingly, it will be important to determine the GST status of non-Québec resident suppliers located outside Canada to confirm whether they are deemed to be Canadian specified suppliers because they are registered for GST purposes, or rather as foreign specified suppliers because they are not registered for GST purposes. In fact, only foreign specified suppliers are obliged to comply with the new AQST provisions as of 1 January 2019. Non-Québec resident suppliers registered for GST purposes, as Canadian specified suppliers, enjoy an additional time limit and have until 1 September 2019 to register under the specified registration system.

For further discussion of the Québec e-commerce measures, see 2018 Tax Alerts No. 18, *Quebec announces QST and e-commerce measures*, and No. 26, *Québec: Bill 150 respecting the QST and e-commerce receives Royal Assent*.

Learn more

And for more information, contact your EY advisor or EY Law advisor or one of the following professionals:

Montréal

Jean-Hugues Chabot

+1 514 874 4345 | jean-hugues.chabot@ca.ey.com

Manon Jubinville

+1 514 874 4391 | manon.jubinville@ca.ey.com

Louis Fournier

+1 514 879 6891 | louis.fournier@ca.ey.com

Jadys Bourdelais

+1 514 879 6380 | jadys.bourdelais@ca.ey.com

Jean-Baptiste Congy

+1 514 879 8079 | jb.congy@ca.ey.com

Catherine Dickner

+1 514 879 8100 | catherine.dickner@ca.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's Tax Services

EY's tax professionals across Canada provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. We offer a range of tax-saving services backed by in-depth industry knowledge. Our talented people, consistent methodologies and unwavering commitment to quality service help you build the strong compliance and reporting foundations and sustainable tax strategies that help your business achieve its potential. It's how we make a difference.

For more information, visit ey.com/ca/tax.

About EY Law LLP

EY Law LLP is a national law firm affiliated with EY in Canada, specializing in tax law services, business immigration services and business law services.

For more information, visit eylaw.ca.

About EY Law's Tax Law Services

EY Law has one of the largest practices dedicated to tax planning and tax controversy in the country. EY Law has experience in all areas of tax, including corporate tax, human capital, international tax, transaction tax, sales tax, customs and excise.

For more information, visit <http://www.eylaw.ca/taxlaw>

© 2018 Ernst & Young LLP. All Rights Reserved.

A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact EY or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.