

## **ELIMINATION OF RESTRICTIONS ON THE CLAIMING OF INPUT TAX REFUNDS (ITR) BY LARGE BUSINESSES EFFECTIVE JANUARY 1st 2021**

As announced in the 2015-2016 Quebec budget, restrictions on the claiming of input tax refunds (ITR) by large businesses have now been completely eliminated.

A person is generally considered a large business for QST purposes throughout a particular fiscal year if the person's total taxable sales made through a permanent establishment in Canada, including exportations, and that of its associated persons, exceed \$10,000,000 during the fiscal year preceding the person's particular fiscal year.

As of January 1, 2021, large businesses can recover 100% of the QST paid on expenses incurred that were previously subject to the ITR restrictions for large businesses, including:

- Road vehicles of less than 3,000 kilograms that must be registered under the Highway Safety Code to be driven on public roads;
- Goods and services relating to such vehicles, where the goods or services are acquired in Québec or brought into Québec within 12 months following the date on which the vehicle was acquired in, or brought into, Québec;
- Fuel, other than diesel fuel, used to supply the engine of such vehicles;
- Electricity, gas, steam or combustibles, except when used to produce personal property intended for sale;
- Telephone services and other telecommunications services, except Internet access services and "1 800," "1 888" and similar numbers;
- Food, beverages and entertainment that are only 50% deductible under the Taxation Act.

However, it is important to note that, although the restrictions on ITR's applicable to large businesses are eliminated, large businesses, like other registrants, will have to continue to comply with the other specific restrictions to the claim of ITR's provided for in the law such as the limit on road vehicles and the 50% rate applicable to food, beverage and entertainment expenses.

We also remind you that a QST registrant is entitled to an ITR in respect of the QST paid only to the extent that the registrant incurred the expense in the course of his commercial activities, which excludes the supply of goods and services that are QST exempt. In addition, the registrant must have the prescribed documentation.

Please note that the information contained in this release is of a general in nature and cannot be substituted for the advice of a specialist in the case of a specific situation.