

Quebec Sales Tax (QST) rate increase effective January 1, 2011

In its March 2009 budget, Quebec announced that an increase to the QST rate collected on goods and services will occur on January 1, 2011. The new QST rate will increase from 7.5% to 8.5%. This announcement is further to Sun Life's Focus Update #224 "[Highlights of the federal and provincial budgets for 2010](#)".

What this means

Services that are currently exempt from both the 5% GST and the 7.5% QST rates will continue to be exempt. Examples of these exempt financial services include:

- Group insurance premiums
- ASO with stop loss insurance

Services where the 5% GST as well as the 7.5% QST is currently applicable on our fees will now see the QST rate increase to 8.5%. Examples of these in Group Benefits include:

- ASO contracts without stop loss insurance
- HealthyRETURNS
- Salary Continuance Services (formerly called EarlyRETURNS) and Absence Analytics and Support
- Health spending account (when it is the only ASO arrangement)

Note: The QST rate of 9% that is currently charged on Group Benefits insurance and ASO contracts is not impacted by the new tax rate increase.

Quebec Sales Tax (QST) Place of Supply

In our Focus Updates [#224](#) and [#237](#), we identified Quebec's plans to adopt the similar Place of Supply rules as introduced by the Federal Department of Finance. We also understood from documents included in the Quebec Budget, that the Place of Supply Rules for the QST at 7.5% (8.5% effective January 1, 2011 and 9.5% effective January 1, 2012) were effective on May 1, 2010.

In November 2010, the government introduced Bill 117. It includes the long awaited amendments to the Place of Supply rules as well as the effective date. This bill confirms our understanding and implementation action as explained in our previous communications.

Questions?

Please contact your Sun Life Financial group benefits representative.