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# INSTALMENT PAYMENTS OF INCOME TAX

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## What are instalment payments?

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Instalment payments are periodic remittances of income tax and, where applicable, contributions and premiums (Québec Pension Plan, Health Services Fund, Québec Prescription Drug Insurance Plan and Québec Parental Insurance Plan). You make instalment payments to us four times per year. Instalment payments allow you to pay your income tax during the year, where

- source deductions withheld from your income are not high enough; or
- source deductions are not withheld from your salary, wages or other income (such as business income, retirement income, investment income).

Instalment payments are sometimes referred to as “quarterly payments” because they are made every three months.

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## Why make instalment payments?

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Instalment payments will reduce the income tax you will have to pay when you file your income tax return. However, if most of your income is subject to source deductions, you can increase the amount of the deductions, rather than make instalment payments. To do so, complete form TP-1017-V, *Request to Have Additional Income Tax Withheld at Source*, and inform your employer or payer of your decision.

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## Are you required to pay income tax in instalments?

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If income tax is not deducted at source from your income (for example, you are a self-employed worker or a retiree), you may be required to pay your income tax in instalments.

You are required to pay income tax in instalments if you estimate that the **net income tax** you will have to pay for the current year will be more than \$1,800 and if the **net income tax** you were required to pay for either of the two preceding years was also more than \$1,800.

If you are a farmer or a fisher, you are required to make instalment payments if you estimate that the **net income tax** you will have to pay for the current year will be more than \$1,800 and if the **net income tax** you were required to pay for **both** of the two preceding years was more than \$1,800.

**Net income tax payable** is the income tax that you must pay for the year that exceeds the total income tax deducted at source and the refundable income tax credits to which you are entitled.

However, do not take into account retirement income transferred from one spouse to the other<sup>1</sup> or overpayments of Québec Pension Plan (QPP) contributions in the calculation of net income tax payable.

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1. The income tax deducted at source on the transferred retirement income remains a source deduction of income tax for the spouse who transferred his or her income.



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## When are instalment payments due?

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You must remit your instalment payments four times a year on the following dates:

- March 15
- June 15
- September 15
- December 15

Twice a year, we send you form TPZ-1026.A-V, *Instalment Payments Made by an Individual*:

- in February, so you can make your payments for March and June; and
- in August, so you can make your payments for September and December.

When you make instalment payments, you are paying your income tax at regular intervals throughout the year, like most employees.

If you are a farmer or a fisher, you must make only one instalment payment per year. You will receive your form in November, and you must remit your payment by December 31 of the current year.

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## How are instalment payments calculated?

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One of the following three methods may be used to calculate instalment payments:

### Method 1: No-calculation method

We determine the amount of your instalment payments based on the information in your income tax returns for the two preceding years. This amount is indicated on the copy of form TPZ-1026.A-V, *Instalment Payments Made by an Individual*, that we send you.

Provided the payments indicated on the form are made by the due dates, **no interest will be charged**, even if the amount of the payments subsequently proves to be insufficient.

### Method 2: Previous-year method

This method allows you to determine the amount of your instalment payments yourself, based on the amount of income tax and contributions indicated in your income tax return for the previous year.

### Method 3: Current-year method

This method allows you to determine the amount of your instalment payments yourself. It may be to your advantage to choose this method if you estimate that your income tax and contributions payable for the current year will be lower than for the previous year.

To do your calculation based on method 2 or 3, use form TP-1026-V, *Calculation of Instalment Payments to Be Made by Individuals*.

If you use method 2 or 3 and the amount of your payments subsequently proves to be insufficient, **you may be charged interest**.



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## How to make your instalment payments?

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You may make your instalment payments

- by mail;
- at a financial institution;
- at a Revenu Québec office;
- using our Online Payment service; or,
- using the online services of certain financial institutions.

Payments may be made by cheque or money order (payable to the Minister of Revenue of Québec).

If you remit a postdated cheque to us, the date of payment is the date on the cheque.

If you make your payment by mail or at one of our offices, the date of payment is the date on which our office received the remittance slip.

If your payment is made at a financial institution, the date of payment is the date on which your payment is received by the institution.

If you make your payment using the online services of a financial institution, the date of payment is the date the institution completes the online transaction.

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## Is interest applied to late payments?

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We charge interest on any instalment (or portion of an instalment) that is not remitted by the due date.

The interest rate, capitalized daily, is determined according to the method set by regulation and is published in the *Gazette officielle du Québec*.

If your instalment payment is **less than 75%** of the payment required, interest of 10% per year, capitalized daily, is applicable (in addition to the interest referred to in the above paragraph).

The forms mentioned in this folder are available on our website at [www.revenuquebec.ca](http://www.revenuquebec.ca). You may also obtain them by calling one of the numbers given at the end of this publication.

# TO CONTACT US

## Online

[www.revenuquebec.ca](http://www.revenuquebec.ca)

## By telephone

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

### Individuals and individuals in business

Québec City	Montréal	Elsewhere
<b>418 659-6299</b>	<b>514 864-6299</b>	<b>1 800 267-6299</b> (toll-free)

### Businesses, employers and agents for consumption taxes

Québec City	Montréal	Elsewhere
<b>418 659-4692</b>	<b>514 873-4692</b>	<b>1 800 567-4692</b> (toll-free)

### Persons with a hearing impairment

Montréal	Elsewhere
<b>514 873-4455</b>	<b>1 800 361-3795</b> (toll-free)

## By mail

### Individuals and individuals in business

#### Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des services  
à la clientèle des particuliers  
Revenu Québec  
C. P. 3000, succursale Place-Desjardins  
Montréal (Québec) H5B 1A4

#### Québec City and other regions

Direction principale  
des services à la clientèle  
des particuliers  
Revenu Québec  
3800, rue de Marly  
Québec (Québec) G1X 4A5

### Businesses, employers and agents for consumption taxes

#### Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

Direction principale des relations  
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2012-05

Cette publication est également disponible en français et s'intitule *Les paiements d'impôt par acomptes provisionnels* (IN-105).