

REVENU
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INSTALMENT PAYMENTS OF INCOME TAX

www.revenuquebec.ca

What are instalment payments?

Instalment payments are periodic remittances of income tax and, where applicable, contributions and premiums (Québec Pension Plan (QPP), health services fund, health contribution, Québec prescription drug insurance plan and Québec parental insurance plan (QPIP)). 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 or investment income).

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

Why make instalment payments?

Instalment payments 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.

Are you required to pay income tax in instalments?

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 exceed \$1,800 and if the **net income tax** you were required to pay **for either** of the two preceding years also exceeded \$1,800.

However, 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 exceed \$1,800 and if the **net income tax** you were required to pay for **both** of the two preceding years exceeded \$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 other¹ 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.

How are instalment payments calculated?

Any of the following three methods can 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 net income tax payable and contributions 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 net income tax payable and contributions 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**.

When are instalment payments due?

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.



How to make your instalment payments?

You can make your instalment payments:

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

Payments can 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 using the online services of a financial institution, the date of payment is the date the institution completes the online transaction.

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 by mail, the date of payment is the date on which our office receives the remittance slip.

Is interest applied to late payments?

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

The interest rate, compounded daily, is determined according to the method set by regulation and is published in the *Gazette officielle du Québec*. For the interest rates in effect, consult our website, at www.revenuquebec.ca.

If your instalment payment is **less than 75%** of the payment required, interest of 10% per year, compounded 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. You can also obtain them by calling one of the numbers given at the end of this publication.

This publication is provided for information purposes only. It does not constitute a legal interpretation of the *Taxation Act* or any other legislation.

TO CONTACT US

Online

www.revenuquebec.ca

By telephone

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City 418 659-6299	Montréal 514 864-6299	Elsewhere 1 800 267-6299 (toll-free)
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Businesses, employers and agents for consumption taxes

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

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

Québec City 418 659-4692	Montréal 514 873-4692	Elsewhere 1 800 567-4692 (toll-free)
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Complaints – Direction du traitement des plaintes

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City 418 652-6159	Elsewhere 1 800 827-6159 (toll-free)
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Individuals with a hearing impairment

Montréal 514 873-4455	Elsewhere 1 800 361-3795 (toll-free)
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By mail

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

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

Québec City and other regions

Direction principale
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Revenu Québec
3800, rue de Marly
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Businesses, employers and agents for consumption taxes

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

Direction principale des relations
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Québec City and other regions

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Complaints – Direction du traitement des plaintes

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3800, rue de Marly, secteur 3-4-5
Québec (Québec) G1X 4A5

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