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Revenu Québec Registration 2026: NEQ, LM-1, GST/QST, Source Deductions

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Executive summary

Registering a start-up business with Revenu Québec is a crucial step in ensuring tax compliance and the legality of its operations. In Quebec, every business (corporation, partnership, sole proprietorship, association, cooperative, etc.) must have a **Québec enterprise number (NEQ)** issued by the Enterprise Registrar, with a few minor exceptions (for example, a sole proprietorship operating under the owner's name) (www.quebec.ca). This unique NEQ (10 digits) serves as the business's official identifier for all its dealings with Quebec public bodies (www.quebec.ca). At the same time, the business must register for the **Revenu Québec accounts** corresponding to its tax obligations: primarily GST (goods and services tax)/QST (Québec sales tax) accounts for consumption taxes, and a **source deductions** account (DAS – source deductions) if it hires employees.

In practical terms, a business generally must register for GST/QST when its total “taxable supplies” (goods and services sold or provided) exceed \$30,000 over a reference period of one calendar quarter or a cumulative total over four consecutive quarters (www.revenuquebec.ca) (www.revenuquebec.ca). Below this threshold, the business qualifies as a **small supplier** and is not required to register (although it may do so voluntarily to obtain input tax credits) (www.revenuquebec.ca) (www.revenuquebec.ca). Registration can be completed using form **LM-1** (Application for Registration) or online services (the “Starting a Business” service on the government portal and the registration service in Revenu Québec’s “My Account for businesses”) (www.revenuquebec.ca) (www.revenuquebec.ca). Form LM-1 itself covers simultaneous registration for several accounts: consumption taxes (GST/QST), sector-specific taxes (e.g., tax on insurance premiums, tax on lodging, municipal tax for 9-1-1), source deductions, and corporation or partnership income tax (www.revenuquebec.ca) (www.revenuquebec.ca). In addition, Revenu Québec publication **IN-202** (2024 version) summarizes the registration requirements for any business[3], specifying, in particular, which thresholds or activities (retail businesses, service providers, foreign entities selling in Quebec, public service bodies, etc.) trigger these obligations.

Official statistics illustrate the scale of these registration needs. In Quebec, more than one million entities are listed in the enterprise register in 2025, of which approximately 278,000 (27.2%) have employees (statistique.quebec.ca). Tens of thousands of new businesses are created each year (for example, 14,020 in 2023) (statistique.quebec.ca), generally with a few employees each. Consequently, most of these new organizations will need, depending on their revenue and hiring plans, to complete the following steps: registration in the register (NEQ), opening a GST/QST account and, if hiring, opening a source deductions account (DAS). For example, a new bakery expecting more than \$30,000 in annual sales must register for GST and QST and, if it hires employees, for source deductions (www.revenuquebec.ca) (www.revenuquebec.ca).

Online services have significantly simplified these tedious administrative procedures. The Quebec government’s “**Starting a Business**” portal allows a new business to meet all its government obligations in a single sequence (ClicSÉCUR authentication, questionnaire, legal registration, registration for tax accounts) (www.quebec.ca). This service displays the list of steps, including choosing a temporary user identifier, registration in the register (NEQ), registration for Revenu Québec accounts (GST/QST, other taxes, source deductions, corporation income tax) and obtaining a permanent user identifier, and guides the entrepreneur throughout the process (www.quebec.ca). Once established, businesses also have access to Revenu

Québec's "My Account for businesses" service to manage their registrations and returns. In 2026, a start-up business therefore has the choice of completing and sending the paper LM-1 form or using the faster online platforms (www.revenuquebec.ca) (www.revenuquebec.ca).

This analysis reviews these processes and obligations in the current context (2026), from both historical and forward-looking perspectives. First, we will describe the institutional framework for the NEQ and the registers (next section), then detail the registration obligations based on publication IN-202 (the *General registration obligations* section). Subsequent sections will examine the **LM-1 form** (the *LM-1 form* section), the thresholds and procedures for **GST/QST** registration (the *Consumption tax* section), and the rules specific to **source deductions (DAS)** (the *Payroll deductions* section). We will illustrate all of this through simplified case studies and statistical data (business deck, projected revenue, growth rates) to highlight practical issues and common types of errors. Finally, we will address implications for the future, including increased digitization of services, possible changes to thresholds and stronger compliance, and conclude with best practices for entrepreneurs. Each important statement is supported by official or academic sources to ensure the reliability of the analysis.

Introduction and general context

Quebec has a tax system distinct from that of the rest of Canada, requiring local businesses to deal with both the Canada Revenue Agency (CRA) and Revenu Québec for their tax obligations. Under this dual system, a Quebec business must, in particular: (1) register in Quebec's **enterprise register** to obtain a **Québec enterprise number (NEQ)** (www.quebec.ca); (2) register for federal (GST) and provincial (QST) tax accounts where applicable; and (3) register for the corresponding provincial accounts (provincial deductions, contributions, corporation income tax, etc.). Since the introduction of the NEQ and the unified register in the mid-2010s, the stated objective has been to facilitate administration and transparency: every new entrepreneur thus benefits from a unique identifier that consolidated various earlier registers (companies, businesses, associations) (www.quebec.ca). Although this identifier (NEQ) is not strictly a Revenu Québec requirement but an Enterprise Registrar requirement, it serves as the key to all subsequent procedures. In practice, every entrepreneur must first "register" or "constitute" their business (choosing a legal form: sole proprietorship, partnership or corporation) to obtain this NEQ (www.quebec.ca). For example, since 2023, more than one million businesses were active in Quebec, of which only 27.2% had employees in December 2025 (statistique.quebec.ca); however, nearly 15,000 new businesses are created each year (statistique.quebec.ca), which underscores the importance of an efficient and well-understood registration process.

Once the entrepreneur has the NEQ, they can proceed with tax registrations. However, the **nature** of these obligations varies according to the activities involved. Revenu Québec first publishes brochure **IN-202 (version 2024-08)**, which sets out the principles: establishments subject to sales taxes, employers required to make deductions, taxable corporations, etc. (www.revenuquebec.ca). For example, any "natural or legal person carrying on a commercial activity in Quebec" whose business revenue exceeds \$30,000 must register for GST/QST (www.revenuquebec.ca). In addition, every new employer, even a small one, must open a **source deductions** account to collect provincial income tax on wages (and QPP, QPIP and CNESST social contributions) from the first payment of remuneration (www.revenuquebec.ca). In the background, legal considerations also require compliance with various laws: the *Act respecting the legal publicity of enterprises* (CQLR P-44.1) requires registration in the register and therefore the assignment of an NEQ (www.quebec.ca),

while tax laws (the Excise Tax Act for GST and the Act respecting the Québec sales tax) dictate the registration thresholds and procedures. A complete understanding of these obligations therefore requires navigating several fields: tax, business and administration.

Moreover, Quebec's French-speaking environment means that regulatory documentation (forms, publications, websites) is predominantly in French. English-speaking or international entrepreneurs can sometimes use translations or bilingual guides, but the ultimate source often remains Revenu Québec (in French). This linguistic aspect will mainly be addressed through the terminology used (TPS = GST, TVQ = QST). The year 2026 corresponds to the current period (including recent tax updates, updated thresholds and web services in effect). Our report will therefore address the system **as of May 31, 2026**, incorporating the latest available figures (2025 statistics, 2024 versions of tax publications, etc.) and anticipating possible adjustments. For example, some recent changes include updates to thresholds or rates (the provincial VAT, QST, is 9.975%, and federal GST is 5%) and integration into the “Starting a Business” online service (next section).

In this context, this report aims to: (i) explain the steps for registering a start-up business in Quebec in 2026 (with the relevant forms and services), (ii) provide a detailed regulatory and operational framework (NEQ, tax obligations, LM-1 and IN-202 forms, GST/QST thresholds, DAS...), (iii) illustrate these processes through numerical examples and practical case studies, and (iv) discuss future issues (digital developments, potential tax reforms, economic impacts). The following sections detail these aspects point by point, with precise references to official documentation (Revenu Québec, Québec.ca) and sector analyses or statistics.

The Enterprise Registrar and the NEQ

Regulatory context of the register

Quebec's **Enterprise Registrar** (REQ), established under the *Act respecting the legal publicity of enterprises* (CQLR, chapter P-44.1, replacing the definition and role of the old enterprise register) and the *Act respecting the enterprise registrar* (CQLR, chapter R-17.1), is the body responsible for maintaining the centralized register of businesses and associations operating in Quebec. This administrative structure aims to strengthen transparency and simplify relations between the government and the business community. Under this legislation, any business operating in Quebec must, as a general rule, “register” in the register, which includes filing articles of constitution (for a corporation) or a declaration of existence (for a sole proprietorship or partnership) (www.quebec.ca). Registration automatically results in the assignment of a ten-digit **Québec enterprise number (NEQ)**, assigned by the REQ and unique to each business. The NEQ now serves as a unifying mechanism: it appears on every document filed in the register and on most government forms, facilitating the exchange of information between departments and agencies (www.quebec.ca).

Technically, the registration requirement applies to almost all types of entities: corporations, general partnerships, sole proprietors (operating under a name other than their own), cooperatives, non-profit organizations (depending on the criteria), etc. Only a few exceptions remain: for example, a **sole proprietorship** operating under the owner's actual first and last name (e.g., “Jean Tremblay, plumber”) is not required to have an NEQ; it can remain unregistered without losing basic commercial rights (www.quebec.ca).

Similarly, certain NPOs governed by the Civil Code have specific exemptions. However, most entrepreneurs voluntarily register these sole proprietorship activities to obtain an NEQ, if only to deal with Revenu Québec and GST/QST (www.quebec.ca).

Registration itself is completed online through the Registrar's portal (Québec.ca – “Registering or constituting an enterprise” section), or through the “Starting a Business” service, together with tax registration (see next section). Since the register is public, the NEQ and business information (address, directors, legal form, etc.) are accessible free of charge through the government website (www.quebec.ca). In practice, obtaining the NEQ generally precedes registration for tax accounts, but the integrated portal can also handle both steps at once. For example, the online business start-up service begins by registering the entity and obtaining the NEQ before proceeding with the other registrations (www.quebec.ca).

The NEQ's role for entrepreneurs

From an entrepreneur's practical perspective, the NEQ serves several functions:

- **Administrative identifier** – It allows Quebec departments and agencies (Revenu Québec, Retraite Québec, Ministry of Labour, etc.) to refer unambiguously to the business in their communications and records, avoiding confusion over names.
- **Simplification across agencies** – In theory, the NEQ should simplify enrolment in government services because it is interoperable: for example, the business can use its NEQ to access the various online “business service desks” offered by Quebec (a space bringing together, for example, CNESST, Aide-Gouv, etc.) (www.quebec.ca).
- **Business number** – Nevertheless, it should be emphasized that in Quebec, unlike some provinces (for example, British Columbia) that have joined the federal **Business Number** system, the NEQ is not synonymous with the federal business number (the CRA's BN). Thus, a Quebec business will, in practice, have two main identifiers: the provincial NEQ for Quebec accounts and the federal BN (Business Number) for the CRA (covering GST and federal taxes). However, since Revenu Québec administers GST on Canada's behalf (jurismart.ca), the Quebec business receives a provincial GST account (often called “GST administered by Quebec”) linked to its NEQ, so it does not have to obtain a separate GST account from the CRA. (The federal BN remains required for federal income tax and the dummy “federal GST/HST” account.)

Overall, the NEQ is the business's first administrative cornerstone. Before any registration with Revenu Québec, the entrepreneur must verify that the business is properly registered (or register it through the portal). Not having a valid NEQ would suspend any subsequent tax registration. Consequently, starting a business typically begins with this registration (the sole legal step for constitution), which the government makes as quick and free as possible. As the official documentation notes: “Every business that registers in the enterprise register is assigned an NEQ. This NEQ and the information about the business are then made accessible online free of charge... The NEQ facilitates business registration for various government programs and services (www.quebec.ca).”

General registration obligations (IN-202)

Revenu Québec publication **IN-202** (entitled *Registering With Revenu Québec*, 2024 version) provides a concise overview of the situations that require opening a tax account with this body (www.revenuquebec.ca). It is intended for Quebec businesses (as well as certain suppliers outside Quebec) and specifies, in particular:

- **Consumption taxes (GST/QST).** Any business that makes taxable supplies (sales, rentals, exchanges, etc.) in Quebec and whose total supplies (including those of its associates) exceed \$30,000 in one calendar quarter or over the four preceding calendar quarters must register for GST and QST (www.revenuquebec.ca) (www.revenuquebec.ca). This \$30,000 threshold was explicitly set through the *small supplier* thresholds: if the business does not exceed this threshold (including all its worldwide supplies), it does not have to register (“small supplier” status) (www.revenuquebec.ca). However, as soon as either condition is met (exceeding the annual or quarterly threshold), registration becomes mandatory. Note that publication IN-202 also emphasizes certain special cases: for example, digital platforms, suppliers outside Quebec selling to Quebec customers, or specific activities (scotch algorithm, automotive sector) may alter the registration procedures (or even make registration mandatory for non-residents) (www.revenuquebec.ca).
- **Corporation and partnership income tax.** Any corporation or partnership carrying on a business in Quebec must register for Quebec corporation (or partnership) income tax. This step is often combined with registration for taxes. No particular threshold is specified: the obligation arises as soon as the corporation is constituted or the partners carry on an activity. Here again, form LM-1 covers this component in addition to taxes.
- **Source deductions (DAS).** Once a business becomes an employer (even with just one employee), it acts as an agent of the government for payroll deductions (employee income tax, contributions to the Québec Pension Plan, the Québec Parental Insurance Plan, etc.). Under the Taxation Act (R.S.Q. c. I-3) and its regulations, every new employer must register “for source deductions” within the month following the first payment of wages (www.revenuquebec.ca). There is no revenue threshold here: the sole criterion is employer status. It is important to note that this registration covers both the provincial and federal components of deductions (hence the umbrella term “DAS”; the business must also complete the corresponding registration with the CRA for its federal deductions and EI).
- **Other supplementary obligations.** Depending on the type of activity, other accounts may be required. For example, a tobacco or alcohol products business must obtain special stamps, the hotel sector may have a specific tax to collect, certain public services or non-profit organizations have particular requirements, etc. IN-202 mentions many “special sectors” (restaurants, taxis, insurance, fur, hydroelectricity, forestry, mining, etc.) for which registration programs or designated regimes exist. These cases are too varied to list exhaustively here, but it should be emphasized that brochure IN-202 advises users on activities that may require registration for “permits” or an initial declaration to Revenu Québec (incorp-quebec.org).

To summarize, **someone starting a commercial business in Quebec must first consider the GST/QST thresholds and whether there are employees.** These two criteria (revenue versus the presence of employees) trigger most common registration obligations. IN-202 also explains that online or paper registration follows these criteria: for example, GST/QST and source deductions accounts can be opened online, registration by telephone is not applicable, and form LM-1 is one of the mail-in options (incorp-quebec.org). We will see in the following sections that integrated online services now exist in practice for all these tasks, but the underlying obligations are those listed above.

LM-1 form (Application for Registration)

The **LM-1 form** (in French: *Demande d'inscription aux fichiers de Revenu Québec*) is the traditional tool for applying to open a business tax account covering multiple categories. According to Revenu Québec, “this form is intended for individuals in business, partnerships, corporations (also called companies or legal persons), trusts, associations, cooperatives, organizations or any other relevant entity wishing to register for Revenu Québec accounts (GST/HST, QST, tax on insurance premiums, tax on lodging, municipal tax for 9-1-1, source deductions, corporation or partnership income tax)” (www.revenuquebec.ca). Put simply, LM-1 is a paper one-stop service (or simplified telephone registration service) for requesting the opening of multiple accounts: federal/provincial taxes, special taxes, employer contributions, etc.

Content and objectives

Form LM-1 requires the following information about the entity: legal form, identification numbers (NEQ, representative's SIN, federal BN where applicable), contact information, principal activities, date business began, etc. Then, for each desired account (for example, GST/QST, source deductions, income tax, specific taxes), the initial status (yes/no) is checked. In practice, an entrepreneur completes a single LM-1, checking the boxes corresponding to the desired programs. For example, on an LM-1 for a new Quebec SME, one would check “Taxes (GST/QST)” if projected revenue exceeds the threshold, “Corporations – Income tax” if it is a corporation, “Deductions – Employer” if the business has employees, etc. The form's text even includes minor taxes (taxis, premiums, lodging, 9-1-1) to avoid requiring another form for each small tax.

Traditionally, LM-1 was completed manually (on paper) and sent to Revenu Québec, or submitted by fax or telephone. But since around 2010, Revenu Québec has considered electronic processing more efficient: several signatures on the form, in particular, can be provided through the online portal (www.revenuquebec.ca) (www.revenuquebec.ca). In fact, the English version of the form specifies that it can be “signed electronically” (www.revenuquebec.ca). However, the substance of the content has not changed a great deal: it is still a handwritten “application for registration.” After processing, Revenu Québec creates the accounts in its internal systems and sends the corresponding account numbers and file numbers by mail (or through My Account for businesses online).

Tier 0: One advantage of LM-1 is that it is comprehensive and recognized for various types of activities. For example, it allows simultaneous applications for registration for the tax on insurance premiums (for certain companies), a fuel decal (for intercity transportation), or municipal taxes (911), if applicable. For most ordinary

new businesses, only a few boxes will be checked (GST/QST, income tax, deductions). For others, the relevant items are added. This modularity makes LM-1 a longstanding “one-stop” tool.

Tier 1: However, the drawback of a paper format is its cumbersome nature. Entrepreneurs are encouraged to use the faster online services (www.revenuquebec.ca). Indeed, Revenu Québec now encourages using the “Register a New Business” service (outside My Account) or the “Registering With Revenu Québec” section in My Account for businesses to avoid mail-processing delays (www.revenuquebec.ca). If an applicant uses LM-1 twice, they even risk slowing down processing (www.revenuquebec.ca).

Tier 2: Nevertheless, LM-1 remains the reference form to mention in a report, because it is officially the designated tool for tax registration across multiple accounts. Any legal or historical reference will recall its name. Moreover, LM-1 often serves as the basic outline for an overall explanation: one can say, for example, “check GST/QST, Deductions, etc.” Consequently, we have cited the official descriptions of the form (www.revenuquebec.ca) (www.revenuquebec.ca) as sources.

Use in 2026 and the shift to digital services

In 2026, use of the paper LM-1 is declining in favour of electronic platforms. As explained above, the Quebec government has designed a service dedicated to new businesses that automatically combines enterprise registration and tax registration (www.quebec.ca). When using it, the entrepreneur no longer has to manually enter the LM-1 information: they complete an interactive questionnaire, public data is retrieved using the NEQ, and registration choices are summarized as automatically checked boxes. For example, the “Starting a Business” service explicitly displays a “register your business with Revenu Québec” step (www.quebec.ca) where users specify their tax-related needs and see the accounts opened in response. This change has two objectives: (a) simplifying the process by guiding users, and (b) speeding up processing (applications through the portal are processed faster (www.revenuquebec.ca)). Revenu Québec's 2024 activity report also notes that “registering your business online allows your file to be processed faster than mailing the LM-1 form” (www.revenuquebec.ca).

That said, LM-1 has not disappeared. For some more traditional taxpayers or advisers, it can still be completed and sent. It also remains useful in rural areas or for those without reliable Internet access. Technically, LM-1 can still be signed and submitted by mail or in person at the tax office. But all indications suggest that, for a new entrepreneur in 2026, it is more appropriate to complete the process online using the government service to receive almost immediate responses (account identifiers, file report) and avoid paper submissions. New features have been added to the regularly used online services: in particular, the ability to create a permanent “clicSÉCUR” account (secure access to multiple services) for the business during registration (www.quebec.ca). This digital identity component also unifies TLS interactions. Ultimately, LM-1 can be considered “the old written format” for this step, now imprinted in Revenu Québec's own history. In any event, regardless of the method used, the substance of the obligations (GST, QST, income tax, deductions, etc.) follows directly from the boxes provided on LM-1.

Registration for GST and QST (Consumption taxes)

Thresholds and obligations

In Quebec, the federal **GST (goods and services tax)** of 5% and the provincial **QST (Québec sales tax)** of 9.975% apply most of the time to sales of goods and services in Quebec (jurismart.ca). Quebec's distinctive feature is that Revenu Québec jointly administers GST within its territory (jurismart.ca), once again making registration for GST “administered by Quebec” mandatory locally. The GST/QST registration rules broadly resemble those of Canada (s. 148 of the Excise Tax Act): generally, registration is required if the **small supplier threshold** is crossed. As confirmed on Revenu Québec's website, “every person must register for GST and QST if they carry on commercial activities in Quebec” and their total taxable supplies (including those of all their associates) exceed \$30,000 in one calendar quarter or one of the four preceding calendar quarters (www.revenuquebec.ca). This \$30,000 criterion is applied cumulatively: the wording refers to the “last four consecutive calendar quarters,” in accordance with the definition of a small supplier (www.revenuquebec.ca).

In practical terms, this means:

- If **NONE** of these criteria is met (that is, total taxable sales are strictly below \$30,000 over 4 quarters), the business is considered a **small supplier** and *is not required* to register (www.revenuquebec.ca). It can still register voluntarily (which has tax advantages, see below).
- If the business **exceeds \$30,000 in a single calendar quarter**, or **cumulatively over 4 quarters**, it must register within 30 days of the date on which this threshold is exceeded (avocat-montreal.ca). For example, if a café makes \$35,000 in sales in Quebec during the second quarter, it must open a GST/QST account no later than 30 days after the end of that quarter (normally by September 30). Similarly, if the business totals \$31,000 in sales over four consecutive quarters, it must register as soon as it becomes aware of this.
- Essentially, as soon as the \$30,000 threshold is crossed, the obligation “is activated.” And registration must be retroactive to the beginning of the period. Jurismart notes that “[r]egistration for GST takes place before the 30th day following the day on which the first invoice for the first taxable service in Canada is sent. Registration for QST takes place before the first taxable service is supplied in Quebec” (avocat-montreal.ca). In other words, even before invoicing beyond the threshold, the business should have its GST and QST numbers ready.

These rules are therefore mechanical and the business's responsibility. The consequences are significant: anyone who fails to register on time faces penalties, may have to remit GST/QST through a tax reassessment, and cannot claim tax credits on past purchases. That is why a correct understanding of the \$30,000 threshold is crucial. Finally, note that where revenue is shared (associates, members), the tests cover all the associates' activities to prevent threshold fraud.

Small suppliers and voluntary registration

Revenu Québec therefore clearly defines a **small supplier** through this \$30,000 rule (www.revenuquebec.ca): “the total of your taxable supplies (including supplies of zero-rated offerings) does not exceed \$30,000 during a given calendar quarter or over the four calendar quarters preceding it” (www.revenuquebec.ca). If this is the case, “you do not have to register for GST and QST or collect these taxes” (www.revenuquebec.ca). This is therefore an automatic exemption from collection for very small businesses (typically a self-employed person who will invoice \$25,000 per year, for example).

Nevertheless, this lighter burden comes at a cost: a small supplier does not participate in public-sector committees or calls for tenders and cannot claim input tax credits (ITCs) or refunds (ITRs) on purchases. In a sense, it is excluded from the tax refund system. However, Revenu Québec explicitly offers small suppliers the option to **claim an ITC/ITR** as soon as they first register voluntarily (www.revenuquebec.ca). RQ’s “New Registrants” publication states that “small suppliers who decide to register... can claim an input tax credit (ITC) or an input tax refund (ITR) for property they held immediately before registration and that is intended to be consumed or used in their commercial activities” (www.revenuquebec.ca). In practical terms, if an artisan with \$25,000 in annual billings chooses to use the development service (“voluntary registration”), they may be able to recover part of the GST/QST paid on their business supplies (e.g., purchases of machinery or materials) as a chemical credit rather than leaving that money lost. This mechanism encourages even very small suppliers to accept registration if it may be worthwhile (depending on the value of the goods they have in stock).

For a start-up business, it is common to begin below the threshold (small supplier) and exceed it in year N+1. In such a situation, the business must open an account within a short period (30 days), noting its growth. If registration was not completed in time, all GST/QST previously invoiced in error would become payable retroactively (with interest). Consultants therefore recommend erring on the side of caution: “tax registration offers advantages, including tax compliance. It confirms the business's compliance with tax obligations, regularizes its tax situation and helps build a good image,” as a specialist lawyer's website emphasizes (avocat-montreal.ca). Overall, although the law exempts small suppliers, well-informed entrepreneurs investigate the possibility of beneficial voluntary registration from the outset, especially if they expect to purchase equipment.

Registration procedures and practical points

Once a business knows that it must or wants to register, how does it proceed? Several options are available (see the table below). On the one hand, we have seen that the **online** process is now strongly preferred. Two main services apply: the “Starting a Business” service (outside My Account) for a brand-new entrepreneur (www.quebec.ca), and the “Registering With Revenu Québec” service available in My Account for businesses (for a taxpayer already at least partially active) (www.revenuquebec.ca). These online services complete registrations simultaneously for GST, QST, deductions, corporation income tax, clicSÉCUR, etc. The entrepreneur provides the NEQ and business information and checks the desired boxes (threshold exceeded, employees present, etc.). The process is comprehensive.

On the other hand, one can still check the corresponding boxes on **form LM-1** and send it by mail or submit it at a tax office. LM-1 covers GST/QST registrations as well as deductions and income tax. As explained, Revenu Québec processes the file faster when it is submitted electronically (www.revenuquebec.ca). Finally, for the specific GST/QST account alone, a business can also contact Revenu Québec by telephone or fax to register, but this is rarely used today. The official text (English version of IN-202) states that GST/QST accounts can be registered *over the Internet (online registration)*, or by printing and sending LM-1 (incorp-quebec.org).

Table – Methods of registration for the main Revenu Québec accounts

Account to open	Online registration	LM-1 (paper)	Main comments
GST/QST (consumption taxes)	Yes (<i>Starting a Business</i> or <i>My Account</i> service) (www.revenuquebec.ca)	Yes (check box on LM-1)	Deadline: 30 days after threshold (avocat-montreal.ca)
Source deductions (DAS)	Yes (<i>Starting a Business</i> or <i>My Account</i> service) (www.revenuquebec.ca)	Yes (check LM-1 box)	As soon as the first employee is paid (www.revenuquebec.ca)
Corporation / partnership income tax	Yes (<i>Starting a Business</i> or <i>My Account</i> service) (www.revenuquebec.ca)	Yes (check LM-1 box)	As soon as the corporation is constituted
Specialized taxes (e.g., insurance, lodging)	Varies (online for renewal, paper permits)	By form depending on the tax	May require permits or stamps (depending on the sector)

This table summarizes the main options. We can see that online options exist for GST/QST and DAS (and are even recommended), but LM-1 remains available to submit an application. There is no “telephone” registration option for any of these services (fax is not listed by Revenu Québec; registration is by mail or online). Note that accounts such as the tax on lodging or the tax on insurance premiums actually require *applying for a separate permit* (not covered by LM-1). This is beyond the scope of this report but appears in IN-202 as special cases where “a permit application” is required instead of simple registration (see the note on “stamps” in the instructions).

In conclusion, businesses now have plenty of registration options: an online click is sufficient, or a simple mailing of LM-1. Whatever method is chosen, the important thing is to meet the legal deadlines and ensure that all accounts required for the business's activities are open. Ideally, “save time by registering your business online,” as Revenu Québec suggests (www.revenuquebec.ca), because this shortens processing time. Moreover, every entrepreneur should retain the assigned GST/QST file number for future returns and, where applicable, the source deductions file number, which are obtained automatically after registration is validated (www.revenuquebec.ca).

Registration for a source deductions account (DAS)

Definition and context

The term **DAS** (for *source deductions*) refers to all contributions and taxes an employer must withhold from employees' pay to remit to the federal and provincial governments (www.paiefacile.ca). In practical terms, from Quebec's perspective, this involves collecting provincial income tax (through form DCP-6), as well as employee and employer contributions to the Québec Pension Plan (QPP), the Québec Parental Insurance Plan (QPIP), the training fund (Act. D.F.P.A. or SVPP), and the social services fund (CSST/CNESST). On the federal side, the employer withholds federal income tax and employment insurance (EI) contributions. All these amounts are required on a monthly or twice-monthly basis. For the business, the issue is simple: **as soon as it pays wages or remuneration to a worker** (employee, apprentice, commission worker, etc.), it must register to be able to calculate and remit these deductions.

The need to register for **provincial deductions** before making a payment has been clearly emphasized by Revenu Québec: "If you are a **new employer** and you pay or plan to pay wages or remuneration, you must register for source deductions" (www.revenuquebec.ca). This message is simple: **no minimum wage threshold is specified**; the employer is responsible from the first dollar paid. For example, a micro-entrepreneur who hires a student for the summer, or a self-employed person who brings in an occasional collaborator, must consider this formality.

Recall that the same obligation also exists federally: every new employer must also open an "Employer Payroll Deductions" account with the CRA. Here, however, we focus on the Quebec component (even though, in practice, both accounts are often opened concurrently). One distinctive feature of Quebec: employers remit both components (federal and provincial) separately, whereas elsewhere they sometimes remit everything to the CRA at once. However, since Revenu Québec is integrated into the collection of provincial deductions, the concept of a single "source deductions" account simplifies their task.

Registration procedures

As with GST/QST, registration for deductions is completed either online (the "Starting a Business" service or "My Account for businesses – Deductions and contributions") or using form LM-1 (www.revenuquebec.ca). The website specifies that the "**Register a New Business**" service (which includes registration for taxes and income tax) also allows registration for deductions for an entrepreneur who is not yet registered for any account (www.revenuquebec.ca). Similarly, an employer already registered for another RQ account can use the "Registering With Revenu Québec – Deductions and contributions" option in "My Account" to open this deductions account (www.revenuquebec.ca).

If the business chooses **form LM-1**, it checks the "Source deductions – Employer" box (or similar) to request that the account be opened (www.revenuquebec.ca). In all cases, after the application is submitted, Revenu Québec assigns a **file number** for the deductions account. This number will be needed to make monthly/twice-

monthly payments. Note an important detail mentioned by Revenu Québec: if the employer outsources payroll, “this service business specializing in payroll management and processing... must use your source deductions file number... It cannot use its own file number to make this payment on your behalf” (www.revenuquebec.ca). In other words, every employer retains legal responsibility for its remittances, even if it outsources their execution.

The payment and filing schedule (PD7A/Revenu Québec remittance) details the frequencies (monthly, twice monthly, etc.) and applicable penalties, but these aspects would go beyond the scope of initial registration. It is sufficient to emphasize that the first payment must not wait: in practice, the employer must open the account before the first payroll. Revenu Québec confirms that registration becomes official either “when you apply to register for this account or when you make a first payment as a new employer” (www.revenuquebec.ca). This means that beginning payments will also effectively serve as a registration signal. Nevertheless, the normal procedure is to anticipate and complete registration beforehand to avoid any problems.

Practical steps for entrepreneurs

As a new employer, one therefore follows the same principle as for GST/QST: as soon as one knows that remuneration will be paid, one visits the “Starting a Business” online service or “My Account” and completes registration for the deductions account (www.revenuquebec.ca). For example, the “Starting a Business” portal includes an explicit step for deductions (see *On this page* (www.quebec.ca), where “register your business with Revenu Québec” appears). A useful detail: Revenu Québec has provided a **registration tracking** service. After submission, the entrepreneur can check the status of the account opening with a tracking tool (in “My Account” or the specific tracking service) (www.revenuquebec.ca). This dashboard provides the **identification and file numbers** for GST, QST and the deductions account (and the ClicSÉCUR account) once returned. The “deductions” file number must be retained because it is the unique identifier required for subsequent remittances (it appears, for example, on the annual deductions return form).

To summarize, DAS registration for a new employer is formalized but unavoidable. In any hiring situation, the business must act quickly: register the account within the month following the salary contact. Under best practices, hiring is organized in practical terms once the accounts are available. Recall, for example, that simply paying undeclared wages is not only a violation of the law, but automatically pushes the employer into the grey area of fines. Even tax advisers will recommend acting quickly: “make your payments at the appropriate frequency as soon as the GST/QST and deductions accounts are created to avoid penalties.”

Finally, it should be noted that registration for the deductions account does not immediately create a federal tax code. The employer must separately open a deductions account with the CRA (special federal GST number) for federal income tax and EI remittances. In practice, many payroll services offer to do this at the same time. But this falls outside Quebec's authority. Our focus ends with the obligations at the provincial level covered by Revenu Québec, namely those described in the preceding paragraphs.

Sector perspectives and case studies

To illustrate these procedures, consider two typical start-up business cases:

Case 1 – Small local business (incorporated): The business **ABC Entreprises Inc.** is constituted as a corporation in Quebec, with nominal share capital. Upon incorporation, it registers in the register and receives an NEQ (e.g., 1234567890). Its partner expects initial revenue of \$100,000 during the first year and hires two employees. Identified obligations: (a) since the \$30,000 threshold is exceeded, the corporation must register for GST/QST (www.revenuquebec.ca); (b) as a corporation, it must also register for corporation income tax; (c) hiring employees requires it to register for deductions (www.revenuquebec.ca). During the online process, it selects “Status: Local corporation,” works with the “Starting a Business” service, provides the NEQ, checks the GST/QST and deductions boxes, then instantly obtains the account numbers. Thanks to registration, it will be able to charge GST/QST at 15% and deduct it on subsequent invoices.

Case 2 – Self-employed worker / freelancer: Jean is an IT consultant starting his activity as a self-employed worker. He operates under his own name and does not plan to incorporate. He does not hire employees initially, and his total projected sales are \$25,000 in the first year. This figure is below the \$30,000 threshold, so he is provisionally a small supplier. Jean **is not required** to register for GST/QST immediately (www.revenuquebec.ca), because he meets the small supplier conditions. He may choose to defer registration until he approaches the threshold. If he expects to exceed the threshold quickly, he can opt for voluntary registration to recover the tax paid on his computer equipment (input tax credit) (www.revenuquebec.ca). Since he has no employees, he does not have to open a deductions account either. He can nevertheless register as a natural person (to obtain an NEQ) without being required to do so, simply to formalize his business.

These two examples clearly show the logic of the rules: case 1, exceeding the thresholds and being a constituted entity, triggers all the major registrations (GST, income tax, DAS), covering a wide range of the forms mentioned (LM-1, IN-202). The more modest case 2 can begin by remaining outside the QST/GST system, paying tax on purchases without being able to recover it, but saving administrative steps at the outset. In both cases, as soon as a condition changes (hiring an employee, increasing revenue), the obligation must be reassessed and the corresponding registration completed.

Issues and future outlook

The business registration environment in Quebec continues to evolve. From a regulatory standpoint, the foundations remain fairly stable (\$30,000 threshold, NEQ, etc.), but occasional adjustments or reforms should be monitored. For example:

- **Increased digitization** – Online services such as “Starting a Business” should be refined and expanded. By 2026, one can anticipate improvements to the single platform (addition of a guidance questionnaire, a more detailed step-by-step guide, integration with other levels of government such as federal/municipal). Some entrepreneurs and experts also suggest better federal-provincial integration (e.g., a connection between the CRA BN and the NEQ) to avoid confusion between parallel accounts. Already, since 2024, holders of a SIN beginning with 9 can register directly online for GST through the federal service (www.canada.ca). There is no official plan (to my knowledge) to bring the NEQ and BN together, but the idea of simplifying business identity reflects the digital spirit of the times.

- **Thresholds and reform** – The \$30,000 threshold has not changed recently (even though it was adjusted in 2019 to include associates), and no major announcement has been made for 2026. Nevertheless, the business community is monitoring occasional proposals (e.g., reassessing this threshold in response to inflation). A higher threshold would mean fewer registrations for small businesses and lighten the burden, but would also reduce VAT in the system. The only instruction: stay up to date with Revenu Québec bulletins (which publish changes to thresholds or regulations each year).
- **New exemptions and online commerce** – Internet sellers and digital platforms now represent a significant share of commerce. Quebec already introduced rules in 2021-2022 to impose GST/QST on transactions with Internet and accommodation giants (e.g., Airbnb, Uber, online stores outside Quebec). For 2026, it is envisaged that start-up businesses will need to familiarize themselves with these rules if they sell abroad over the Internet. Moreover, one area of tax development is the taxation of fourfold e-commerce – for example, the rapid growth of interprovincial commerce may require more businesses to register if they sell remotely in other provinces, although this depends on the federal threshold. In the immediate term, a new entrepreneur will focus on Quebec's local market but must know that there are “registration pillars” imposing QST even outside the territory in certain cases (designated system for suppliers outside Quebec) (www.revenuquebec.ca).
- **VAT duality and other taxes** – Over the short term, the balance between consumption taxes and funding for public programs (health, education) remains under close scrutiny. Unlikely new taxes on start-up businesses (such as a GST increase or QST reform) are not planned, but a possible compromise increase as a radio adjustment. More plausible changes would instead be reforms to encourage start-ups (hiring tax credits, for example, or temporary exemptions). Some initiatives through which Quebec helps start-ups could include tax benefits to counter administrative burdens, although this is not directly related to registration.
- **Economic impacts** – More structurally, ease of registration and compliance with GST/QST and deductions is often highlighted as a factor in entrepreneurial health. OECD studies have shown that tax compliance costs weigh considerably on SMEs, and simplification (e.g., harmonized thresholds, a one-stop service) benefits job creation (publications.gc.ca). In Quebec, a Statistics Canada report (2011) assessed regulatory compliance costs for SMEs, emphasizing the importance of an efficient administrative process (publications.gc.ca). Consequently, any future improvement to the system (e.g., a digital portal, announcement training on My Account) will have a positive effect on the business environment.
- **Security and verification** – Finally, security and integrity are becoming increasingly important. With these online registrations, authentication (ClicSÉCUR — permanent identifier), protection of business data and prevention of tax fraud are central concerns. Revenu Québec has strengthened authentication systems and implemented IT security measures. In the near future, integrating artificial intelligence to verify files or guide entrepreneurs could become widespread.

Overall, registering a start-up business in Quebec combines stable rules (NEQ, 30k threshold, employer obligations) with rapid developments (digital platforms, integrated services). Entrepreneurs in 2026 benefit from more efficient online tools than before, but must remain vigilant in understanding the underlying

obligations. As official sources emphasize, the winning strategy is to integrate registration into start-up processes: use the appropriate service, retain evidence (account numbers), and seek assistance (from an accountant or tax lawyer) if in doubt. This report aims to clarify each step of this strategy precisely, drawing on the regulations in effect and practical examples.

Conclusion

Initial tax registration for a business in Quebec in 2026 requires a methodical process covering several complementary components. Our analysis has demonstrated that the core obligations – registration in the register (NEQ), a GST/QST account, and a source deductions account (DAS) – stem from clear texts and automatic thresholds (notably \$30,000 for sales taxes) and are supported by official publications (LM-1, IN-202) providing a comprehensive framework. Entrepreneurs must be aware that failing to register on time can result in severe penalties (interest on unremitted taxes, tax sanctions), while early registration (particularly for small suppliers seeking tax credits) can offer financial benefits.

Moreover, current digital tools – government portals, electronic forms, tracking services – greatly simplify the process, reduce processing times and secure data communications. Accordingly, using online services (My Account for businesses, Starting a Business service) is recommended for every start-up business. For example, the government regularly states that “our downloadable documents may not comply with web accessibility rules. If you have difficulty using them, contact us,” thus emphasizing its commitment to continually improving access to and the quality of digital tools (www.revenuquebec.ca).

The practical cases discussed (such as the SME with employees or the self-employed worker) illustrate that most start-up business scenarios can be assessed using the rules presented and resolved through a few simple actions (enterprise registration, online registration). Quebec statistical studies also confirm that most new businesses are small structures (1–4 employees in more than 80% of cases (statistique.quebec.ca)) where these obligations arise in a standardized way. However, in a few atypical cases (digital platforms, out-of-province sales, special products), additional rules apply, and Revenu Québec's lists of exceptions must be followed.

For the future, it appears that Revenu Québec and the Quebec government's strategy is to improve this system's user-friendliness and consistency (integrated services, accessible information, unified identity). Other changes – such as potential threshold adjustments or additional taxes – will probably result from broader economic developments. Entrepreneurs simply need to check updates each year (for example, the July 2024 version of publication IN-202 or changes in scope) to remain compliant.

In conclusion, **registration for LM-1, IN-202, the NEQ, GST/QST accounts and deductions (DAS) represents a crucial regulatory challenge for start-up businesses in 2026**. This report has reviewed the corresponding procedures in depth, supported by Revenu Québec documentation and sector data. It appears that, although the obligations may seem numerous, they are well documented and now greatly facilitated by new digital platforms. The secret to success for entrepreneurs is to plan these registrations from the first days of their project, document their entry into business (dates, thresholds, hiring), and use official resources (forms, guides, expert consultations) to complete the procedures correctly. This will allow the business to comply fully with its Quebec tax obligations while focusing on growth.

Sources and references: The information and data presented in this report come from official and specialized sources: Revenu Québec publications (LM-1, IN-202, web pages on GST/QST obligations and source deductions), Quebec government pages (NEQ, Enterprise Registrar, Statistique Québec), and expert analyses (articles by tax lawyers and advisers, statistical reports). Business leaders and professionals in insurance, accounting or taxation can consult the cited links directly for further details and verification. Each major assertion is accompanied by a direct citation of these sources (e.g., (www.revenuquebec.ca) (www.quebec.ca) (www.revenuquebec.ca) (www.revenuquebec.ca)).

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

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