



2727 COWORKING / RESEARCH & PRACTICAL GUIDANCE

Does a Coworking Space Create a Permanent Establishment in Quebec

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Executive Summary

Does a coworking space create a permanent establishment in Quebec? Available official sources do not label any workspace type as a tax establishment on its own. They ask about facts: a fixed place of business, space at the company's disposal with control, permanence, an employee or agent with general authority to contract, stock from which orders are filled, and a head office designated in the articles (laws-lois.justice.gc.ca) (www.revenuquebec.ca) (www.canada.ca). A mailing address alone does not appear in the retrieved sources as an establishment, but a flexible agreement is not a safe harbour either, because a CRA interpretation on shared workspaces says the answer is a question of fact decided case by case (taxinterpretations.com). This report is a triage tool, not a tax conclusion, and it was not reviewed by a professional.

Four regimes must be kept apart. Provincial corporate income uses Quebec's "establishment" wording and Regulation 400(2) (www.revenuquebec.ca); treaty analysis under the Canada-US Convention turns on a fixed place and on a dependent agent who habitually concludes contracts (www.canada.ca); sales tax uses its own fixed-place definition, under which a non-resident with a Quebec permanent establishment is deemed resident for activities carried on through it (www.legisquebec.gouv.qc.ca); and payroll uses a province-of-employment test built on where an employee reports or is attached (www.canada.ca). A company can be green under one and red under another.

The report ranks seven arrangements on a green, amber, red or "unknown" referral gate. A mailbox with no head-office designation and no one working there is the lowest priority. A reserved desk or private suite, an employee with contracting authority, or local inventory moves the gate to amber or red. The most useful single facts are head-office designation (laws-lois.justice.gc.ca), contracting authority (www.publicationsduquebec.gouv.qc.ca), stock held in Quebec (laws-lois.justice.gc.ca) and the number of days a person is present (www.canada.ca).

Numbers frame the stakes without estimating any tax. Revenu Québec cites an 11.5 percent general corporate rate, and a Quebec small-business rate change for years beginning after 29 April 2026 (www.revenuquebec.ca). The T2 return is due within six months of year-end (www.canada.ca), QST is 9.975 percent (www.legisquebec.gouv.qc.ca), and the federal small-supplier threshold is \$30,000 (www.canada.ca). The OECD's 2025 update clarifies when remote work creates a taxable presence, but the CRA had issued no formal administrative statement on it as of March 2026 (www.oecd.org) (www.blg.com). Before signing or assigning staff, document the agreement, access, usage, authority and inventory, and ask a Quebec cross-border tax adviser to review each label.

Introduction and Background

Founders and finance leads weighing a Montreal mailbox, day pass, reserved desk, private office or local hire tend to ask one question: does a coworking space create a permanent establishment in Quebec? No official source treats a workspace type as a tax trigger by itself. The authorities ask about facts: whether the company has a fixed place, whether the place is at its disposal, how long and how regularly it is used, who works there, what that person can sign, and whether goods are kept there. This report turns those factors into a referral gate, so a decision-maker can tell when the facts justify Quebec or cross-border advice before signing a workspace agreement or assigning staff.

The article is a triage tool, not a tax conclusion. It does not calculate tax owing, because allocation and liability depend on facts and treaty positions that only a professional can assess. The sources are regulators, legislation, treaty texts and the OECD, plus a few law-firm and accounting-firm alerts that are labelled as such. All pages were retrieved on 20 October 2026.

Publisher disclosure: 2727coworking.com is a Montreal provider of desks, private offices, meeting rooms, virtual offices and business addresses. Because that is a commercial interest in the category, the analysis cites only independent public sources, and the provider appears in the workspace matrix as one example of the formats covered.

Four legal questions are routinely blurred in remote-work guides. The first is whether a corporation has a provincial permanent establishment (Quebec's own corporate-income wording is "establishment") for allocating income among provinces. The second is whether a foreign corporation has a permanent establishment under a tax treaty. The third is whether a person has a "permanent establishment" for goods and services tax (GST/HST) and Quebec sales tax (QST). The fourth is the payroll question of where an employee is considered employed. An arrangement can be low-risk under one and high-risk under another.

One-Minute Risk Gate and Professional-Advice Warning

Professional-advice warning. Nothing here is legal or tax advice, and no professional has reviewed this article. Every answer depends on the corporation's incorporation documents, its agreements, its people and, for foreign companies, the applicable treaty. A Quebec corporate or cross-border tax adviser should review any yes or no label before it is relied on. The gate only says when to ask.

Answer the eight questions for the arrangement under consideration. Each "yes" moves it toward amber or red. Each "don't know" is scored **UNKNOWN: ask an adviser**, never green.

- **Q1, dedicated space:** Is there a desk, suite or office reserved for the company, lockable, or available to it on a continuing basis for months?
- **Q2, recurring presence:** Does any employee, owner or agent work from the space regularly rather than occasionally?
- **Q3, contracting authority:** Can that person bind the company in most contracts, or habitually conclude them?
- **Q4, core activity:** Is the essential revenue-producing work done in Montreal, rather than only administrative or preparatory work?
- **Q5, stock:** Is inventory held in Quebec, or does someone in Quebec fill orders from company stock?
- **Q6, head office:** Do the articles, bylaws or registry filings designate the Montreal address as head or registered office?
- **Q7, payroll:** Does an employee physically report, even briefly, to Quebec premises owned, leased or rented by the employer? Refer that case for payroll review, including any multiple-establishment rules. Separately, for a full-time remote-work agreement, assess whether the employee is reasonably attached to a Quebec employer establishment; also check where salary is paid from ([CRA payroll guidance](#)).
- **Q8, sales-tax registration:** Does the ordinary \$30,000 small-supplier test fail when worldwide taxable supplies (including zero-rated supplies) of the company and its associates are counted for the given calendar quarter or the four preceding calendar quarters? Separately assess Quebec commercial activities and the applicable GST/QST registration regime. Quebec-customer sales alone do not determine ordinary small-supplier status ([Revenu Québec: small suppliers; registration rules](#)).

All "no" answers on a mailbox-only arrangement suggest a low referral priority, not a legal conclusion. One "yes" on Q1 to Q3, Q5 or Q6 is a reason to get advice before signing. A "yes" on both Q2 and Q3 is treated here as red, because the domestic and treaty rules both name an employee or agent with contracting authority ([laws-lois.justice.gc.ca](#)).

Four Different Questions: Four Regimes, Four Sets of Words

The most common error is to treat "permanent establishment" as one concept. *Table 1* below separates the four regimes that a Montreal workspace decision can touch.

Regime	Question answered	Authority and wording	Typical trigger factors	Consequence	Adviser type
1. Provincial corporate income (Quebec "establishment")	Does a corporation owe Quebec corporate income tax and file a Quebec return, and how is income allocated?	Revenu Québec treats a corporation with an establishment in Quebec at any time in the year as subject to Quebec corporation tax; federal Regulation 400(2) uses "permanent establishment" (laws-lois.justice.gc.ca).	Fixed place of business; employee or agent with general contracting authority; stock; significant machinery; head-office designation.	A CO-17 return, and allocation by revenue and salaries (www.legisquebec.gouv.qc.ca).	Quebec corporate tax adviser
2. Treaty permanent establishment	May the other country tax a foreign resident's business profits?	Canada-US Convention Article V (www.canada.ca).	Fixed place; dependent agent who habitually concludes contracts; Article V(9) services tests, subject to Article V(3): (a) individual presence in Canada for at least 183 days in any twelve-month period, with more than 50 percent of gross active business revenues during that period or periods from that individual's Canadian services; or (b) services in Canada for at least 183 days in any twelve-month period on the same or connected project for Canadian-resident customers or customers with a Canadian permanent establishment to which the services relate. The revenue condition applies only to (a) (Article V(9)).	Business profits attributable to the permanent establishment may be taxed in Canada; a treaty-exemption claim needs Schedule 91 (www.canada.ca).	Cross-border adviser (Canada and home country)
3. GST/HST and QST	Is the person treated as resident for sales tax through a fixed place, and must it register?	Excise Tax Act and QST definitions (laws-lois.justice.gc.ca) (www.legisquebec.gouv.qc.ca); CRA policy P-208R.	A fixed place from which supplies are made, at the person's disposal, with control (www.canada.ca).	A non-resident with a Quebec permanent establishment is deemed resident in Quebec for activities carried on through it (www.legisquebec.gouv.qc.ca).	Indirect-tax adviser

Regime	Question answered	Authority and wording	Typical trigger factors	Consequence	Adviser type
4. Payroll province of employment	Which province's withholding and contributions apply to an employee?	CRA's province-of-employment test and Revenu Québec's employer rules, both built on an employer "establishment" where the employee reports (www.canada.ca).	Where the employee reports or is attached; otherwise where salary is paid from.	Quebec withholding and Quebec plan contributions rather than other-province amounts.	Payroll specialist

Table 1 shows why a single label such as "no PE" is unsafe. Regime 1 is domestic and allocation-driven, regime 2 depends on the treaty between Canada and the home country, regime 3 concerns registration and collection of sales tax, and regime 4 concerns who withholds and where.

Wording: "establishment" versus "permanent establishment"

Revenu Québec's corporate-income guide (CO-17.G) speaks of an "établissement" in Quebec, and the English page for the CO-17 form renders the trigger as "it had an establishment in Québec at any time" (www.revenuquebec.ca). The English text of Quebec's Regulation respecting the Taxation Act also says "establishment" (www.legisquebec.gouv.qc.ca), while federal regulations and the Quebec sales-tax statute in English say "permanent establishment" (laws-lois.justice.gc.ca) (www.legisquebec.gouv.qc.ca). The corporate-income lists of factors are very similar, but they should not be assumed identical, and carrying one regime's wording over to another is a point for an adviser to confirm. The Taxation Act itself could not be retrieved in full for this report, so the Quebec definition is described from the CO-17.G guide, the Regulation and a Revenu Québec interpretation bulletin dated 2005, and should be checked against the current statute.

Official-Factor Glossary

The factors below come from the regulators' own text, grouped by the question a reader can ask about a workspace.

Fixed place, and space "at disposal"

- **Fixed place of business:** Regulation 400(2) lists an office, a branch, a mine, an oil well and similar places (laws-lois.justice.gc.ca), and the CRA describes a provincial permanent establishment as usually a fixed place of business (www.canada.ca).
- **Space at another business's premises:** CRA policy P-208R says that space at another person's premises does not preclude it from being treated as a place of business (www.canada.ca), and that a formal legal right to use the space is not required (www.canada.ca). For coworking this matters because the operator, not the member, holds the lease.

- **Employees at another's facilities:** the same policy says employees' presence at another person's facilities does not, on its own, put the space at the employer's disposal (www.canada.ca).
- **Control:** P-208R states there must be control at the place of business.
- **Premises not required:** the OECD Commentary says a place of business may also exist where no premises are available but space is at the enterprise's disposal (www.oecd.org).

Permanence and recurrence

- **Continuity:** P-208R requires a place established at a particular location with a certain degree of continuity and permanency (www.canada.ca); a 2022 RSM Canada alert states a similar expectation for treaty purposes (rsmcanada.com).
- **Intermittent use:** the OECD Commentary says presence so intermittent or incidental that the location cannot be considered a place of business does not create a fixed place (www.oecd.org).
- **Six-month guideline:** permanent establishments have normally not been considered to exist where a place was maintained for less than six months, with exceptions for recurrent activities (www.oecd.org). This is an international guideline, not a Quebec rule.
- **Quebec bulletin:** Revenu Québec's bulletin IMP. 12-1/R3 (31 August 2005) describes an establishment as a stable, permanent place or one maintained for a fairly long time (www.publicationsduquebec.gouv.qc.ca). It predates the 2025 OECD changes and is background only.

Essential versus ancillary activity

- **Ancillary functions:** the bulletin says a place where only accessory functions following the business transactions are performed is not an establishment (www.publicationsduquebec.gouv.qc.ca).
- **Storage and delivery:** the Canada-US Convention treats a fixed place used solely for storage, display or delivery of the resident's own goods as not a permanent establishment (www.canada.ca).
- **Supplies through the place:** for sales tax the person must both have a fixed place and make supplies through it.

Contracting authority, agents and inventory

- **General authority to contract:** the Revenu Québec guide names an employee or agent with general authority to contract for the corporation (www.revenuquebec.ca), which the 2005 bulletin explains as the power to bind the taxpayer in most transactions (www.publicationsduquebec.gouv.qc.ca).
- **Stock of merchandise:** an employee or agent who regularly fills orders from the corporation's stock can create a permanent establishment (laws-lois.justice.gc.ca).
- **Treaty dependent agent:** Article V(5) of the Canada-US Convention applies where a person habitually exercises authority to conclude contracts in the resident's name.

Head office and registered office

- **Deemed establishment:** a corporation that would otherwise have no permanent establishment is deemed to have one at the place designated in its incorporating documents or bylaws as head or registered office (laws-lois.justice.gc.ca). Revenu Québec words this as a corporation with no

establishment whose head office, as designated in its articles, is in Quebec (www.revenuquebec.ca).

- **Caution on the older bulletin:** the 2005 bulletin says a designated head office is an establishment only if some business is done there (www.publicationsduquebec.gouv.qc.ca). The guide and regulation address a corporation with no other establishment, so the texts are not obviously in conflict, but the interaction is exactly the kind of point that needs Quebec advice.
- **Registry address:** in Quebec's enterprise register the domicile address of a legal person is its head-office address (quebec.ca). That is a registry fact, separate from what a tax authority concludes.

The Workspace Ladder

Table 2 applies the factors to seven arrangements, from a mailbox to local inventory. The gates are **referral priorities**, not legal outcomes. GREEN means no referral trigger on the stated facts alone and documents should be kept; AMBER means get advice before signing or assigning staff; RED means advice is needed now because a named official factor is likely present; UNKNOWN means the facts control.

Arrangement	Corporate-income gate	Treaty gate (foreign company)	GST/HST and QST gate	Payroll gate	Facts that move it
1. Mailbox or address only	GREEN , if not designated as head or registered office and no one works there	GREEN if no fixed place and no agent	GREEN for establishment; registration may still arise from sales (www.revenuquebec.ca)	GREEN if no employee	Head-office designation (Q6); meetings or contract signing at the address
2. Occasional day pass	GREEN to AMBER: intermittent use is weighed against permanence	GREEN to AMBER	GREEN	AMBER: payroll review if the employee physically reports to a workspace that qualifies as an employer establishment, even briefly. Check employer ownership, lease or rental and any multiple-establishment rules; attendance duration alone does not clear the gate (CRA payroll guidance)	Frequency becoming a pattern; same seat each time
3. Recurring hot desk	UNKNOWN: shared space can be at disposal if used continuously for an extended time (www.oecd.org)	UNKNOWN	UNKNOWN	AMBER if the employee reports there	Number of days; booking pattern; ability to exclude others

Arrangement	Corporate-income gate	Treaty gate (foreign company)	GST/HST and QST gate	Payroll gate	Facts that move it
4. Reserved or dedicated desk	AMBER: continuity and control are stronger	AMBER	AMBER	AMBER	Term; exclusivity; company equipment kept in place
5. Private suite or office	RED: closest to a fixed place at disposal	RED	RED if supplies are made through it	RED if staff report there	Lease term; branding; named staff; client access
6. Employee regularly reporting	RED with contracting authority; otherwise AMBER	RED with habitual authority to conclude contracts; otherwise AMBER	AMBER	RED: payroll review of physical reporting to an employer establishment; attachment is a separate full-time remote-work analysis (CRA payroll guidance)	Authority matrix; supervisor location; where salary is paid
7. Local inventory or fulfilment	RED: warehouse and stock-filling agents are named factors	AMBER: storage of own goods may be excepted, but sales activity changes it	RED: Quebec has rules for goods stored or delivered in Quebec (www.revenuquebec.ca)	AMBER	Who owns stock; whether orders are filled from it; logistics provider control
Provider-offered formats (publisher disclosure)	2727coworking.com (Montreal, Griffintown) offers private offices, dedicated desks, hot desks, day passes, meeting and conference rooms and a virtual mailbox or business address, corresponding to rows 1 to 5.	The product name does not set the gate.	The same factors apply regardless of operator.	The same factors apply.	Agreement terms, access rights and actual usage decide which row applies

Table 2 is a sorting device. The more an arrangement looks like an exclusive, continuing, staffed place from which the business is conducted, the stronger the signal. It is not strictly monotonic: a cheap day pass used every Tuesday by a person who signs contracts can outrank an expensive suite used by an administrator. The provider row states which formats exist, not what tax result follows.

Why a flexible agreement is not a safe harbour

No retrieved source says a short or non-exclusive agreement protects the company. P-208R says a formal legal right is not needed, and a 2019 CRA technical interpretation on shared workspaces (republished by a third-party site) says whether a non-resident's use of shared space creates a permanent establishment is a question of fact decided case by case (taxinterpretations.com). A 2023 CRA interpretation said an employee's home office does not by itself create a permanent establishment (taxinterpretations.com) while noting that evidence of an intention to establish the workspace as an office can change the analysis (taxinterpretations.com). It concerned a treaty and non-resident setting, so it applies to a Quebec coworking desk only by analogy.

Why a mailing address alone is not labelled an establishment

No retrieved source says a mailing address or virtual-office subscription alone creates a permanent establishment. The closest official text is the 2005 Revenu Québec bulletin, which, in a salesperson's home-office context, says a telephone-answering service receiving calls for the taxpayer does not by itself show a fixed or principal place of business (www.publicationsduquebec.gouv.qc.ca). It is old and concerns telephone service, so it is an analogy and not a ruling.

A mailbox can still matter for other reasons. Under Quebec's Act respecting the legal publicity of enterprises, a person with an establishment or post office box in Quebec is among those presumed to carry on an activity there (www.legisquebec.gouv.qc.ca), and a legal person not constituted in Quebec must register if it carries on an activity there, including operating a business (www.legisquebec.gouv.qc.ca). Registration is a corporate-law matter distinct from tax presence, but the same facts can trigger both.

Decision Tree and Three Scenarios

The sequence below is a referral tree, not an automated legal answer. Work through it in order and stop at the first red.

1. **Does the company control, anywhere in Quebec, a place that looks like an office, branch, workshop or warehouse?** If yes, red for corporate-income and sales-tax review.
2. **Does anyone in Quebec hold general authority to contract for the company, or fill orders from company stock?** If yes, red (laws-lois.justice.gc.ca).
3. **Do the articles or bylaws designate a Montreal address as head or registered office, with no other permanent establishment?** If yes, red.
4. **Is a person regularly present in a space the company can use on a continuing basis, even if shared?** If yes, amber, because permanence and control are in question (www.oecd.org).
5. **For a US enterprise providing services in Canada, have both Article V(9) tests been assessed?**
Refer for treaty review of the individual-presence and revenue conditions under (a), and the duration of services on the same or connected project for Canadian-resident customers or customers with a Canadian permanent establishment to which the services relate under (b). Either route uses at least 183 days in any twelve-month period, but the revenue condition applies only to (a), subject to Article V(3) and paragraph 9's other conditions ([Article V\(9\)](#)). Intermittent desk use alone does not clear this treaty gate. Still run the payroll and registration checks.

6. Any answer you cannot give from documents: UNKNOWN, ask an adviser.

Table 3 shows, for three common fact patterns, the single fact that changes the gate. The scenarios are hypothetical and are labelled as such.

Scenario (Hypothetical Example)	Baseline gate	The single fact that changes it	Why it matters	Separate checks that remain
A. Ontario corporation adds a Montreal mailbox only	GREEN for establishment	The address is designated as head or registered office, or someone works or signs contracts there: moves to RED or AMBER	A designated head office deems an establishment only when there is no other (laws-lois.justice.gc.ca)	Enterprise-register analysis; QST registration above the small-supplier threshold (www.revenuquebec.ca)
B. US consultancy gives one employee a recurring Montreal desk and client-contract authority	RED	Removing contracting authority still leaves the recurring desk and both Article V(9) services tests to be reviewed; it does not by itself establish a lower treaty gate (Article V(9))	Habitual authority to conclude contracts is a named factor	Payroll registration and Regulation 102 income-tax withholding, including review of any approved waiver or qualifying-employer certification relief (CRA certification guidance) (www.canada.ca); immigration status (www.canada.ca)
C. Canadian e-commerce company stores and fulfils orders in Quebec	RED if it leases or controls the warehouse use	Shipping everything from outside Quebec by courier moves it to GREEN or AMBER ; a third-party logistics provider is UNKNOWN	Warehouse and stock held by an agent are named factors (laws-lois.justice.gc.ca)	Sales-tax rules for goods stored or delivered in Quebec

Table 3 is deliberately about one pivot fact per row. Facts combine in practice, and a single-fact change from red to green is a prompt to document and re-ask the adviser, not a conclusion.

Scenario A: Ontario corporation adds a Montreal mailbox only (Hypothetical Example)

An Ontario corporation takes a virtual mailbox and business address in Montreal to present a local presence. No one works there, nothing is stored there, and the articles name an Ontario registered office. The Revenu Québec factors (fixed place, contracting employee or agent, stock, machinery, head office) are then not present (laws-lois.justice.gc.ca). That supports a low referral priority, not a conclusion.

Two points keep this from being "harmless". The address can raise enterprise-register questions, because a post office box in Quebec is part of the presumption that a person carries on activity there (www.legisquebec.gouv.qc.ca). And sales to Quebec customers may require GST and QST registration irrespective of any establishment, since Revenu Québec states the general rule as registration when a business carries on commercial activities in Quebec, subject to the small-supplier exception. The pivot fact is a head-office designation or anyone working or contracting from the address.

Scenario B: US consultancy with a recurring desk and contract authority (Hypothetical Example)

A US consultancy places one employee at a reserved Montreal desk three days a week, and that employee negotiates and signs client engagements. Under the Canada-US Convention a fixed place through which the business is wholly or partly carried on is the starting definition, and a person who habitually exercises authority to conclude contracts in the resident's name can create a permanent establishment.

Non-treaty items need review as well. A non-resident corporation that carried on business in Canada must file a T2 return even if it claims treaty exemption (www.canada.ca). Treaty exemption alone does not remove Canadian income-tax withholding. An approved Regulation 102 waiver or the certified qualifying non-resident employer exception for payments to qualifying non-resident employees may provide relief ([CRA waiver guidance](#); [CRA certification guidance](#)). Otherwise, Regulation 102 generally requires employers, including non-resident employers, to withhold amounts for services performed in Canada. The treaty's services rule has two alternative routes where the preceding paragraphs do not establish a permanent establishment, subject to Article V(3). Under Article V(9)(a), an individual must be present in Canada for at least 183 days in any twelve-month period and, during that period or periods, more than 50 percent of the enterprise's gross active business revenues must come from that individual's services performed in Canada. Under Article V(9)(b), services must be provided in Canada for at least 183 days in any twelve-month period on the same or connected project for Canadian-resident customers, or customers with a Canadian permanent establishment where the services relate to that establishment. The second route counts service days and does not require the revenue condition ([Canada–US Convention, Article V\(9\)](#)). The U.S. Treasury's technical explanation says services provided by telephone or computer from outside the other country are not covered (home.treasury.gov). The treaty referral also needs separate records of the individual's presence and related revenue under Article V(9)(a), and days of services on the same or connected project for qualifying customers under Article V(9)(b) ([Article V\(9\)](#)).

Scenario C: Canadian e-commerce company storing and fulfilling in Quebec (Hypothetical Example)

A Canadian e-commerce company based outside Quebec rents warehouse space in Quebec, holds its own stock there and ships orders from it. Regulation 400(2) lists a warehouse among fixed places (laws-lois.justice.gc.ca) and covers an agent who regularly fills orders from the corporation's stock (laws-lois.justice.gc.ca). The treaty storage exception is limited to the resident's own goods and is irrelevant for a Canadian-resident corporation, whose question is domestic.

If a Quebec establishment exists, income is allocated using an average of revenue and salary ratios (www.legisquebec.gouv.qc.ca), and a corporation with a permanent establishment only in one province has the whole of its taxable income deemed earned there (laws-lois.justice.gc.ca). If the stock sits with a third-party logistics provider, whether the space is at the company's disposal is a control question the sources leave to the facts, so the gate is UNKNOWN.

Payroll Box: Province of Employment Is Not Income-Tax PE

A company can have no permanent establishment and still owe Quebec payroll amounts, and the reverse. The CRA's payroll test starts from the establishment of the employer where the employee reports for work; an employer establishment is any place or premises in Canada owned, leased or rented by the employer (www.canada.ca). The province of employment is where the employee physically reports for work or is considered attached.

For remote workers, the CRA says the primary indicator is whether the employee would physically report to an establishment if not for the full-time remote work agreement (www.canada.ca). For an employee resident in Canada, the salary-paying-establishment rule applies where the employee never physically reports to an employer establishment and is not considered attached under the full-time remote-work policy. Apply the separate rules for non-residents and other residency situations where relevant ([CRA payroll guidance](#)).

Revenu Québec applies a parallel test. Its example is an employee working from home in Ontario who is attached to a Quebec establishment, for whom Quebec withholding and employer contributions apply (www.revenuquebec.ca). For an employee paid from outside Quebec, certain contributions (the Quebec Parental Insurance Plan, the Health Services Fund and labour standards) may still apply if the employee can be considered an employee of a Quebec establishment, using factors such as where the work is supervised from (www.revenuquebec.ca).

Three consequences follow. A coworking desk that the employer rents may be a "place or premises" under the CRA payroll definition, which is a different threshold from the income-tax fixed-place and contracting-authority tests. A new Quebec employer must register for source deductions (www.revenuquebec.ca), and an employer established outside Quebec with a Quebec establishment must report gross salary to the CNESST, Quebec's workplace health and safety board (www.cnesst.gouv.qc.ca). Temporary COVID-era CRA relief was time-limited and is not treated here as current general policy. Immigration is separate again: most foreign nationals need a work permit to work in Canada.

Data Analysis and Evidence

No public dataset measures how often a Montreal coworking arrangement is found to create a tax establishment, so this report offers no frequency estimates. The quantitative material that exists concerns thresholds, rates and deadlines that frame the cost of getting the answer wrong. Figures are as of 20 October 2026 and none is a tax estimate.

Corporate income tax reference points

- **Quebec general rate:** Revenu Québec refers to an 11.5 percent general rate.
- **Quebec small-business change:** for taxation years beginning after 29 April 2026 the small business deduction rate rises from 8.3 percent to 9.3 percent, and the minimum rate on eligible income falls from 3.2 percent to 2.2 percent. The CO-17.G guide's rate table still shows 8.3 percent and 3.2 percent for "2022 and after", so the news item and the guide differ (www.revenuquebec.ca); confirm the rate for the year at issue.
- **Filing deadline:** the T2 return is due within six months of the end of each tax year.

- **Allocation:** a corporation with no permanent establishment in a province has no income deemed earned there (laws-lois.justice.gc.ca).

Sales tax reference points

- **Rate:** QST is 9.975 percent (www.legisquebec.gouv.qc.ca).
- **Ordinary small-supplier threshold:** count worldwide taxable supplies, including zero-rated supplies, made by the business and its associates against the \$30,000 limit for a given calendar quarter or the four preceding calendar quarters. Review applicable registration rules separately ([Revenu Québec: small suppliers](#)).

Payroll reference points for 2026

- **Quebec Pension Plan:** the 2026 rate is 6.30 percent, with maximum pensionable earnings of \$74,600 (www.revenuquebec.ca).
- **Quebec Parental Insurance Plan:** the 2026 employer rate is 0.602 percent on earnings up to \$103,000 (www.revenuquebec.ca).
- **Health Services Fund:** the employer rate is 1.65 percent for most employers with total payroll of \$1,000,000 or less (www.revenuquebec.ca).
- **Labour standards:** the contribution is 0.06 percent of insured remuneration (www.revenuquebec.ca).

Registry and remote-work figures

- **Registration timing:** a legal person not constituted in Quebec must file its registration declaration within 60 days after the obligation arises (www.legisquebec.gouv.qc.ca) and receives a Quebec enterprise number (NEQ) on registration (www.quebec.ca). A registrant with no Quebec domicile or establishment must designate a Quebec-resident attorney (www.legisquebec.gouv.qc.ca).
- **Annual obligations:** every company registered on 1 January must pay the annual registration fee (www.quebec.ca).
- **Remote work context:** Statistics Canada reported that 17.4 percent of employed people mostly worked from home in May 2025 (www150.statcan.gc.ca). That is a national figure, not a measure of tax exposure.

The numbers show why the gate is about facts rather than size: a small business with Quebec taxable income faces a materially different Quebec rate than a general-rate corporation, but whether any Quebec income is allocated at all rests on the qualitative factors above.

Documentation Checklist Before Signing or Assigning Staff

Collect these items first. An adviser will ask for them, and gathering them exposes which gate answers are unknown.

- **Agreement:** term, renewal, termination, whether the space is named, and whether the company may exclude others, since control is a stated factor.

- **Exclusivity and access:** key cards, locks, 24/7 access, storage cabinets, signage and equipment kept on site.
- **Usage log:** actual days used per person over twelve months, since recurrence is weighed against intermittent use (www.oecd.org).
- **Employee instructions:** whether staff must report to the space, who supervises them, and where they are paid from.
- **Authority matrix:** which roles can negotiate and conclude contracts in Quebec (www.publicationsduquebec.gouv.qc.ca).
- **Inventory flow:** whether any stock is held or fulfilled from Quebec, and who controls the space.
- **Address filings:** which address appears in the articles, bylaws, enterprise-register filings, invoices and websites.
- **Treaty and tax status:** home-country residence, prior Schedule 91 filings and sales-tax registrations.
- **Adviser memo:** a dated written view from a Quebec corporate or cross-border adviser covering each regime in *Table 1*.

Questions for the coworking provider versus questions only an adviser can answer

- **Provider can answer:** is the space reserved or shared; what are the access hours; can the member exclude others; what is the minimum term; can mail, deliveries or inventory be received; who is the contracting party; can the address be used in public filings.
- **Only an adviser can answer:** whether the arrangement is a "fixed place" or "at disposal" under the relevant test; whether a designated head office deems an establishment; whether a named employee is "attached" for payroll; whether a registration is required.
- **Ask both in writing,** so the provider's description of the facts is on file for the adviser.

Implications and Future Directions

The OECD announced an update to its Model Tax Convention in November 2025, describing it as clarifying when remote work across borders, such as from a home office, creates a taxable presence (www.oecd.org), and calling the changes an evolution of existing principles (www.oecd.org). The new Commentary addresses work from a place that is neither the enterprise's premises nor those of a connected party (www.oecd.org), uses a benchmark under which working less than 50 percent of total working time for the enterprise in a place would generally not make it a place of business (www.oecd.org), and says that at or above that level the result is determined on the facts and circumstances (www.oecd.org). Reduced expenditure on office space is not a commercial reason for home working (www.oecd.org), and different considerations apply where one individual is the only or primary person conducting the business (www.oecd.org). Coworking space is not named in the new paragraphs retrieved for this report.

Whether Canada follows is not settled in the sources reviewed. A March 2026 article from the law firm BLG reported that the CRA had not issued a formal administrative statement on the update (www.blg.com), and a March 2026 commentary notes that domestic analysis remains closely aligned with the same concepts even

though OECD material does not directly govern interprovincial allocation (webiis10.mondaq.com). A company designing a Montreal footprint now should expect working-time and commercial-reason questions and should document why people are in Montreal. Rules, rates and guidance can change after 20 October 2026.

Frequently Asked Questions (FAQs)

Does a coworking space create a permanent establishment in Quebec?

Not by type alone. The official factors are a fixed place of business, a contracting employee or agent, stock from which orders are filled and a designated head office (laws-lois.justice.gc.ca). A flexible agreement is not proof of absence, because a CRA interpretation on shared workspaces treats the question as one of fact (taxinterpretations.com).

Does a virtual office create a permanent establishment in Canada?

The retrieved sources do not say a virtual-office subscription or mailing address alone does. The risk shifts if the address is designated as head or registered office (laws-lois.justice.gc.ca) or if someone works or contracts there. Registry questions are separate (www.legisquebec.gouv.qc.ca).

How does a virtual office relate to Montreal tax residency?

Corporate tax residency is a separate question not covered by the sources reviewed. A virtual-office address is a data point an adviser will ask about alongside where central decisions are made. Quebec's enterprise register treats the head-office address as a legal person's domicile address (quebec.ca).

What are Quebec's rules for non-resident corporations?

A corporation with an establishment in Quebec at any time in the year files a Quebec return, and a non-resident corporation with no establishment may still file when it disposes of taxable Quebec property.

What does Revenu Québec's definition of establishment cover?

CO-17.G lists a fixed place of business, a contracting employee or agent, stock used to fill orders, significant machinery and a head office in Quebec (www.revenuquebec.ca).

Can a remote employee in Montreal create a permanent establishment for a foreign company?

Possibly, depending on authority, duration, the treaty and the employer's arrangements. Habitual authority to conclude contracts is a named factor, and payroll consequences are determined separately.

Which Canada-US treaty rules matter?

Article V addresses permanent establishment and Article VII addresses taxation of attributable business profits. Subject to Article V(3), Article V(9) provides two alternative services tests where the preceding paragraphs do not establish a permanent establishment: **(a)** an individual is present in Canada for at least 183 days in any twelve-month period and, during that period or periods, more than 50 percent of the enterprise's

gross active business revenues comes from that individual's services performed in Canada; **or (b)** services are provided in Canada for at least 183 days in any twelve-month period on the same or connected project for Canadian-resident customers, or customers with a Canadian permanent establishment where the services relate to that establishment. Paragraph (a) counts the individual's presence; paragraph (b) counts days of services and has no 50 percent revenue condition (Canada–US Convention, Article V(9)).

Conclusion

A Montreal coworking arrangement is neither a tax trap by definition nor a safe harbour by default. The official texts focus on fixed place, disposal and control, permanence, essential activity, contracting authority, stock and head-office designation, and apply those tests separately under corporate income, treaty, sales tax and payroll rules. A mailbox alone does not appear in the retrieved sources as a tax establishment, but a head-office designation, a continuing reserved space, a staffed desk with contract authority or local stock each moves the arrangement toward amber or red.

Use the eight-question gate before signing, collect the documentation list, and mark every unanswered item UNKNOWN. Then take those facts to a Quebec corporate or cross-border tax adviser, with payroll and indirect-tax input where the gate calls for it. No professional reviewed this report, and the rules should be re-checked at the time of the decision.

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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2727 Coworking is a Montreal workspace and business-address provider. We serve people who need a place to focus, meet, run a small business or establish a professional mailing presence. Our website offers English and French information about workspace options and services, alongside educational resources for operating a business in Canada.

A workspace that fits the day

Our workspace options include private offices, day passes and desks, and a conference room. These formats help individuals and teams compare a dedicated office with more flexible ways to work or hold a meeting. Prospective members can explore the virtual tour, review current pricing and book a visit before choosing a workspace.

Business addresses and mail

2727 Coworking provides business-address and virtual-mailbox services. Our resources explain the documents and practical questions involved, including guidance for people outside Canada. Service eligibility, included features, availability and access arrangements should be confirmed on the applicable service page or with our team.

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We publish guides, research and planning tools about workspace decisions, business addresses and starting a business in Canada. Our incorporation research includes information for people inside Canada and abroad, with jurisdiction-specific material to help readers identify the next questions to investigate. These educational resources complement our workspace and address services; they are not individualized legal, tax or immigration advice.

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A business address alone does not establish tax residence, immigration status, banking approval or eligibility for a government program.

Website: <https://2727coworking.com>

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