



# TaxNewsFlash

Canada

## Businesses — Prepare for QST Grocery Relief

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Many businesses operating in Quebec must prepare their point of sale (POS) systems to implement an upcoming Quebec sales tax (QST) relief on certain items. Specifically, the QST relief extends to certain food items, and to two specific hygiene products. Quebec announced in a new Information Bulletin that the new QST zero-rated measures will be effective as of July 15, 2026.

Quebec's Information Bulletin also announced that Quebec will harmonize with certain federal measures including accelerated capital cost allowance (CCA) for eligible liquified natural gas (LNG) equipment facilities, as well making permanent the tax exemption for individuals (other than trusts) on up to \$10 million in capital gains realized on the sale of a business to an employee ownership trust or worker cooperative corporation. For more details on the federal measures, see *TaxNewsFlash* 2026-27 "[Highlights of the 2026 Federal Spring Economic Update](#)".

Note that the proposed new QST relief has not yet been legislated or enacted. These upcoming legislative proposals may provide further details on the new measures. Affected businesses should prepare to act quickly to update their systems to accommodate the new QST measures, and stay alert for any forthcoming details in legislative proposals. Revenu Quebec released administrative guidance on the new QST relief on May 27, 2026.

### **New zero-rated food items and hygiene products**

Based on the Information Bulletin, Quebec intends to provide QST relief, subject to certain restrictions, on specific food items effective July 15, 2026, including:

- Ice cream, frozen pudding, frozen yoghurt, doughnuts, cookies, cakes, muffins, pastries, tarts, pies, pudding, mousse, and certain other products (excluding beverages) that are taxable when sold in single servings or in quantities of fewer than six units
- Fruit salads and platters and arrangements of cut fruit
- Platters and arrangements of cut vegetables
- Salted or seasoned seeds or nuts (i.e., “seasoned” means a seasoning made all or substantially all of ingredients other than sugar or other sugars-based ingredients)
- Mixtures made primarily of rolled oats or other cereals, seeds, nuts or dried fruit that are shaped into any form, such as a bar, or offered loose such as trail mix-style munchies.

### *Restrictions – Restaurants and vending machines*

Quebec noted that this new QST relief is subject to certain restrictions, and has clarified that any of the selected food items listed in its bulletin will continue to be subject to the QST when they are supplied at an establishment where all or substantially all sales of food or beverages are taxable under the current QST rules (e.g., restaurants). For example, a single doughnut sold in a restaurant in Quebec will continue to be GST and QST taxable, while a single doughnut bought at a grocery store in the province of Quebec may be subject to GST only, starting July 15, 2026.

Food listed in the information bulletin will also continue to be taxable when sold through a vending machine or under a catering contract.

### *New zero-rated measures for toilet paper and facial tissues*

Quebec plans to also add QST zero-rated measures for supplies of toilet paper and facial tissues for human use made after July 14, 2026.

#### **KPMG observations**

Quebec released details on the new QST zero-rated measures in Information Bulletin 2026-4 on May 25, 2026. The bulletin lists the food items that are proposed to qualify for the new QST relief. The Information Bulletin also clarifies that any of the listed food items continue to be QST taxable (i.e., no new QST relief) when they are sold in certain establishments, like restaurants. The new QST relief for the listed food items is explained in the Information Bulletin under the subtitle “Zero-rating of certain food items - Grocery stores and similar establishments”, but does not provide additional related details on the words “grocery stores and similar establishments”. Interestingly, Revenu Quebec’s recent guidance seems to limit the new QST relief to listed foods sold in “grocery stores and similar establishments” but does not provide related definitions.

Specifically, this phrasing calls into question whether the new QST relief would also apply to certain food items sold in a pharmacy.

The Information Bulletin issued on May 25, 2026 does not clarify if the new zero-rated measures will extend to all levels of distribution (e.g., wholesalers, retailers). However, based on guidance issued by Revenu Quebec on May 27, 2026, it appears that the new zero-rated measures for eligible food items may be limited to some retailers at the retail level, while the new measures for toilet paper and facial tissues may apply throughout the supply chain.

The upcoming legislative proposals should clarify some of these issues.

Businesses operating in Quebec will have to carefully update their POS systems, as goods subject to the new QST relief will have a different tax application for GST purposes. Affected businesses should prepare to properly update and test their systems as errors could result in uncollected tax on goods that don't qualify for the new QST relief.

## We can help

Your KPMG adviser can help you assess the effect of these proposed developments. For more details, contact your KPMG adviser.

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