



Fiscal Measures Announced in the Update on Québec's Economic and Financial Situation in Fall 2018

These are the main fiscal measures announced by Québec's Minister of Finance on December 3, 2018. The document applies to individuals and corporations.

A. Measures for individuals

1. Increase in the maximum child assistance payment for the second and third children.

Currently, the refundable tax credit for child assistance (RTCCA) includes a number of assistance payments, including child assistance. The amount of this payment is determined based on family income. To provide additional assistance to low and middle income families, the government has proposed the following measures beginning January 1, 2019:

- The RTCCA becomes the *refundable tax credit for family allowance*;
- The child assistance payment becomes the *family allowance*;
- The maximum amount for an eligible individual's second and third eligible dependent children is increased by \$500. The following table illustrates the proposed increase:

Maximum amounts used to calculate the family allowance – 2019 (dollars).

	Before enhancement	After enhancement	Difference
1 st child	2,472	2,472	–
2 nd child	1,235	1,735	500
3 rd child	1,235	1,735	500
4 th and next children	1,852	1,852	–

See Finances Québec, *Information Bulletin 2018–9, Fiscal measures announced in the Update on Québec's Economic and Financial Situation and other measure* (December 3, 2018) at page 5.

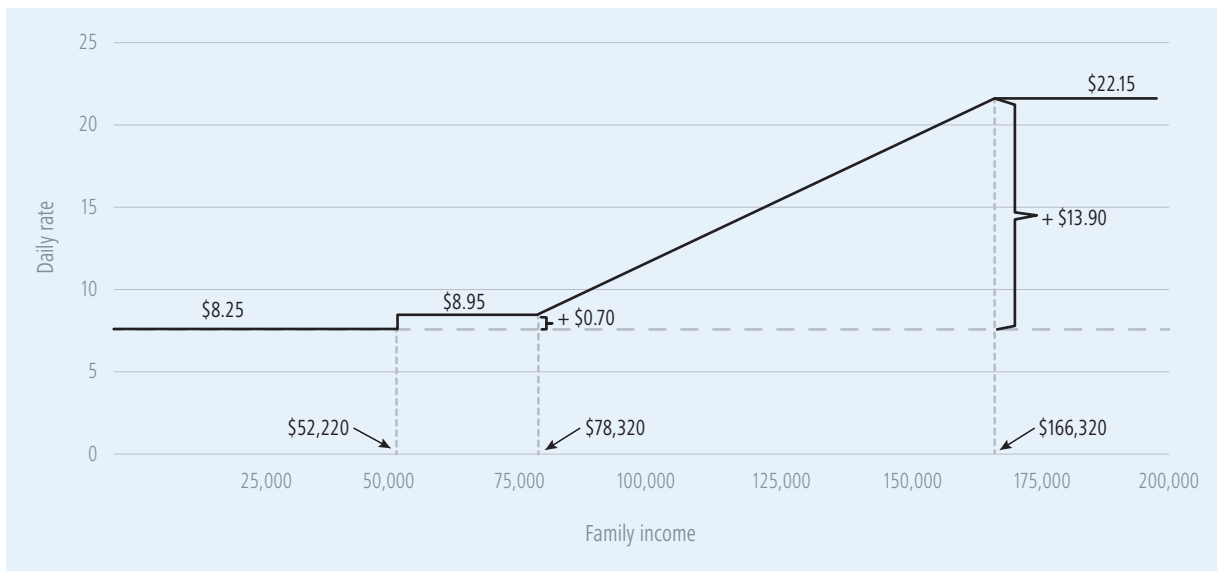
2. Freeze on the additional contribution for childcare

The government has announced that as of 2019, there will be a freeze on the additional contribution for childcare at the same amount as in 2018:

- The minimum additional contribution amount will remain at \$0.70 per day for families with family income between \$52,220 and \$78,320;
- The maximum additional contribution amount will remain at \$13.90 per day for families with family income of \$166,320 or more.

The following table shows the additional contribution for childcare in 2019. Parents can benefit from this measure when filing their income tax return for 2019.

Illustration of the new additional contribution for childcare – 2019 (dollars).



See Finances Québec, *Update on Québec's Economic and Financial Situation* (Fall 2018) at page B.17.

3. Introduction of a refundable tax credit to support seniors aged 70 or over

The government has announced the introduction of a refundable tax credit to support low income seniors aged 70 or over. This tax credit will be \$200 per senior and will be adjusted based on their family income as shown in the following table.

The measure will apply beginning in 2018. As of 2019, the parameters of the measure will be indexed annually.

Illustration of the new senior assistance amount – 2018 (dollars).

Family income ⁽¹⁾	Single senior	Senior couple ⁽²⁾
20,000 or less	200	400
22,500	200	400
23,000	175	400
24,000	125	400
25,000	75	400
26,000	25	400
26,500	–	400
35,000	–	400
36,000	–	400
40,000	–	230
42,500	–	105
44,000	–	30
44,600 or more	–	–

(1) Illustration of pension income that includes the Old Age Security pension and the Guaranteed Income

(2) Couple composed of two seniors aged 70 or over

See Finances Québec, *Update on Québec's Economic and Financial Situation* (Fall 2018) at page B.19.

B. Measures for corporations

1. Harmonization with certain measures announced in the *Fall Economic Statement 2018* of the Department of Finance Canada

Subject to the special rules with regard to a property that is qualified intellectual property or property that is composed of general-purpose electronic data processing equipment, the Québec tax regulations will be amended to incorporate the proposed amendments to the *Income Tax Regulations* concerning accelerated depreciation. The following measures are proposed:

- Allow taxpayers to write off the full cost of machinery or equipment used in manufacturing or processing and the full cost of clean energy generation equipment for the taxation year in which the property becomes available for use, where such property becomes available for use before 2024, with a gradual reduction afterwards;
- Introduce an accelerated investment incentive, namely, an accelerated capital cost allowance making it possible to claim up to three times the amount that could otherwise be deducted for the taxation year in which the property becomes available for use.

2. Change and elimination of the additional capital cost allowance of 60%

The additional capital cost allowance of 60% introduced in March 2018 for a property (manufacturing or processing equipment and general-purpose electronic data processing equipment acquired before April 1, 2020, and that was new at the time of its acquisition) will be eliminated as of December 4, 2018.

Property eligible for this allowance acquired on or before December 3, 2018, could still be eligible for this additional allowance for the entire remaining period that applies to the property.

The allowance may also apply to qualified property acquired after December 3, 2018, but before July 1, 2019, if either of the following conditions is met:

- The qualified property is acquired in accordance with an obligation in writing entered into not later than December 3, 2018;
- The construction of the property by or on behalf of the taxpayer began before December 3, 2018.

3. Introduction of an additional capital cost allowance of 30%

An additional capital cost allowance of 30% will be introduced for manufacturing and processing equipment, clean energy generation equipment, general-purpose electronic data processing equipment and certain intellectual property. This additional capital cost allowance will be permanent. The allowance will be subject to certain practical conditions.

4. Extension and broadening of electricity discount programs

The government has proposed to:

- Extend the deadline for applying for the electricity discount programs to give businesses until December 31, 2019, to submit applications for investment projects that started as of 2019;
- Extend the end of the investment period for electricity discount programs to December 31, 2021; and
- Establish a new electricity discount program for large businesses served by Hydro-Québec's off-grid systems. Under the new program, businesses will be able to receive a maximum annual electricity discount of 20% for four years. The duration of the electricity discount can be six years for projects totalling \$250 million or more. The reimbursement may be as much as 50% of eligible investments if the project involves production methods that help to reduce greenhouse gas (GHG) emissions.

5. Adjustments to the work premiums reduction thresholds

As a result of the upcoming enhancements to the *Québec Pension Plan (QPP)* and the *Canada Pension Plan (CPP)*, Quebec tax regulations will be modified beginning in the 2019 taxation year to incorporate the following elements in the calculation of work premium reduction thresholds:

- The amount that would be payable in respect of the given work income as employee first additional contribution to the QPP;
- The deduction regarding the amount of this employee first additional contribution, which will be granted in the calculation of income, for the purpose of determining the federal income tax that would be payable in respect of the given work income.

C. Measures to ensure tax fairness

The government is supporting the efforts of Revenu Québec and the concerted action committees to counter the underground economy (ACCES). It recently created the ACCES cannabis committee.

The government is also pursuing the initiatives set out in the *Tax Fairness Action Plan*, including:

- Creating the Special Task Force on International Tax Planning;
- Ensuring collection of Québec sales tax on purchases from suppliers outside Quebec;
- Strengthening tax and corporate transparency; and
- Rewarding certain informants who provide information about aggressive tax planning.

Other initiatives to fight tax evasion and abusive tax avoidance are expected to be announced soon.

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