

QUÉBEC BUDGET 2019-2020



On Thursday, March 21, 2019, Minister of Finance Eric Girard presented the provincial budget for the 2019–2020 fiscal year.

Here are some of the highlights.

MEASURES FOR INDIVIDUALS

There are no changes to personal income tax rates in Quebec for 2019.

The following is a summary of the 2019 Quebec personal tax rates 2019, courtesy of the Tax and Estate Planning 2019 Tax Facts.

Quebec 2019

Taxable Income	Marginal Tax Rates (%)			
	Interest and Regular Income	Capital Gains	Non-eligible Canadian Dividends	Eligible Canadian Dividends
\$ to 12,069	–	–	–	–
12,070 to 16,795	12.53	6.27	5.74	-0.02
16,796 to 43,790	27.53	13.77	16.61	4.42
43,791 to 47,630	32.53	16.27	22.36	11.32
47,631 to 87,575	37.12	18.56	27.64	17.65
87,576 to 95,259	41.12	20.56	32.24	23.17
95,260 to 106,555	45.71	22.86	37.52	29.51
106,556 to 147,667	47.46	23.73	39.53	31.93
147,668 to 210,371	49.97	24.99	42.41	35.38
210,372 and over	53.30	26.65	46.25	39.99

Enhancement of the tax credit for experienced workers to bank on career extension

To encourage experienced workers to remain in or re-enter the labour market, the tax system grants older workers aged 61 or over a tax credit that allows them to eliminate the income tax payable on a portion of their eligible work income that exceeds the first \$5,000.

As of the 2019 taxation year, the tax credit for experienced workers will be renamed the tax credit for career extension. In addition, the age of eligibility for the tax credit will be lowered to 60. The maximum amount of eligible work income on which the tax credit is calculated will be \$10,000 for workers aged 60 to 64 and \$11,000 for workers aged 65 or over.

Gradual elimination of the additional contribution for childcare

In the fall 2018 *Update on Québec's Economic and Financial Situation*, the government announced a freeze on the additional contribution payable by more than 140,000 families with children attending a subsidized childcare service.

In Budget 2019, the government announces that the additional contribution for childcare will be completely eliminated on a gradual basis over four years.

Gradual elimination of the additional contribution for childcare (dollars)

	Current additional contribution				Gradual elimination			
	First income threshold ¹	Minimum amount	Second income threshold ¹	Maximum amount	First income threshold	Minimum amount	Second income threshold ¹	Maximum amount
2019	52 220	0.70	78 320	13.90	<i>Eliminated</i>		78 320	13.20
2020	52 805	0.70	79 195	13.90	<i>Eliminated</i>		108 530	8.80
2021	53 875	0.70	80 805	13.90	<i>Eliminated</i>		140 065	4.40
2022	54 915	0.70	82 365	13.90	<i>Eliminated</i>		<i>Eliminated</i>	

1) The thresholds for the years 2020 to 2022 are estimates based on the most recent Ministère des Finances forecasts for the indexation rate for the personal income tax system.

Increase in the exemption for support payments in respect of dependent children

Households that receive income from child support payments may see their benefit amount go down or be deemed ineligible for the program because the income is added to the household's other income sources.

Budget 2019 proposes to raise the exemption for income from child support payments from the calculation of government financial assistance from \$100 to \$350 per month per dependent child for the social assistance programs; from \$1 200 to \$4 200 per year per dependent child for the student financial assistance program; and from \$0 to \$4 200 per year per dependent child for the legal aid program and the housing assistance programs.

Extension and review of the rebate eligibility requirements under the Drive Green program

From April 1, 2019 to March 31, 2021, used all-electric vehicles will be covered by the Drive Green program to promote the purchase of such vehicles.

As of April 1, 2020, the Drive Green program will be reviewed in order to:

- eliminate the \$3,000 rebate currently offered in respect of vehicles on which the manufacturer's suggested retail price is between \$75,000 and \$125,000;
- lower the maximum manufacturer's suggested retail price of an electric vehicle giving entitlement to the \$8,000 rebate on the purchase of such vehicle from \$75,000 to \$60,000.

To facilitate the use of electric vehicles, additional funding is being provided to cover rebate applications in respect of workplace charging stations for the period starting April 1, 2019 and ending March 31, 2021.

MEASURES FOR CORPORATIONS

No changes proposed to corporate tax rates or the \$500,000 small business rate.

Introduction of a refundable tax credit for SMBs to foster the retention of experienced workers

To supplement this assistance granted to workers and to encourage SMBs to hire or retain workers aged 60 or over, the refundable tax credit to foster the retention of experienced workers will be introduced.

Briefly, this refundable tax credit will be granted to qualified corporations that employ individuals aged 60 or over. It will be calculated on the employer contributions paid by the corporation in respect of such an employee. The rate of the refundable tax credit will vary based, firstly, on the individual's age and, secondly, on the corporation's total payroll.

For the purposes of this credit, a qualified corporation will mean a corporation, other than an excluded corporation, that has an establishment in Québec and carries on a business there, whose paid-up capital, for the year, is less than \$15 million and, except where the corporation is a primary and manufacturing sectors corporation for the year, whose total remunerated hours, for the year, exceeds 5,000.

These amendments will be applicable in respect of a taxation year that ends after December 31, 2018.

OTHER MEASURES

Application of the tax on lodging to the activities of persons operating a digital platform offering accommodation units

Changes will be made to the tax on lodging system so that a person operating a digital accommodation platform will henceforth be required to register with Revenu Québec for the purposes of collecting and remitting the tax on lodging.

A person so registered will be required to collect or pre-collect the 3.5% tax on the price of every overnight stay, render an account of it and remit it in accordance with the existing terms and conditions of the tax on lodging system, where such a unit is supplied through the person's digital accommodation platform and is billed at a time when the person's registration is in effect.

These changes will apply from the first day of the first calendar quarter beginning at least 180 days after the date on which the bill implementing these measures is assented to.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

This should not be construed to be legal or tax advice, as each client's situation is different. Please consult your own legal and tax advisor.