

HIGHLIGHTS

SLF

2018 Québec Budget

OVERVIEW

- Budget 2018-2019 is the fourth consecutive balanced budget.
- With this budget, Québec is repaying its debt. As at March 31, 2018, the debt will represent 49.6% of GDP, a decrease from the peak of 54.3% reached in 2015.
- Québec is investing in its infrastructure and ensuring tax fairness.

PROPOSED BUSINESS TAX MEASURES

- Standardization and changes to the tax rates will be made for small and medium-sized businesses (SMBs) going from 8% to 4% by January 1, 2021.

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**For additional budget details,
please contact your SLF
advisor at :**

Tel: 514.937.6392

Email: info@slfcpa.ca

www.slfcpa.ca



- There will be a gradual reduction of the Health and Services Fund contributions for all SMBs.
- There will be an increase in the additional capital cost allowance from 35% to 60% with respect to manufacturing and computer equipment.
- A refundable tax credit at a rate of 30% will be introduced to encourage qualifying training for workers employed in SMBs - tax assistance up to \$5,460 a year for each eligible employee who participates in eligible training.
- The refundable tax credit for child care expenses will be enhanced with respect to the annual limits (\$13,000 for a child with a prolonged impairment, \$9,500 for a child under the age of 7 at the end of the year). The annual limit for ages over 6 and under 17 was not increased (\$5,000). All three annual limits will be automatically adjusted each year as of the 2019 taxation year.
- There will be an extension by 5 years of the tax credit for a first major cultural gift, until January 1, 2023.
- The refundable tax credit for the acquisition or rental of property intended to help seniors live independently longer will be enhanced.

PROPOSED PERSONAL TAX MEASURES

- The Québec tax system will be harmonized with adaption to the federal measures that expand the rules for tax on split income.
- The effective tax rates on eligible and non-eligible dividends will be increased.
- A non-refundable first-time home buyers' tax credit will be introduced as of the 2018 taxation year. The maximum value of the credit will be \$750.
- There will be a new extension to March 31, 2019 of the eligibility period for the RénoVert tax credit.
- A new component will be added to the tax credit for informal caregivers, who without co-residing with a relative, regularly help the relative.

PROPOSED MEASURES RELATING TO COMMODITY TAXES

- To ensure QST is collected and remitted in the context of the digital economy the implementation of a new registration system is proposed under which:
 - suppliers with no physical or significant presence in Québec will be required to collect and remit the QST on taxable incorporeal moveable property and services they supply in Québec;
 - suppliers with no physical or significant presence in Québec that are located in Canada will be required to collect and remit QST on taxable corporeal moveable property they supply in Québec.