



MARCH 21, 2019

# 2019 QUÉBEC BUDGET

On March 21, 2019, Finance Minister of Québec Eric Girard presented the first caquiste budget.

The following is a summary of the more important items of interest to our clients.

## BUSINESS TAX MEASURES

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

A refundable tax credit will be introduced to foster the retention of experienced workers. This credit will be offered to a qualified corporation with a total payroll of \$1 million or less and will be calculated on the employer's payroll contributions paid in respect of such an employee. The credit can total as much as \$1,250 annually for workers aged 60 to 64 and \$1,875 in respect of an employee at least 65 of age.

### Reduction of the capital investment threshold applicable to a large investment project in a designated region

The capital investment threshold for the tax holiday for large investment projects will be reduced from \$75 million to \$50 million for investment projects carried out in designated regions.

### Stimulating innovation

The budget provides nearly \$709 million to invest in innovative projects and speed up the adoption of artificial intelligence.

## HIGHLIGHTS

- ▶ Budget 2019-2020 provides for investments of \$2.3 billion in 2019-2020 and \$16.2 billion by 2023-2024 to improve the quality of services provided and create wealth
- ▶ The budget focuses on education, health and investment in the economy
- ▶ The government plans on maintaining a balanced budget

## Introduction of a sustainable development certification allowance in the *Mining Tax Act*

A mining operator will be able to deduct, in the calculation of its annual profit for a fiscal year, an amount on account of the sustainable development certification allowance.

### Federal legislation and regulations

The budget indicates Québec will align its legislation with the federal measures regarding the deduction of cumulative development expenses in the mining sector, without proceeding with the extension of the Mineral Exploration Tax Credit.

## PERSONAL TAX MEASURES

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

The tax credit for experienced workers will be renamed the tax credit for career extension and will be changed so that the age of eligibility for the tax credit will be lowered to 60. Furthermore, the maximum eligible work income on which the tax credit will be calculated for workers aged 60 to 64 will be \$10,000.

### Gradual elimination of the additional contribution for childcare

The additional contribution will gradually be eliminated over four years.

### See to succeed

Starting in September 2019, the Régie de l'assurance maladie du Québec will reimburse a portion of the cost of glasses and contact lenses for children 17 and under with the goal of boosting educational success and potentially reducing the school dropout rate.

## OTHER MEASURES

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

A person operating a digital accommodation platform will henceforth be required to register with Revenu Québec for the purposes of collecting and remitting the 3.5% lodging tax on the price of every overnight stay.

### Changes to certain measures respecting tips

Eligible expenses for the refundable tax credit for the reporting of tips will include the portion of the new indemnities provided for in the *Act respecting labour standards*.

### Ensuring tax fairness

New initiatives are planned to ensure tax fairness, including:

- Strengthening the mandatory disclosure mechanism and improving the rules governing the use of nominees
- Blocking access to public contracts for businesses and promoters that have used abusive tax avoidance strategies
- Fostering tax fairness in the sharing economy
- Extending the *Attestation de Revenu Québec* to the public building cleaning services sector
- Increasing tax compliance in respect of transactions on financial markets

## Supporting entrepreneurship and business financing

To ensure that startup companies and promoters of socioeconomic projects have access to assistance and financial resources tailored to their needs, the budget provides:

- \$28.7 million to assist entrepreneurship support agencies
- \$85 million to support financing of private equity funds

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