

## Quebec Budget June 4, 2014 Highlights

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Quebec Finance Minister Carlos Leitao delivered his first Budget on June 4, 2014. The emphasis was on the deficit and the objective to balance the budget next year. Even though the theme was generally belt-tightening, some stimulus measures were announced. The following are some highlights of interest to small businesses and their owners and families.

### Personal Taxes

- The credit for workers 65 or older will increase on the first \$4,000 of work income in excess of \$5,000 starting 2015 (up from the first \$3,000 currently).
- Introduction of an activities tax credit for low income persons 70 and older of 20% of the cost of an eligible program (physical or artistic) of 8 weeks or more. The maximum tax credit is \$40 per year per individual and the individual's taxable income cannot exceed \$40,000 for 2014 (indexed thereafter). The purpose is to help defray the costs of the programs for low-income seniors.
- Income splitting of pension income will be allowed only once the person whose income is being split has reached 65 in the year. Previously company pension plans could be split at any age.

### Business & Corporate Taxes

- Small business corporations which carry on at least 25% of their activities in manufacturing and processing activities will have their Quebec tax rate reduced by a maximum of 2% until April 1, 2015 and a maximum of 4% thereafter.
- The employers QHIP expense will be reduced or eliminated for incrementally increased payrolls as a result of new hiring in the natural and applied sciences sector. The reduction is available to all non-government employers but the employees must qualify in their job description classification.

*Look inside for more highlights...*

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**Business & Corporate Taxes (continued)**

- A reduction of 20% of refundable tax credits for several types of businesses including R&D tax credits, the credit for design, the production of multimedia titles, benefits related to flow through shares and several others. For example, if the tax credit was previously 15% it will be reduced by 20% to 12%.
- Stock option benefits will be included in the definition of “base wages” for purposes of levying QHIP, QPP and work standards taxes (CNT).

As always, should you wish to discuss any of these measures in further detail, please give us a call.

Yours truly,

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