

**Quebec Budget
March 20, 2012
Highlights**

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Budget Highlights

Quebec Finance Minister Raymond Bachand delivered the 2012-2013 Budget on March 20, 2012. Tax rates remain the same and the push for balancing the budget is rooted in an improving economy and an even more aggressive fight against “tax evasion”. The following are some highlights of specific interest to our clients. Some additional measures are not discussed here as they would either be limited to public businesses or be extremely narrow in its application.

Businesses

- Starting in 2013 the value of the benefit from amounts paid by an employer to acquire for the benefit of one of its employees a share issued by the Fonds de Solidarité FTQ or Fondation will be excluded from the base wages of the employee. This measure is for Quebec tax purposes only and the value of the benefit will continue to be taxable federally. Employers will save some payroll taxes as a result of this measure.
- Private sector employers with employees 65 years or older will be eligible for a reduction in the Health Services Fund contributions for those employees. This measure will be effective January 1, 2013.
- The refundable tax credit for labour training for companies in the manufacturing, forestry and mining sectors slated to end in 2011 has been extended to the end of 2015.
- Introduction of a refundable tax credit for certain Quebec manufacturers regarding product certification costs outside Quebec. The credit will be equal to 30% up to a maximum of \$45,000.

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Businesses (continued)

- Introduction of a refundable tax credit for hotels and similar establishments to carry out renovations prior to 2016. In short the credit will be equal to 25% of expenditures in excess of \$50,000 to a maximum of \$175,000 per year. Greater Montreal and Quebec City areas are excluded regions for purpose of this tax credit.
- Quebec will follow the federal proposals regarding “pooled registered pension plans”. The purpose of pooled registered pension plans is to provide pension plan opportunities for companies with as few as five employees, without egregious administrative costs.

Individuals

- Effective 2013 the cap on expenses eligible for the home support credit for seniors will be raised by \$3,900 to \$19,500 (\$25,500 for “dependent” seniors). The credit will also increase to 31% in 2013 and rise by 1% annually to 35% for 2017 and beyond. In addition, “dependent” seniors will no longer have their credits reduced if their family incomes exceed the threshold established for independent seniors.
- The refundable tax credit for informal caregivers caring for an elderly spouse is raised to \$700 for 2012 and will increase by \$75 annually to reach \$1,000 in 2016, and will be indexed annually thereafter.
- Introduction of a refundable tax credit for the purchase or rental of equipment to help seniors continue living independently at home starting in 2012. The credit will be equal to 20% of costs over \$500 in aggregate for the year.
- An increase in the cumulative tax credit for new graduates working in a remote resource region of Quebec from \$8,000 to \$10,000, beginning in 2012.

For what it's worth, Revenu Québec's assessing and collection measures have become far more aggressive over the past few years. Any business which falls behind in its filings for income tax, payroll or GST/QST can be hit with stiff fines and strong-arm collection tactics including bank account seizures and personal liability assessments. We cannot emphasize strongly enough for anyone in business in Quebec to file and pay their tax instalments on time. The financial well being and peace of mind of business owners are regularly ruined by a tax department intent on penalizing businesses at every opportunity.

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

Yours truly,

ROBIN WHITROD CHARTERED ACCOUNTANT INC.

Per:



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