

Quebec Fall Economic Plan November 21, 2017

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W H I T R O D L E D U C C P A I N C .

Quebec Finance Minister Carlos Leitão released Quebec's fall "Economic Plan" today. Quebec's economy has experienced strong growth in the past year, which has resulted in a budget surplus of \$2.4 billion for the year ended March 31, 2017. Although no changes were announced to corporate or other business taxes, Minister Leitão did announce the following for individuals and families:

Reduction in the Tax Burden for Individuals

The tax rate for the bottom tax bracket is reduced from 16% to 15%, effective for 2017. The bottom tax bracket includes taxable income up to \$42,705 for 2017. Offsetting this tax decrease is a reduction of all tax credits (personal, living alone, etc...) also from 16% to 15%. Therefore, the maximum amount of tax savings will be \$278 per individual for 2017.

Tax-Free Subsidy for School Supplies

A new type of support for families with children in school will be implemented in the form of a tax-free subsidy for school supplies in the amount of \$100 per year for each child between the ages of 4 and 16 on September 30 of a given school year, also effective starting in 2017. The first payment will be in January 2018 (for 2017) and there will be a second payment in July 2018 (for 2018).

Increase in the Quebec Pension Plan (QPP) Contributions

The increase in the Quebec Pension Plan contributions starting in 2019 will be as follows:

- Increasing the maximum pensionable earnings gradually up to \$63,000 in 2025 from the 2017 amount of \$55,300;
- Raising the rate of contribution from 10.8% to 12.8% of the first \$55,300 pensionable earnings and a new rate of contribution of 8% for pensionable earnings between \$55,300 and \$63,000.

Look further for more highlights...

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Increase in the Quebec Pension Plan (QPP) Contributions (Following)

The impact of these changes will increase contributions by as much as \$1,652 per year by 2025. Employers and employees will split the increase, while self-employed workers will need to fund the contributions by themselves as they file their income tax returns. The purpose of the increased contributions is to provide greater QPP retirement benefits in the future.

As always, should you wish to discuss any of these measures with us, please feel free to give us a call or send us an email.

Yours truly,

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