

Quebec Budget March 28, 2017 Highlights

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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 tabled the 2017-2018 budget, his third “balanced budget”, fueled by growth in the economy of 1.7% in 2016.

As part of the budget, there are no new taxes, and some tax cuts for individuals.

Here are some highlights we feel will be of interest to small businesses and their families:

Personal Taxes

- Elimination of the Health Contribution retroactively to 2016 for all adults with net income less than \$134,095. For all those taxpayers who have already filed and paid their taxes for 2016, they will be automatically reassessed prior to June 30, 2017, with refunds generally between \$50 and \$175.
- An increase in the amount of basic tax credit for 2017 which will reduce personal taxes by \$55. This credit will also be indexed in future years.
- An increase in the retirement income credit by 25% in 2017 offset by an increase in the reduction rate from 15% to 18.75% of family income. The impact of these offsetting adjustments would increase the tax relief credit for low income retirees while reducing the credit for moderate income retirees.
- The RenoVert tax credit which was scheduled to end March 31, 2017 has been extended to March 31, 2018.

Look further for more highlights...

Business & Corporate Taxes

- Further adjustments to Quebec's "Small Business Deduction" bringing the corporate tax rate for private corporations from 11.8% to 8%. These adjustments change the calculation from a threshold of hours "worked" to hours "paid" in order to simplify the calculations companies will need to do starting in 2017. Owners of private businesses who are active in their companies will be credited 1.1 hours for each hour worked, to a maximum of 2,288 hours.
- An increase in the capital cost allowance rate by 35% for the first 2 years for purchases of manufacturing and processing equipment and computer equipment prior to April 1, 2019.

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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