

Quebec Budget March 25, 2021 Highlights

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

With the forecast of the largest deficit in history, Finance Minister Eric Girard is optimistic that 2022 will be when we see a rebound in the economy. Despite the massive expenditure programs, the Minister has tabled some minor tax relief.

Personal Taxes

- A gradual increase in the refundable tax credit to seniors 70 years old and older, from 35% to 36% in 2022 and 40% by 2026, on eligible expenditures.
- \$ 100 / semester for full time post-secondary students for the fall of 2020 and winter of 2021.
- The payment of student loan interest by Quebec for interest between April 2021 and March 2022.

Business and Corporate Taxes

- An increase in the Quebec small business deduction (SBD) rate from 7.5% to 8.3% effective March 26, 2021, bringing the small business corporate tax rate down to an effective rate of 3.2%.
- The reduction in the Quebec tax rate for small businesses will be offset however in the tax credit for regular dividends received by an individual on regular (other than eligible) dividends paid out by small business corporations after 2021.

Look further for more highlights...

Business and Corporate Taxes (continued)

Small businesses that are eligible to claim the Quebec SBD generally need 5,500 hours or more labour hours in a year to fully benefit from the low tax rate. Temporary provisions will allow the 5,500 hour threshold to be based on prior fiscal year to avoid situations where sufficient hours are not reached due to COVID-19 lockdowns of companies.

The investment and innovation tax credit rate for eligible investments in new technology has been doubled for acquisitions between March 26, 2021 and December 31, 2022.

The “on the job” tax credit for hiring of students and apprentices is increased from 24% to 30% up to April 30, 2022.

Apart from today’s Quebec budget, there is a Federal Budget scheduled for April 19, 2021. As this is considered to be a pre-election budget, several additional tax measures of interest to individuals and businesses alike, may well be tabled. Stay tuned!

If you would like to discuss any of these measures in further detail, please give us a call.

Yours truly,

Whitrod Leduc CPA Inc.

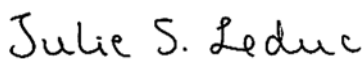
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