

TAX BULLETIN

2019 Fall Economic Update Summary – Québec

November 7, 2019



INTRODUCTION

On November 7, 2019, Québec Minister of Finances, Mr. Éric Girard, issued an update on Québec's economic and financial situation. This update proposes:

- > The enhancement of the family allowance;
- > The elimination of the additional contribution for childcare;
- > The payment of the solidarity tax credit to all eligible social assistance recipients by June 2020;
- > The reduction in healthcare institution parking fees.

Here are the highlights of these measures and other fiscal initiatives described in the Information Bulletin 2019-10 presented at the same time by the Minister of Finance.

MEASURES PERTAINING TO INDIVIDUALS

Full enhancement of the family allowance

The same amount for each child

In the past, the assistance provided to families was higher for the first child and decreased by half for a second child. However, each child has needs that must be recognized and met fairly.

With this economic update, the government is fully meeting its commitment by standardizing, starting in January 2020, the amounts of the family allowance for all children from the same family.

> The maximum amounts granted to a family will be \$2,515 for each child under 18 years of age.

> The minimum amounts granted to a family will be increased to \$1,000 for each child under 18 years of age.

Increases in the family allowance (dollars)	Increase in 2020		
	Before	After	Gain
Maximum amount			
> First child	2,515	2,515	–
> Second and third children	1,765	2,515	750
> Fourth child and subsequent children	1,884	2,515	631
Minimum amount			
> First child	708	1,000	294
> Second child and subsequent children	652	1,000	348

Immediate elimination of the additional contribution for childcare

An elimination retroactive to January 1, 2019

Another gesture towards families is the return to a single reduced rate for subsidized childcare services.

To follow through on its commitment, the government will eliminate the additional contribution for childcare, effective retroactively to January 1, 2019. Parents will no longer have to pay the additional contribution when they file their income tax return.

All parents will pay a single reduced amount of \$8.25 per day in 2019.

Payment of the solidarity tax credit to social assistance recipients

In her 2018-2019 Annual Report, the Ombudsperson reminds us that some of society's most vulnerable members, namely recipients of last-resort financial assistance, do not receive the QST component of the solidarity tax credit (CIS).

In order to allow this clientele to benefit from the amounts to which they are entitled, the government will pay the basic amount of the QST component of the CIS to individuals who were recipients of social assistance in December 2018 and who did not file their income tax returns for the 2018 taxation year.

> The amount paid will be \$292 per adult and will cover the period from July 2019 to June 2020.

> Revenu Québec will pay this amount by June 2020.

These payments will apply as of taxation year 2018.

On the other hand, the filing of an income tax return and Schedule D will still be required to benefit fully from the amounts under the CIS.

OTHER MEASURES

Reduction in healthcare institution parking fees

The government is committed to reducing healthcare institution parking fees.

As a result, the daily rates for parking at hospitals, CHSLDs and CLSCs will be:

- > free for the first two hours;
- > progressive between two and four hours;
- > capped at \$10 in urban areas and \$7 in other regions for a period of more than four hours.

The Minister of Health and Social Services will present the terms and conditions of the new fee schedule in the coming weeks.

Amendments to the measure relating to the deferral of the payment of tax on a deemed disposition of interests in a qualified public corporation

The tax legislation provides for the deemed disposition of property at fair market value in certain circumstances. This is the case, for example, on a person's death or on the 21st anniversary of a trust. This deemed disposition may trigger a liquidity shortfall, since, unlike an actual sale, there is no real cash inflow to pay the tax attributable to the deemed disposition.

Information Bulletin 2017-3 provided a detailed account of the fiscal measures announced at the time of the tabling of the government action plan to foster an executive-driven economy.

At that time and in order to foster the maintenance of substantial interests in public corporations whose head office is in Québec, the government announced a deferral of the payment of tax on certain deemed dispositions of interests in a qualified public corporation.

Briefly, subject to the provision of a security satisfactory to the Minister of Revenue, a deceased individual's legal representative or a trust may elect to defer, for a maximum period of 20 years, the payment of Québec income tax attributable to the deemed disposition of eligible shares.

Change in the definition of “eligible share”

The tax legislation will be amended so that the expression “eligible share”, for the purposes of the 20-year tax payment deferral measure, means:

- > a share forming part of a large block of shares or of a portion of a large block of shares of the capital stock of a qualified public corporation; or
- > a share of the capital stock of a private corporation more than 50% (previously 95%) of the fair market value of the assets of which is attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation.

Determination of the portion of the tax the payment of which may be deferred

Where the eligible shares that will be deemed to

have been disposed of are shares of the capital stock of a private corporation, the portion of the tax the payment of which may be deferred in respect of all shares, each of which is an eligible share of a particular class of the capital stock of the private corporation, will be equal to the product obtained by multiplying the amount of tax resulting from the deemed disposition of such eligible shares of the particular class by the proportion of the fair market value of the assets of the private corporation attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation over the fair market value of all assets of the private corporation.

Moreover, where the proportion of the fair market value of the assets of a private corporation attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation over the fair market value of all assets of the private corporation is more than 95%, this proportion will be deemed to be equal to 100% and a full deferral of the tax payment may be granted.

The amendments will apply to a deemed disposition of an eligible share that occurs on or after November 7, 2019.

Personne-ressource



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About the Fall Economic Update Summary – Québec

The *2019 Fall Economic Update Summary - Québec* provides an overview of the main tax measures announced by the Québec government. This document does not constitute tax or other professional advice.

Readers are invited to consult relevant tax advisors and to obtain from them an opinion which takes into account their particular situation.

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