



2021 QUEBEC BUDGET HIGHLIGHTS

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PERSONAL

- Increase in the combined Federal and Quebec tax rate on ineligible dividends for a Quebec taxpayer from 48.02% to 48.7% in 2022.
- Increase in both credits and eligible expenses for home-support services for seniors commencing in 2022.

CORPORATE

- Starting March 26, 2021, the Quebec tax rate on income eligible for the small business deduction ("SBD") will decrease from 4% to 3.2% resulting in a combined Federal and Quebec rate of 12.2%.
- For fiscal years ending between July 1, 2020 and June 30, 2021, employers with a reduced number of remunerated hours due to COVID-19 business closures may, upon application, use their previous year's remunerated hours for SBD purposes.
- The tax credit relating to investment and innovation will temporarily double from March 26, 2021 to January 1, 2023 (and to April 1, 2023 in specific cases).
- For the period starting on March 26, 2021 until May 1, 2022, there will be a temporary increase to the refundable on-the-job training tax credit from 24% to 30%. Where the eligible trainee is disabled, an immigrant or an Aboriginal, the credit is increased from 32% to 40%.
- The credit on employer contributions to the Health Services Fund in respect of employees on paid leave is extended to June 5, 2021.
- Elimination of an advanced ruling requirement to benefit from R&D tax credits on research subcontracted to eligible universities, public research centres or eligible research consortiums.

OTHER

- Change to the imposition of penalties on promoters for aggressive tax planning where a general anti-avoidance rule (GAAR) assessment is issued. This measure will be effective only upon Assent.
- Harmonization with the Federal measures proposed in 2018 increasing disclosure and filing obligations for trusts with taxation years ending on December 31, 2021 and following.
- Existing disclosure requirements for trusts residing outside of Quebec that hold real estate in Quebec will be expanded to include Canadian testamentary trusts and successions (other than Graduated Rate Estates) that own real property in Québec or are members of a partnership owning real property in Québec. This measure will apply to such trusts or successions having a taxation year-end on December 31, 2021 and following.
- The Budget made reference to recently-announced mandatory disclosure rules in respect of a direct or indirect transfer of property held by a trust to another trust, payments to businesses in non-treaty countries, multiplication of capital gains exemptions and tax attribute trading.