

TAX & BUSINESS

Quebec Budget 2020-2021

The Quebec Minister of Finance, Eric Girard, today tabled the Government of Quebec’s Budget—*Your Future Your Budget*—in the National Assembly. The budgetary surplus amounts to \$1.9 billion in 2019-2020 and the budget remains balanced for fiscal year 2020-2021.

The following is a summary of the tax highlights.



INDIVIDUALS

AWARDING SCHOLARSHIPS IN ENGINEERING AND COMPUTER SCIENCE

To encourage students to undertake and complete studies in fields leading to in-demand jobs, particularly in computer science and computer engineering, the government will offer students merit scholarships of \$1,000 upon successful completion of the first semester of studies and upon graduation. In total, maximum scholarships of \$2,000 could be awarded to students who meet these conditions.

REFUNDABLE TAX CREDIT FOR CAREGIVERS

The refundable tax credit for caregivers will be streamlined to comprise just two components.

Component 1 covers caregivers of

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BUSINESSES

SPURRING BUSINESS INVESTMENT

To spur business investment, the government is:

- implementing the investment and innovation tax credit (C3i), which will encourage businesses from all sectors of activity to acquire manufacturing and processing equipment, computer hardware and management software packages through assistance of up to 20% of eligible investments;
- extending by four years the eligibility period for the tax holiday for large investment projects, which contributes to the carrying out of large projects in Québec by allowing eligible

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BUSINESSES

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- businesses to claim tax relief of up to 15% of their investments;
- announcing the implementation of the synergy capital tax credit, which will encourage established businesses to invest in young, innovative businesses with high growth potential and promote the establishment of ties between them.

MAIN PARAMETERS OF THE INVESTMENT AND INNOVATION TAX CREDIT

The C3i will benefit businesses in all sectors of activity, particularly the manufacturing and services sectors, for their acquisitions made before January 1, 2025 relating to:

- Manufacturing and processing equipment (capital cost allowance classes 43 or 53)
- Computer hardware (capital cost allowance class 50)
- Management software packages (part of capital cost allowance class 12)

The tax credit rate will be:

- Montréal and Québec metropolitan communities: 10%
- Other territories or regions: 15%
- Territories with low economic vitality: 20%

The C3i will be fully refundable for SMBs and non refundable for large businesses.

Eligible expenses will be those exceeding \$12,500 for the acquisition of manufacturing and processing equipment. The threshold will be set at \$5,000 for computer hardware and management software packages.

The tax credit for investments and innovation will apply in respect of the specified expenses incurred after the day of the budget speech, but before January 1, 2025,

However, the qualified property must not be:

- a property acquired in accordance with a written obligation contracted on or before the day of the budget speech;
- a property whose construction by or on behalf of the corporation had started the day of the budget speech.

Readers are reminded that while budget proposals are customarily given the effect of law immediately, the amending legislation, when ultimately adopted by the National Assembly, may be altered to some degree.

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INDIVIDUALS

an adult who has a severe and prolonged impairment who needs assistance in carrying out a basic activity of daily living. The caregiver must be the carereceiver's spouse or a member of the carereceiver's family, or hold a certificate of ongoing assistance to be entitled to:

- a reducible amount of \$1,250, which will be reduced based on the carereceiver's income, regardless of whether the caregiver co-resides with the carereceiver;
- a universal amount of \$1,250, in addition to the reducible amount, provided the caregiver lives with the carereceiver.

Component 2 will cover caregivers who live with an eligible relative aged 70 or older who does not have a severe and prolonged impairment. The caregiver will be entitled to the universal amount of \$1,250.

To enable persons eligible for the new refundable tax credit for caregivers to receive this tax assistance more rapidly, it will be possible to receive the basic universal amount by advance payments, on a monthly basis, as of 2021.

SIMPLIFYING PAYMENT OF THE SOLIDARITY TAX CREDIT TO THE SURVIVING SPOUSE

The solidarity tax credit is granted on a family basis and is paid to only one of the spouses.

If the spouse who claimed the tax credit dies, the tax credit for the household ceases to be paid as of the payment following the death.

- Currently, the surviving spouse can receive the payments to which the deceased spouse would have been entitled on behalf of the household for the remainder of the year. However, the surviving spouse must claim the tax credit by completing Schedule D of the income tax return again and filing it with Revenu Québec.

To reduce the administrative burden following a death and enable the surviving spouse to quickly receive the amounts to which he or she is entitled, the solidarity tax credit will henceforth be paid automatically to the surviving spouse as soon as Revenu Québec is informed of the other spouse's death.

Automatic payment will apply in respect of deaths that occur on or after July 1, 2020.

Attention Snowbirds

Under IRS rules, you may be required to file IRS form 8840 - Closer Connection Exception Statement for Aliens if you meet the substantial presence test for 2018 .

Consult our newsletter "*Tax Rules and Guidelines for Canadians Travelling to the U.S. and Abroad*" which can be found on our website.

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RECENT DEVELOPMENTS ACROSS CANADA

QUÉBEC

The Québec government recently introduced legislative amendments to An Act respecting the Québec Sales Tax (the QSTA) and the Tax Administration Act to enact measures regarding registration for Québec Sales Tax (QST) by non-resident suppliers that were announced in the 2018 Budget.

Under the new rules, assuming that the minimum threshold is satisfied, non-resident suppliers will be required to register under this new registration system and will be required to collect and remit QST applicable to taxable supplies made to specified Québec consumers. This collection requirement will apply in respect of supplies of incorporeal movable properties and services made by non-residents and in the case of non-residents that are located in Canada outside Québec, it will be extended to corporeal movable properties. Digital platforms that provide services to a non-resident supplier enabling them to make supplies of incorporeal movable property or services to specified Québec consumers will also be subject to the registration requirements imposed on non-resident suppliers, where the platform controls the key elements of transactions.

ALBERTA

Alberta's recent budget proposal includes a phased-in corporate tax cut that started with a drop in the rate from 12 to 11 per cent on July 1, 2019, ending up with a rate of eight per cent by Jan. 1, 2022.

BRITISH COLUMBIA

In its 2020 Budget and Fiscal Plan, dated February 18, 2020, British Columbia (B.C.) announced that it would be imposing newly extended registration requirements for its provincial sales tax (B.C. PST). The new requirements, effective July 1, 2020, will require certain non-residents of B.C. to register as collectors of B.C. PST. Specifically, Canadian sellers of goods, along with Canadian and non-Canadian sellers of software and telecommunication services, may be required to register if their annual revenues from sales in B.C. exceed \$10,000—even if they do not have a permanent establishment or carry on business in B.C.

SASKATCHEWAN

Similar to the GST rules, when a nonresident vendor is not licensed to collect provincial sales tax ("PST"), the Saskatchewan customers are generally required to self-assess and remit the tax directly to the Minister of Finance.

As of January 1, 2019, Saskatchewan revised its rules to require suppliers located outside of Saskatchewan to register for PST, regardless of whether the supplier carries on business in Saskatchewan or has any nexus in Saskatchewan, so long as the supplier makes retail sales of tangible personal property or taxable services in the province or leases taxable goods in the province.

tax & business ALERT has been prepared by **LEVI & LEVI, LLP** for the general information of our clients, staff and other interested parties. The enclosed comments are of a general nature and are not intended to cover all aspects of the subject matter. Prior to implementing any planning based upon information in this publication, the specific facts pertaining to any particular situation should be carefully considered. We will be pleased to assist in this regard and to provide further details pertaining to the matters discussed herein.

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LEVI & LEVI

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Continuation of Programs The Roulez Vert Program

The Roulez vert program provides financial assistance of up to:

- \$8,000 on the purchase or lease of a new electric vehicle (Includes all-electric and hybrid plug-in vehicles for which the manufacturer's suggested retail price is \$60,000 or under);
- \$4,000 on the purchase of an all-electric used vehicle;
- \$600 on the purchase of a home charging station;
- \$5,000 on the purchase of workplace or multi-unit residential building charging stations.

The Chauffez Vert Program

The Chauffez vert program provides financial assistance that varies according to the type of home. For a single-family home, it can be up to:

- \$1 275 for the replacement of a fuel oil heating system;
- \$250 for the replacement of an oil-fired water heater.

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Alert Dates

March 15, 2020	First instalment due for individuals required to make income tax instalments
March 31, 2020	Deadline for filing 2019 Non-Resident Tax Withholding (NR4) & Statement of Trust Income Allocations & Designations (T3).
April 30, 20120	Deadline for filing personal income tax returns other than those permitted to file by June 15.
June 15, 2020	Second instalment due for individuals required to make income tax instalments.
	Filing date for individuals reporting business income including professional income and their spouses.
September 15, 2020	Third instalment due for individuals

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