



Budget 2019-2020

\$5.2 Billion Put Back in the Pockets of Quebecers

Québec, March 21, 2019. – Budget 2019-2020 reaffirms the government's commitment to put money back in the pockets of Quebecers. Taking into account the measures announced in the fall 2018 update, more than \$5.2 billion will be returned to Quebecers within five years. The new government is thus addressing the concerns of Quebecers, whose tax burden has increased significantly in recent years, to the point where it is one of the highest in North America.

In the fall 2018 *Update on Québec's Economic and Financial Situation*, the government delivered on several commitments by introducing the family allowance, announcing a new senior assistance amount and freezing the additional contribution for childcare. Today, the government is continuing the actions initiated last fall, since Budget 2019-2020 provides, in particular, for:

- gradual standardization of school tax rates as of July 1, 2019¹ with a view to applying a single tax rate across Québec;
- gradual elimination of the additional contribution for childcare over four years starting in 2019;
- increase in the exemption for support payments in respect of dependent children in calculating the financial assistance granted under government programs;
- enhancement of the incentive for workers aged 60 or over to extend their career;
- extension of the Drive Green program to 2020-2021.

Gradual standardization of school tax rates

Budget 2019-2020 allows the government to take the first step toward standardizing school tax rates, which will result in a \$200-million reduction in school taxes as of July 1, 2019² in Québec. The government will transfer \$200 million to school boards to fully compensate them for the reduction in their school tax revenues. Funding for the education network will therefore not be affected.

Ultimately, a single school tax rate, based on the lowest effective tax rate in 2018-2019, will be applied throughout Québec. This important commitment by the new government will eliminate the regional disparities existing under the current system, reduce Quebecers' tax burden and simplify administration of the school tax.

Gradual elimination of the additional contribution for childcare over four years

After announcing last fall that the amount of the additional contribution would be frozen for more than 140 000 families, the government is undertaking the complete elimination, over four years, of this contribution imposed by the previous government.

As of 2019, over 40 000 families will no longer have to pay the additional contribution and 100 000 families will pay a lower contribution. In 2022, the additional contribution will be eliminated for every family, easing their financial burden by an average of \$1 200 per year.

¹ Subject to adoption of Bill 3

² *Idem*

Increase in the exemption for support payments in respect of dependent children

The government wants to provide better support to low-income families that receive support payments in respect of dependent children and assistance under certain government programs. Thus, Budget 2019-2020 raises the exemption for income from child support payments from the calculation of government financial assistance from:

- \$100 to \$350 per month per child for the social assistance programs;
- \$1 200 to \$4 200 per year per child for the student financial assistance program;
- \$0 to \$4 200 per year per child for the legal aid program and the housing assistance programs.

As a result of the enhancement of the incentive for experienced workers to extend their career and the extension of the Drive Green program, thousands of Quebecers will have a lower tax burden. Budget 2019-2020 of the new government therefore addresses the concerns of Quebecers.

Quotation:

“We made a commitment to put money back in the pockets of Quebecers and quickly got to work by announcing concrete measures in the fall update. Today, we are continuing our efforts to reduce the tax burden for thousands of Quebecers. We are committed to freeing up fiscal room in the coming years to further reduce the tax burden on Quebecers. We have made commitments to Quebecers and we are going to honour them.”

Eric Girard, Québec Minister of Finance

Related link:

Full details of Budget 2019-2020:

http://www.budget.finances.gouv.qc.ca/budget/2019-2020/index_en.asp

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