

2000-2001 BUDGET

**\$4.5-BILLION INCOME TAX REDUCTION
AND FULL INDEXATION OF INCOME TAX SYSTEM**

Québec City, March 14, 2000 – Deputy Premier and Minister of State for the Economy and Finance Bernard Landry announced in the 2000-2001 Budget Speech a personal income tax reduction of \$4.5 billion. Taxpayers will benefit immediately from an initial reduction of \$1 billion. This will be followed by a second reduction of \$1.5 billion in 2001-2002 and a third of \$2 billion in 2002-2003. Taxpayers' purchasing power will be protected immediately by these successive reductions. Indexation will become automatic as of 2003.

A reduction for all taxpayers, but the middle class and families benefit most

With this income tax reduction, all Quebecers reap the rewards of sound financial management and a stronger economy. All taxpayers, regardless of their income, will see their income tax decrease, but the income tax of middle-class taxpayers and families will decline most. The tax burden of the 2.4 million Québec households that now pay taxes will drop by an average of 13%. For example, for a family with two children and two employment incomes totaling \$50 000, the reduction may amount to as much as 34%.

Here are some specific cases:

INCOME TAX REDUCTION

	In 2000	In 2001	In 2002
Couple with two children and two incomes			
\$40 000	\$322	\$753	\$1 183
\$50 000	\$532	\$1 123	\$1 733
\$75 000	\$477	\$888	\$1 443
\$100 000	\$702	\$1 113	\$1 803
Single person			
\$20 000	\$105	\$258	\$411
\$30 000	\$221	\$437	\$673
\$40 000	\$276	\$494	\$782
\$75 000	\$626	\$844	\$1 422

Immediate benefits that meet the expectations of the public

The initial income tax reduction is retroactive to January 1, 2000. Beginning in May 2000, taxpayers will see the impact of this reduction in their paycheques.

The reductions will result from a new tax table, in which the three current rates have been revised downward. They will decline from 20%, 23% and 26% to 17%, 22% and 24%. The government is providing an additional income tax reduction for families.

The income tax reduction and tax system indexation measures tabled today meet the expectations and needs of the people, expressed during the sessions of the Parliamentary Committee on Income Tax Reduction last fall. The changes in personal income taxes make the tax system more equitable and more competitive compared with other jurisdictions. They also promote employment.

Québec's reduction much more generous than Ottawa's

Mr. Landry said the income tax reduction granted in this Budget is much greater than that recently announced by the federal government. For example, a couple with two children and two incomes totaling \$50 000 will benefit from a the reduction of \$1733 as a result of this Budget, compared with only \$134 as a result of the federal budget.

“By reducing taxes by \$4.5 billion, the government is going much farther that it had previously announced, and it is doing so without jeopardizing its zero deficit”, Mr. Landry said.

– 30 –

Source: Andrée Corriveau
Directrice de cabinet adjointe
Responsable des communications
Cabinet du vice-premier ministre
Tél. : (418) 643-5270 ou (514) 499-2551
www.finances.gouv.qc.ca