

2000-2001  
BUDGET

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Additional

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Information

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on the Budgetary

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Measures

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## **Section 4**

# **Financial Impact of Fiscal and Budgetary Measures**

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**FINANCIAL IMPACT OF FISCAL AND BUDGETARY MEASURES**  
**2000-2001 BUDGET SPEECH**  
(in millions of dollars)

	Impact on tax burden	Financial impact for the government	
	Full year	2000-2001	2001-2002
<b>A. REVENUE MEASURES</b>			
<b>1. Measures concerning individuals</b>			
General reduction of personal income tax	- 2 000.0	- 1 000.0	- 1 500.0
Increase in tax credit for child care expenses	- 29.0	—	- 29.0
Non-taxation of bursaries and scholarships	- 29.0	- 4.0	- 29.0
Improved tax system for self-employed workers:			
– allow the deduction of a portion of contributions to the QPP	- 21.0	- 3.0	- 21.0
– improvement in the treatment of expenditures relating to a home office	- 4.0	—	- 4.0
– improved depreciation for small telecommunications equipment	- 4.0	- 1.0	- 4.0
Improvement in the tax treatment of gifts	- 3.0	—	- 3.0
New tax credit for top-level athletes	- 5.0	—	- 5.0
Improved tax credit for adults housing their parents	- 1.0	—	- 1.0
New tax credit for the treatment of infertility	- 2.0	—	- 2.0
Improvement of the rebate of tax paid in respect of a new residential unit	- 2.0	- 1.0	- 2.0
<b>Sub-total</b>	<b>- 2 100.0</b>	<b>- 1 009.0</b>	<b>- 1 600.0</b>
<b>2. Measures concerning businesses</b>			
<b>2.1 Investment</b>			
Ten-year tax holiday for major investment projects	- 58.0	—	- 8.0
Extension of the 125% accelerated depreciation and the exemption from the tax on capital for new investments	- 120.0	- 57.0	- 117.0
Reduction of the capital gains inclusion rate from 75% to 66 2/3%	- 32.0	- 3.0	- 19.0
Capital gains deferral in respect of certain small business investments	- 16.0	- 4.0	- 16.0
Sub-total	- 226.0	- 64.0	- 160.0
<b>2.2 New economy</b>			
New tax credit to encourage SMEs to adopt e-commerce solutions	- 50.0	- 35.0	- 63.0
125% accelerated depreciation for fibre-optic investments in the regions	- 4.0	- 2.0	- 4.0
Relaxation of the tax treatment of stock options	- 20.0	- 2.0	- 20.0
New tax credit for the Technopôle Angus	- 2.0	- 1.0	- 2.0
Extension of the tax credit for the Cité de l'optique	- 3.0	—	—
Improvement of the tax credit for design	- 6.0	—	- 3.0
Sub-total	- 85.0	- 40.0	- 92.0

**FINANCIAL IMPACT OF FISCAL AND BUDGETARY MEASURES****2000-2001 BUDGET SPEECH (cont.)**

(in millions of dollars)

	Impact on tax burden	Financial impact for the government	
	Full year	2000-2001	2001-2002
<b>2.3 Support for various sectors</b>			
New refundable tax credit for book publishing	- 10.0	- 5.0	- 8.0
New tax credit for the Vallée de l'aluminium	- 2.0	- 1.0	- 2.0
Improvements to Québec's maritime policy	- 2.0	- 1.0	- 2.0
Sub-total	- 14.0	- 7.0	- 12.0
<b>2.4 Other measures</b>			
QST rebate for new rental property	- 9.0	- 3.0	- 8.0
Relaxation of the taxation of microbreweries	- 1.0	- 1.0	- 1.0
Relaxation of the TGE tax in respect of small electrical power production units	- 5.0	- 5.0	—
Increase in the limit on eligible investments in QBICs	- 4.0	—	- 2.0
Other Budget measures	- 4.0	- 4.0	- 2.0
Sub-total	- 23.0	- 13.0	- 13.0
<b>Sub-total</b>	<b>- 348.0</b>	<b>- 124.0</b>	<b>- 277.0</b>
<b>TOTAL IMPACT OF REVENUE MEASURES</b>	<b>- 2 448.0</b>	<b>- 1 133.0</b>	<b>- 1 877.0</b>
Income tax reduction already provided for in financial framework	—	300.0	600.0
<b>IMPACT OF REVENUE MEASURES</b>	<b>- 2 448.0</b>	<b>- 833.0</b>	<b>- 1 277.0</b>

**FINANCIAL IMPACT OF FISCAL AND BUDGETARY MEASURES**  
**2000-2001 BUDGET SPEECH (cont.)**  
(in millions of dollars)

	Financial impact for the government		
	1999-2000	2000-2001	2001-2002
<b>B. EXPENDITURE MEASURES</b>			
<b>1. Major increase in health and social services resources</b>			
More funding for the network:			
– increase resources of institutions	- 462.0	- 400.0	- 400.0
– increase resources for salaries and other operating costs	- 112.0	- 765.0	- 735.0
Increase and develop services	- 208.0	- 539.0	- 559.0
Acquisition of new equipment	—	- 200.0	—
<b>Sub-total</b>	<b>- 782.0</b>	<b>- 1 904.0</b>	<b>- 1 694.0</b>
<b>2. Actions for young people and education</b>			
Additional resources for the education networks	- 288.0	- 632.0	- 733.0
Other additional resources for young people and education	- 250.0	- 42.8	- 118.8
<b>Sub-total</b>	<b>- 538.0</b>	<b>- 674.8</b>	<b>- 851.8</b>
<b>3. Investments in support of economic transformation and even more job creation</b>			
Increased support for business investment	—	- 72.2	- 71.7
Development of e-commerce and the new economy	—	- 49.0	- 81.0
Infrastructure modernization	- 290.0	- 5.0	—
<b>Sub-total</b>	<b>- 290.0</b>	<b>- 126.2</b>	<b>- 152.7</b>
<b>4. Regional development</b>			
Support for the development of rural areas	—	- 3.0	- 3.0
Support for regional and local economies	—	- 51.4	- 36.7
Assistance for regional economic diversification	- 50.0	- 9.0	- 9.0
Natural resource exploitation	- 128.7	- 15.0	- 5.0
<b>Sub-total</b>	<b>- 178.7</b>	<b>- 78.4</b>	<b>- 53.7</b>
<b>5. Increased support for cultural development</b>	<b>- 71.5</b>	<b>- 3.7</b>	<b>- 6.2</b>
<b>6. Other measures</b>			
Additional resources for sectors other than health and education	- 46.9	- 596.0	- 788.1 <sup>1</sup>
Other Budget measures	- 40.2	- 38.4	- 35.5
<b>Sub-total</b>	<b>- 87.1</b>	<b>- 634.4</b>	<b>- 823.6</b>
Less:			
– increase forecast in 1999-2000 Budget	—	793.0	741.0 <sup>1</sup>
– medical equipment financed by debt service	—	200.0	—
<b>TOTAL IMPACT OF MEASURES ON EXPENDITURES</b>	<b>- 1 947.3</b>	<b>- 2 428.5</b>	<b>- 2 841.0</b>
<b>TOTAL IMPACT OF MEASURES ON REVENUE</b>	<b>—</b>	<b>- 833.0</b>	<b>- 1 277.0</b>
<b>TOTAL IMPACT OF FISCAL AND BUDGETARY MEASURES</b>	<b>- 1 947.3</b>	<b>- 3 261.5</b>	<b>- 4 118.0</b>

Note: A negative entry indicates a cost for the government.

1. Based on the assumption that the forecast increase in program spending in 2001-2002 will be 2% (\$741 million). This amount will be distributed among the various departments and organizations in the framework of the preparation of the 2001-2002 Expenditure Budget.