



Appendix to Press Release No. 3

2005-2006 Budget

FOR IMMEDIATE RELEASE
CNW CODE 01**2005-2006 Budget Speech****MEASURES TO FOSTER WEALTH CREATION
FINANCIAL IMPACT FOR THE GOVERNMENT**
(millions of dollars)

	Full impact	2005-2006	2006-2007	2007-2008	Total
1. Corporate tax reform to encourage investment					
Reduction of more than 50% in the tax on capital	- 858	- 50	- 221	- 380	- 651
Increase in the tax rate of large companies	587	43	174	258	475
Reduction in the tax rate of SMEs	- 34	- 7	- 30	- 32	- 69
Introduction of a capital tax credit of 5% of the value of new investments in manufacturing and processing equipment	—	- 55	- 74	- 96	- 225
Increase in capital cost allowance rates	- 20	- 3	- 8	- 11	- 22
Subtotal	- 325	- 72	- 159	- 261	- 492
2. Improved assistance for business financing					
Additional capitalization of \$78 million in FIER-Régions ¹		—	—	—	—
Incentive for tax-advantaged funds to invest in specialized private investment funds		—	—	—	—
Continuation of the conversion of the Innovatech corporations into mixed public-private capital corporations ²		—	—	—	—
Asset limit of companies eligible for investments by tax-advantaged funds raised to \$100 million		—	—	—	—
SME Growth Stock		- 4	- 20	- 20	- 44
Assistance for major employment-generating projects in the information technology sector		- 5	- 10	- 20	- 35
Support for the transmission of family businesses		—	—	—	—
Subtotal		- 9	- 30	- 40	- 79

	2005-2006	2006-2007	2007-2008	Total
3. Support for R&D, innovation and exports				
Increase to 37.5% in the rate of the "R&D salary" tax credit for SMEs	- 6	- 18	- 18	- 42
Broadening of the scope of the design tax credit	- 2	- 6	- 8	- 16
Proof of concept funding program for university research findings	- 2	- 2	—	- 4
Productivity enhancement and export development	- 5	- 5	- 5	- 15
Subtotal	- 15	- 31	- 31	- 77
4. Support for regional development				
Improved forest management	- 25	- 25	- 25	- 75
\$30-million assistance fund for single-industry towns	- 10	- 10	- 10	- 30
Support for workers in forest-based communities	- 1	- 2	- 2	- 5
Support for social economy business projects in the regions	- 1	- 2	- 2	- 5
Extension of tax credits for processing activities in the resource regions	- 9	- 28	- 53	- 90
Greenhouse industry – use of alternative energy sources	- 3	- 2	—	- 5
Local products	- 2	- 3	- 4	- 9
Investments in nature park infrastructures	—	- 6	- 6	- 12
Tourism in the regions	- 5	—	—	- 5
Development of a network of protected areas	- 1	- 1	- 2	- 4
Subtotal	- 57	- 79	- 104	- 240
TOTAL	- 153	- 299	- 436	- 888

1 Capital outlay of \$78 million by the government.

2 Capital outlay of \$10 million by the government in Innovatech du sud du Québec and Innovatech Québec et Chaudière-Appalaches and of \$30 million by CRCD in Innovatech Régions ressources.