

**2006-2007 Budget
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2006-2007 Budget Speech

Reducing the personal income tax burden

Attaining the Canadian average: the government keeps its promise

"The government is taking action on several fronts to enhance the performance of the economy. Easing the tax burden of taxpayers remains one of our priorities."

- Michel Audet

Québec, March 23, 2006 – In delivering his 2006-2007 Budget Speech, Finance Minister Michel Audet recalled the government's commitment to reduce the tax burden to the Canadian average while maintaining a balanced budget and the funding of public services. "To date, taxpayers have received \$2.2 billion in tax cuts. With the 2006-2007 Budget Speech, the government is going even further," indicated the Minister of Finance.

Mr. Audet today announced an additional income tax reduction of \$362 million over a full year.

This reduction in taxes flows from the following changes:

- an increase in the deduction for workers from \$500 to \$1 000 as of January 1, 2007, thereby reducing taxpayers' income tax by \$288 million a year;
- enhancement of the refundable tax credit for home support for elderly persons;
- improvement to the tax treatment of charitable donations and other gifts;
- fiscal measures to encourage the use of public transit;
- enhancement of the income-averaging measure for artists.

"This tax reduction will benefit not only the Quebec population but the Québec economy as a whole, thereby enabling us to compete more effectively with our main trading partners to attract or retain the most competent, dynamic and creative entrepreneurs and workers," affirmed the Finance Minister.

The tax reduction announced in the 2006-2007 Budget is over and above those announced in the 2004-2005 and 2005-2006 budgets. Including the indexation of the tax system, the tax cuts granted to Québec taxpayers will reach \$2.9 billion in 2007.

In the 2004-2005 Budget, the government announced that it was giving \$1 billion back to taxpayers, mainly through the following measures:

- child assistance;
- work premium;
- a single tax system.

In addition, the 2005-2006 Budget announced an income tax reduction of \$372 million provided through:

- the introduction of the deduction for workers;
- the reform of support measures for natural caregivers and persons with disabilities.

Finally, indexation of the tax system from 2004 to 2007 reduces the tax burden on Québec taxpayers by \$1.2 billion.

“The personal tax cuts I am announcing today will reduce Québec’s tax burden differential with the other provinces. In 2003, the average tax burden differential with the other provinces was \$2.2 billion. In 2007, the differential will drop by 55% to \$980 million. Once again, the government is delivering on its commitments,” concluded Mr. Audet.

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