



2007-2008 BUDGET PRESS RELEASE No. 2

FOR IMMEDIATE RELEASE
CNW CODE 01

Recognizing the value of work: income tax reduction of \$950 million for Quebecers

Québec, May 24, 2007 – The 2007-2008 Budget tabled in the National Assembly today by Minister of Finance and Chair of the Conseil du trésor Monique Jérôme-Forget provides for a reduction of \$950 million in the tax burden of Quebec taxpayers, primarily the middle class. “We will continue to raise the standard of living of Quebecers. We are recognizing the day-to-day effort of these women and men who shoulder Québec and who are entitled to a reprieve,” the Minister declared in her Budget Speech.

This important measure has three objectives:

- recognize the value of work by reducing the tax burden of Québec taxpayers who, through their work, furnish a large share of Québec’s tax revenues;
- provide more assistance to families and the middle class in general;
- make Québec more competitive in the Canadian and North American environment.

Following the 2007-2008 Budget, the minimum tax rate of 16% will apply to all income not exceeding \$37 500 (currently \$29 290), the rate of 20% to all income above \$37 500 but not exceeding \$75 000 (currently between \$29 290 and \$58 595) and the highest rate of 24% to income of over \$75 000 (currently \$58 595).

In addition, the basic tax credit will be raised from \$9 745 to \$10 215.

The tax reduction can reach nearly \$2 000 (\$1 939) a year for a couple with two incomes and two dependent children and nearly \$1 000 (\$969) a year for a person living alone.

“For more than four years now, we have improved the situation of Quebecers and raised their standard of living through measures to reduce their tax burden and through Child Assistance payments. Overall, we have increased family assistance by 30%. We will continue to work for all Quebecers—families, people with low incomes, workers and taxpayers as a whole,” the Minister said.

Increase in federal transfers

This year, Québec will receive \$2.2 billion more in federal transfers than last year. Two thirds of this amount will be devoted to increased investment in health and education. The other third will go to the personal income tax reduction, which targets primarily the middle class.

“We have to ensure Québec is as competitive as possible in the Canadian and North American environment,” affirmed Ms. Jérôme-Forget. This year, eight other provinces brought in income tax reductions. Five of them receive equalization payments. Were this parliament not to cut income tax, the tax burden gap with the other provinces would be wider.”

The goal of the Québec government is to reduce Quebecers’ tax burden to the Canadian average, as representatives from economic circles have been requesting for many years. With this budget, the government has managed to narrow this gap, which is detrimental to Québec, by 70%.

“When we took office in 2003, Quebecers’ taxes were the highest in North America. However, with the passage of this budget, only four Canadian provinces will have lower income tax than Québec,” indicated the Minister.

- 30 -

Source: Valérie Sauvé
Press Officer
Office of the Minister of Finance,
Minister of Government Services,
Minister responsible for Government Administration
and Chair of the Conseil du trésor
418 643-5270
www.finances.gouv.qc.ca