

Québec Economic Plan – March 2016

Increased Support for Québec SMBs

Québec, March 17, 2016 – Since Budget 2014-2015, the government has increased its support for Québec SMBs, particularly by reducing their tax burden. The Québec Economic Plan provides for additional measures totalling \$282 million over five years to strengthen this support.

“SMBs are an important driver of economic growth and job creation in Québec and its regions. By favouring general application measures to stimulate investment, the government seeks to provide SMBs with a fiscal environment that enables them to grow, innovate and be competitive,” Minister of Finance Carlos Leitão said.

Additional reduction in the Health Services Fund (HSF) contribution

Overly high fixed costs, such as payroll taxes, are the main drag on the growth of SMBs and job creation. The government is therefore taking action to provide them with a competitive fiscal environment. Thus, the HSF contribution rate applicable to businesses with a payroll of \$1 million or less will gradually be reduced by 2021, i.e. from:

- 1.6% to 1.45% for the primary and manufacturing sectors;
- 2.7% to 2.0% for the service and construction sectors.

“With the other decreases in the HSF contribution already announced by our government, the reduction in the tax burden on SMBs will ultimately reach \$385 million annually,” the Minister pointed out.

Support for the export of Québec innovations

The Québec Economic Plan provides for additional assistance of \$32.5 million over three years to support exporting SMBs that want to bring their innovation activities to fruition. This support will foster marketing projects for Québec innovations. To support SMBs in their initiatives, a portion of the envelope will be set aside for Export Québec, whose mandate is to provide services tailored to the needs of exporting businesses that want to develop, consolidate and diversify their markets outside Québec.

Facilitating the transfer of family businesses

The government also recognizes how important family business transfers are for the renewal of entrepreneurship in Québec. That is why, as part of the Québec Economic Plan, the government is announcing that the tax relief for transfers of family businesses in the primary and manufacturing sectors will be implemented immediately. This measure had initially been slated for January 1, 2017.

“For many entrepreneurs, their children are the ones who will ensure the future sustainability of their business. This is especially true in the agricultural sector, which is crucial to the economy in several regions. We are therefore taking action to facilitate the transfer of family businesses so that a new generation can contribute to the prosperity of their community and Québec as a whole,” Mr. Leitão concluded.

- 30 -

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