

QUEBEC BUDGET

MARCH 10, 2020



FL Fuller Landau SENCRL/LLP
Place du Canada, 1010 De La Gauchetière St. West
Suite 300, Montréal (Québec) Canada H3B 2S1
T: 514.875.2865 | F: 514.866.0247
flmontreal.com



TABLE OF CONTENTS

Introduction

Measures pertaining to individuals

Measures pertaining to businesses

Other measures

Plan to ensure tax fairness

Appendix

INTRODUCTION

The Minister of Finance, Mr. Eric Girard, tabled his second budget on March 10, 2020. This budget enables the government to continue its efforts to increase the potential of the economy and create more wealth for all Quebecers by taking action on several fronts.

Here are the highlights of the 2020-2021 budget.

MEASURES PERTAINING TO INDIVIDUALS

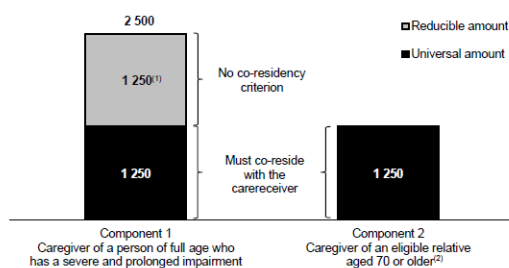
Introduction of a refundable tax credit for caregivers

In 2020, the four existing components of the tax credit for informal caregivers of persons of full age will be replaced by the new refundable tax credit, called the “tax credit for caregivers,” comprising the following two components:

- > component 1: universal basic tax assistance of \$1,250 (in the case of coresidency) and reducible assistance of \$1,250 (no co-residency requirement) for a caregiver providing care to a person aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living;
- > component 2: universal tax assistance of \$1,250 for a caregiver who supports and co-resides with a relative aged 70 or older.

The following graph illustrates the two components of the new credit.

Illustration of the tax assistance – 2020 (dollars)



(1) This amount is reduced based on the carereceiver's net income over \$22,180, at a rate of 16%.

(2) For this component, the carereceiver does not have to have a severe and prolonged impairment.

Amounts of the tax credit according to the new components

For the purposes of both component 1 and component 2 of the new tax credit, a caregiver will be entitled to a non-reducible universal amount of \$1,250 where the caregiver co-resides in the same self-contained domestic establishment as the eligible carereceiver, provided the caregiver meets the other criteria giving rise to the tax credit.

Under component 1 of the new tax credit, the caregiver of an eligible carereceiver aged 18 or

older who has a severe and prolonged impairment in mental or physical functions and who, according to certification by a health professional, needs assistance in carrying out a basic activity of daily living will receive additional assistance of up to \$1,250 for the year, thereby raising the potential assistance under component 1 to \$2,500 if the caregiver co-resides with the eligible carereceiver.

However, if the caregiver does not co-reside with the eligible carereceiver, the only assistance to which the caregiver is entitled will be a reducible amount of up to \$1,250 under component 1 of the tax credit.

The \$1,250 amount will be reduced in the same way as is done currently, according to a rate of 16% for each dollar of the eligible carereceiver's income that exceeds the reduction threshold applicable for the year. For 2020, the reduction threshold is \$22,180.

Notion of “eligible carereceivers”

As of 2020, the tax credit will henceforth be open, under component 1, to caregivers providing assistance to the following eligible carereceivers:

- > a spouse at least 18 years old, but under age 70, who has a severe and prolonged impairment in mental or physical functions and needs assistance in carrying out a basic activity of daily living;
- > family member aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living, even if he or she is able to live alone;
- > a person aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living, but has no family relationship with the caregiver, provided a professional of the health and social services network certifies that the caregiver is genuinely involved with the eligible carereceiver by providing the person with ongoing assistance in carrying out a basic activity of daily living.

More specifically, for the purposes of both component 1 and component 2 any person who is one of the following persons during the minimum co-residency or assistance period

applicable for a year will be considered an “eligible carereceiver” of a caregiver throughout that period:

- > the father, mother, grandfather, grandmother, uncle, aunt, great-uncle or great-aunt of the caregiver or of the caregiver's spouse; or
- > any other direct ascendant of the caregiver or of the caregiver's spouse.

Also, for the purposes of both component 1 and component 2 of the new tax credit, the eligible carereceiver cannot be a person living in a dwelling located in a seniors' residence or in a facility of the public network.

Clarifications concerning the notion of “eligible carereceivers” according to the components

For the purposes of component 1 of the new tax credit, the following persons of full age will also be included among eligible carereceivers under component 1: the spouse as well as the child, grandchild, nephew, niece, brother and sister of the caregiver.

For the purposes of component 2 of the new tax credit, the eligible carereceiver must be aged 70 or older and cannot be the caregiver's spouse.

The table 1 in appendix presents the main parameters of the two components of the new refundable tax credit for caregivers.

Advance payment of the universal basic amount under components 1 and 2 of the refundable tax credit for caregivers

The government will allow the basic universal amount of \$1,250 under component 1 or component 2 of the tax credit to be paid by advance payments, on a monthly basis, as of 2021.

Furthermore, the reducible amount under component 1 of the new tax credit for caregivers cannot be paid in advance to the caregiver.

It can be claimed only when the income tax return is filed.

Application date

The new refundable tax credit for caregivers comprising two new components replaces the four components of the tax credit for informal caregivers of persons of full age as of January 1, 2020.

Changes to the other tax credits relating to informal caregivers

As of 2020, a caregiver who paid respite expenses in respect of a carereceiver having a severe and prolonged impairment in mental or physical functions can claim an additional amount under the refundable tax credit for caregivers. This assistance for respite expenses will be equal to 30% of total qualifying expenses up to \$5 200 and will no longer be reducible.

The various changes made to the refundable tax credit for caregivers will provide more tax assistance to most of the people who claimed the refundable tax credit for volunteer respite services or the refundable tax credit for respite expenses of informal caregivers. Consequently, these two tax credits will be eliminated as of 2021.

However, for 2020, an individual will not be able to claim, in respect of the same eligible carereceiver, both the refundable tax credit for caregivers and the refundable tax credit for respite expenses or refundable tax credit for volunteer respite services.

Simplification of payment of the refundable tax credit for solidarity to the surviving spouse

The solidarity tax credit consists of tax assistance to offset the regressive nature of certain taxes for low and middle-income households. The tax credit is granted on a family basis and is paid to only one of the spouses.

If the spouse who claimed the tax credit dies, the tax credit for the household ceases to be paid as of the payment following the death.

Currently, the surviving spouse can receive the payments to which the deceased spouse would have been entitled on behalf of the household for the remainder of the year. However, the surviving spouse must claim the tax credit by completing Schedule D of the income tax return again and filing it with Revenu Québec.

This involves an extra administrative step for the surviving spouse, which means a potential delay in payment of the tax assistance.

To reduce the administrative burden following a death and enable the surviving spouse to quickly receive the amounts to which he or she is

entitled, the solidarity tax credit will henceforth be paid automatically to the surviving spouse as soon as Revenu Québec is informed of the other spouse's death.

Application date

Automatic payment will apply in respect of deaths that occur on or after July 1, 2020.

MEASURES PERTAINING TO BUSINESSES

Introduction of the tax credit for investments and innovation

The tax credit for investments and innovation (C3i) will be granted to a qualified corporation that acquires, after March 10, 2020 and before 2025, manufacturing or processing equipment, computer equipment or certain management software packages.

The tax credit rate will be 10%, 15% or 20%. It will be determined according to the location and the economic vitality index of the area where the investments are made.

The C3i will be fully refundable for SMBs and non refundable for large businesses. In certain situations, the C3i will be partially refundable. The non-refundable portion of the tax credit of a taxation year may then be carried over to another taxation year.

Eligible expenses for property will be those exceeding \$12,500 for the acquisition of manufacturing and processing equipment. The threshold will be set at \$5,000 for computer hardware and management software packages.

The C3i will replace the tax credit for investments. A corporation may nevertheless, on certain conditions, elect to receive the tax credit for investments according to its current terms and conditions.

Eligible companies

The tax legislation will be amended so that the expression “qualified corporation” means a corporation that carries on a business in Québec and has an establishment in Québec, except excluded companies.

A qualified corporation that is a member of a qualified partnership may, on certain conditions,

receive the C3i in respect of its share of the specified expenses incurred by the partnership for the acquisition of a specified property.

Specified property

A specified property will include:

- > manufacturing and processing equipment (classes 43 or 53);
- > computer hardware (class 50);
- > management software packages (part of class 12).

Specified expenses

The specified expenses in respect of which the tax credit for investments and innovation is claimed must have been paid at the time the application for the tax credit is filed. Where the specified expenses are paid more than 18 months following the end of the taxation year in which they were incurred, those specified expenses will then be specified expenses of the qualified corporation for the taxation year or of the qualified partnership for the fiscal period, as applicable, in which they were paid.

Rate of the tax credit

Businesses in all regions of Québec will be able to claim the C3i. Those established in the Montréal (table 3.1) and Québec (table 3.2) metropolitan communities will benefit from a rate of 10% on their eligible investments.

To further support businesses outside these metropolitan communities, the government will raise their C3i rate to 15%.

To take into account the particular economic challenges in certain regions, the government will increase the tax credit rate to 20% in territories where the economic vitality index is among the lowest 25% in Québec (table 3.3).

Table 2 in the appendix presents the main parameters of the C3i.

Application date

The tax credit for investments and innovation will apply in respect of the specified expenses incurred after March 10, 2020, but before January 1, 2025, for the acquisition of a specified property after March 10, 2020, but before January 1, 2025.

Extending the eligibility period for the tax holiday for large investment projects

The tax holiday for large investment projects allows eligible businesses to receive a tax holiday on their income and on their contribution to the Health Services Fund (HSF); the tax holiday is equivalent to a maximum of 15% of their investments, spread over a maximum period of 15 years.

To qualify for the measure, an investment project must, among other things, consist of at least \$100 million if it is carried out in a central region and at least \$50 million if it is carried out in a designated region.

Businesses who want to benefit from the tax holiday for large investment projects currently have until December 31, 2020 to apply for an initial certification.

In Budget 2020-2021, the government is announcing the extension of the eligibility period for the tax holiday for large investment projects until December 31, 2024.

Introducing the incentive deduction for the commercialization of innovations

To be eligible for the incentive deduction for the commercialization of innovations (IDCI), a business must have an establishment in Québec, commercialize intellectual property (IP) there and have incurred R&D expenses in Québec.

The qualified IP will mean a legally protected incorporeal property that is:

- > an invention protected by:
 - a patent or a certificate of supplementary protection,
 - plant breeder's rights; or
- > software protected by copyright.

Also, to qualify as a qualified intellectual property asset, the property must result from R&D activities carried out in whole or in part in Québec.

Revenues from the commercialization of such IP, including revenues from the sale or rental of

goods, services and royalties, will be eligible for the IDCI.

These revenues will be taxed at an effective rate of 2.0%, a reduction of 9.5 percentage points compared to the general rate.

In addition, to facilitate application of the IDCI, a simplified calculation method will be offered, which will encourage its uptake, particularly by SMBs.

Moreover, as of January 1, 2021, the IDCI will replace the deduction for innovative corporations (DIC), which has been in force since January 1, 2017. Businesses currently eligible for the DIC will be eligible for the IDCI.

Application date

This new deduction will apply in respect of a taxation year of a corporation beginning after December 31, 2020.

Elimination of the exclusion threshold for R&D tax credits fostering collaboration with research entities

Under the expenditure exclusion threshold, no tax assistance is granted for a taxpayer's or partnership's otherwise qualified R&D expenditures that are below a threshold applicable to the taxpayer or partnership for a taxation year. This threshold corresponds to an amount of \$50,000 that increases linearly to \$225,000 where the assets of the taxpayer or partnership, as applicable, vary between \$50 million and \$75 million.

The tax legislation will be amended to eliminate the exclusion threshold for qualified expenditures relating to a university research contract, an eligible research contract entered into with an eligible public research centre, a pre-competitive research project carried out in private partnership, or fees or dues paid to an eligible research consortium.

The elimination of the expenditure exclusion threshold will not apply to the "R&D salary" refundable tax credit. However, for the purposes of calculating that tax credit, the rule providing for the splitting of the exclusion threshold among the various R&D tax credits will continue to apply as if the definition of reducible expenditures still applied to the other refundable R&D tax credits.

Application date

These changes will apply to expenditures incurred by a taxpayer or partnership for a taxation year or fiscal period, as applicable, that begins after March 10, 2020 relating to R&D work carried out after that day.

Introduction of the synergy capital tax credit

This tax credit aims to encourage established businesses to invest in the share capital of Québec SMBs.

This new measure will foster the establishment of ties and synergy between Québec businesses as well as facilitate access to capital.

Main parameters of the measure

Businesses that invest in an eligible SMB will be able to claim a non refundable tax credit equivalent to 30% of the value of their investment in eligible shares and can be, for a corporation, up to \$225,000 annually. Eligible investments will therefore be limited to \$750,000 per investor per year.

The eligible SMBs will mean the Canadian-controlled private corporations with a permanent establishment in Québec, with paid-up capital of less than \$15 million and gross income of less than \$10 million and the corporations operating in an eligible sector for at least one year.

The eligible sectors will be those working in green technologies, information technologies, life sciences, the innovative manufacturing sector and artificial intelligence.

The eligible investors will mean the business corporations with an establishment in Québec and dealing at arm's length with the eligible SMB and the corporations not primarily engaged in financing or investing in businesses.

The eligible investments will be those in capital stock, limited to:

- > equity participation that does not result in control of an eligible SMB;
- > \$750,000 per year per investor;
- > \$1 million per year per eligible SMB.

Obtaining this tax credit requires a minimum holding period of 5 years.

Investissement Québec will be able to issue authorized placement certificates for an amount not exceeding \$30 million annually.

Application date

The synergy capital tax credit will apply in respect of a share subscription carried out after December 31, 2020.

Introduction of a refundable tax credit for SMEs for persons with a severely limited capacity for employment

This refundable tax credit will be granted to qualified corporations that employ individuals with a severely limited capacity for employment. The refundable tax credit will be equal to the amount of the employer contributions paid by the corporation in respect of such an employee.

A qualified corporation that is a member of a qualified partnership can also claim this refundable tax credit in respect of its share of the employer contributions paid by the partnership regarding an employee with a severely limited capacity for employment.

Table 4 in the appendix presents the main parameters of this tax credit.

Changes to the refundable tax credit for Québec film or television production**Change to the definition of a film adapted from a foreign format**

A film, including a television program, that is not developed from a foreign format benefits from a higher base rate than a film adapted from a foreign format.

So that the tax assistance provided by means of the tax credit will continue to prioritize original Québec productions, the *Act respecting the sectoral parameters of certain fiscal measures* (hereinafter, the "sectoral act") will be amended so that the conditions defining a film adapted from a foreign format in the case of a film whose primary market is the television market also apply to a film whose primary market is the online broadcasting market.

This change will apply to a film or television production for which an application for an advance ruling, or an application for a

qualification certificate if no application for an advance ruling was previously filed for the production, is filed with the Société de développement des entreprises culturelles (SODEC) after March 10, 2020.

Change to the requirements for application of the higher rate for a French-language film

The refundable tax credit for Québec film or television production includes several base rates.

To further encourage French-language film productions, the sectoral act will be amended so that, like films whose primary market is television broadcasting, certain French-language films whose primary market is online broadcasting will benefit from the higher base rate for French-language film productions.

This change will apply to a film or television production for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed for the production, is filed with SODEC after March 10, 2020.

Increase in the refundable tax credit for sound recordings

To further encourage the growth of this rapidly changing industry, the tax legislation will be amended to raise the limit on labour expenditures eligible for the refundable tax credit for sound recordings to 65% of the production costs of a qualified property.

This amendment will apply in respect of a qualified property for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed, is filed with SODEC after March 10, 2020.

Increase in the refundable tax credit for the production of performances

To further support the creation of performances and better reflect the reality of the industry, the tax legislation will be amended to raise the limit of the qualified labour expenditures for the refundable tax credit for the production of performances to 65% of the production costs of the performance.

The maximum amounts of the tax credit in respect of a qualified performance, whether it is a musical comedy, a comedy show or any other show, remain unchanged.

This change will apply in respect of a performance whose first eligibility period ends after March 10, 2020 and for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed for that period, is filed with SODEC after March 10, 2020.

Change to the notion of interactivity for the purposes of the refundable tax credits for multimedia titles

For a multimedia title to be an eligible multimedia title for the purposes of the tax credit – general component or the tax credit – specialized component it must be published on an electronic medium and controlled by software allowing interactivity.

However, a multimedia title may have different levels of interactivity. To specify the level of interactivity required for a multimedia title to be recognized by Investissement Québec as an eligible multimedia title for the purposes of both the tax credit – general component and the tax credit – specialized component, an amendment will be made to the *Act respecting the sectoral parameters of certain fiscal measures*.

A title may thus be considered to be controlled by software allowing interactivity if the conditions respecting the user's participation in the action of the title are met for all or substantially all of the action.

Application date

This amendment will apply, in respect of both the tax credit – general component and the tax credit – specialized component, to an application for a certificate filed with Investissement Québec after March 10, 2020 for a taxation year beginning after that day.

Change in activities eligible for the tax credits for the development of e-business

The tax legislation will be amended so that an activity involving the design or development of e-commerce solutions allowing a monetary

transaction between the person on behalf of whom the design or development is carried out and that person's customers (for example design and development of websites) will no longer be an eligible activity for the purposes of the TCEB.

However, such an activity involving the design or development of e-commerce solutions may be an eligible activity if it is incidental to an eligible activity relating to the development or integration of information systems or of technology infrastructures.

Application date

This change will apply to a taxation year of a corporation beginning after March 10, 2020.

OTHER MEASURES

Standardizing fees for childcare services at school

Currently, the fees charged to parents for childcare services at school vary from one institution to another and according to the regions. As of 2020-2021, fees for childcare services at school will be standardized and capped out to promote fairness, regardless of the school attended, the region and the attendance status.

Accelerating eligibility for more generous benefits under the Social Solidarity Program

Persons whose parents received the supplement for handicapped children requiring exceptional care will be able to benefit from accelerated eligibility for more generous benefits under the Social Solidarity Program. Currently, to be eligible for these more generous benefits, a person must have received benefits under the Social Solidarity Program for at least 66 of the preceding 72 months.

The calculation of the length of time a person has been a recipient of the Social Solidarity Program will be changed so as to include the length of time the supplement for handicapped children requiring exceptional care was received.

Extension of the period excluded under the QPP for parents of severely disabled children

The retirement pension paid under the QPP is calculated on the basis of the average pensionable earnings on which the person contributed during his or her working life. Thus, a prolonged absence from the labour market reduces the amount of the retirement pension paid. Consequently, when a parent is absent from the labour market in order to take care of a child under age 7, the periods of low earnings are excluded from the contributory period.

To recognize the important role of parents of severely disabled children, the government is announcing changes to the QPP's base plan. The period excluded from the base contributory period for a parent who leaves the labour market to take care of a child in respect of whom the parent receives the supplement for handicapped children requiring exceptional care, will be raised from 7 to 18 years.

Rebate program for the acquisition of an electric vehicle

The government is presently ensuring the continued financing, until March 31, 2021, of rebates of up to \$8,000 on the purchase of an electric vehicle and \$4,000 on the purchase of an all-electric used vehicle.

To support Quebecers' energy transition, the government is extending the Roulez vert program until March 31, 2026.

The parameters of the rebates for the acquisition of an electric vehicle that will apply after March 31, 2021 will be specified at a later date. These rebates will provide financial support in line with market developments.

PLAN TO ENSURE TAX FAIRNESS

Continuation of the action plan

In the interest of fairness and to ensure the funding and improvement of the public services that benefit all Quebecers, the government is continuing its efforts to collect tax revenues that escape it.

The Tax Fairness Action Plan is the strategy being implemented by the government to fight tax evasion and tax avoidance and to ensure the integrity of the tax system.

Collection of the QST by suppliers outside Québec

The Québec government is reiterating its determination to see the QST collected on corporeal property from abroad, and it intends to require that foreign suppliers collect the QST when they sell, in Québec, corporeal property to Québec consumers.

To that end, Québec would like to proceed in a harmonized and coordinated manner with the federal government. In fact, the latter has also expressed its intention to require that “international digital corporations whose products are consumed in Canada collect and remit the same level of sales tax as Canadian digital corporations.”

Given the shared determination of both governments, Québec will work with the federal government to implement in 2021 harmonized rules for the collection of the QST and the GST/HST by foreign suppliers.

New measures of the Tax Fairness Action Plan

The government is providing for investments of \$29.6 million over five years in order to:

- > strengthen corporate transparency;
- > step up actions to fight tax evasion and tax avoidance;
- > more effectively combat fraud against the government.

Strengthening corporate transparency

To continue its efforts to strengthen corporate transparency, the government will:

- > require businesses to declare information on beneficial owners to the Registraire des entreprises du Québec (REQ);
- > make it possible to do searches in the enterprise register using the name of a natural person;
- > prohibit the issue of subscription warrants or stock options in bearer form.

The government will optimize corporate transparency while protecting privacy and personal information. Legislative amendments will be required for this purpose.

Stepping up actions to fight tax evasion and tax avoidance

To optimize its initiatives, the government is prioritizing action in sectors deemed to be more at risk.

Tightening regulations in the personnel placement agency sector

The government provides that personnel placement agencies that hold this licence will be required to have a valid *Attestation de Revenu Québec* at all times. This will enable businesses to regularize their tax obligations with Revenu Québec.

Granting more powers to inspectors in the remunerated passenger transportation sector

Once the provisions pertaining to sales recording systems come into effect, a bill will have to be remitted to the customers of any person or business offering remunerated passenger transportation services, whether through traditional taxis or new digital platforms. Sales recording systems will make it easier for operators to compile sales.

Consideration is being given to implementing these measures gradually as of summer 2020.

Other measures

- > The government will identify targeted measures in the residential renovation sector to simplify tax compliance.
- > The funding granted to the Régie du bâtiment du Québec will be increased to step up criminal history checks on the guarantors, directors and shareholders of construction companies.
- > The government is providing to increase efforts to combat tobacco smuggling.
- > The government is providing to adapt inspection and investigation methods for alcoholic beverages.
- > The government will increase interventions in the financial sector and the new economy, particularly by the followings actions:

- increasing the number of inspections of money-services businesses;
- continuing to develop expertise in the cryptocurrency sector;
- enabling suppliers that are active on collaborative economy platforms to comply more effectively with their tax obligations.

Combatting fraud against the government more effectively

The government is providing increased funding for the Sûreté du Québec in order to:

- > step up the fight against crimes committed using digital media by, in particular, improving the information detection and collection process;
- > accelerate computer analyses conducted as part of investigations.

APPENDIX

Table 1

Main parameters of the refundable tax credit for caregivers – 2020

	Component 1: Eligible carereceiver aged 18 or older having a severe and prolonged impairment	Component 2: Eligible relative aged 70 or older having no severe and prolonged impairment
Universal amount (with co-residency)	\$1 250	\$1 250
Reducible amount (with or without co-residency)	\$1 250	—
Reduction threshold ⁽¹⁾	\$22 180	—
Reduction rate	16%	—
Characteristics of the carereceiver	Person aged 18 or older having a severe and prolonged impairment in mental or physical functions and needing assistance in carrying out a basic activity of daily living ⁽²⁾	Person aged 70 or older having no severe and prolonged impairment
Eligible carereceivers	Spouse, father, mother, grandfather, grandmother, child, grandchild, nephew, niece, brother, sister, uncle, aunt, great-uncle, great-aunt or any other direct ascendant of the caregiver or of the caregiver's spouse, person having no family relationship with the caregiver (certificate of ongoing assistance)	Father, mother, grandfather, grandmother, uncle, aunt, great-uncle, great-aunt or any other direct ascendant of the caregiver or of the caregiver's spouse
Assistance period	365 consecutive days, including at least 183 days during the year (unless the caregiver or the carereceiver dies during the year)	
Shareable	Yes, provided each of the caregivers, as applicable, co-resided with or supported the eligible carereceiver for at least 90 days	
Other restrictions	The carereceiver cannot be a person living in a seniors' residence or in a facility of the public network	

(1) The threshold is based on the carereceiver's net income.

(2) The requirement respecting being unable to live alone is replaced by the need for assistance in carrying out a basic activity of daily living. Caregivers eligible for the current tax assistance will not be required to submit a new certificate of impairment of the eligible carereceiver to be eligible for the new tax credit.

Table 2

Main parameters of the investment and innovation tax credit

Eligible corporations	Corporations with an establishment in Québec and that operate a business here ⁽¹⁾
Eligible property	Manufacturing and processing equipment (capital cost allowance classes 43 or 53) Computer hardware (capital cost allowance class 50) Management software packages (part of capital cost allowance class 12)
Eligible expenses	Expense threshold: – \$12 500 per property for manufacturing and processing equipment – \$5 000 per property for computer hardware or management software packages
Tax credit rate	Montréal and Québec metropolitan communities: 10% Other territories or regions: 15% Territories with low economic vitality: 20%
Repayability criteria	Refundable for businesses with assets and gross income not exceeding \$50 million Non refundable for corporations with assets and gross income of \$100 million or more ⁽²⁾
Investment ceiling	A \$100-million cap on investment expenditures over five years
Maturity	Eligible property must be acquired before January 1, 2025

(1) The following corporations will not be eligible for the C3i: a corporation exempt from tax, a Crown corporation or a wholly-controlled subsidiary of such a corporation, an aluminum-producing corporation and an oil-refining corporation.

(2) The tax credit will be partially refundable when the corporation's assets or gross income exceed \$50 million but is less than \$100 million.

Table 3.1

Municipalities of the Communauté métropolitaine de Montréal

Baie-D'Urfé	Hampstead	Mont-Saint-Hilaire	Saint-Mathias-sur-Richelieu
Beaconsfield	Hudson	Notre-Dame-de-l'Île-Perrot	Saint-Mathieu
Beauharnois	Kirkland	Oka	Saint-Mathieu-de-Belœil
Belœil	La Prairie	Otterburn Park	Saint-Philippe
Blainville	L'Assomption	Pincourt	Saint-Sulpice
Boisbriand	Laval	Pointe-Calumet	Sainte-Anne-de-Bellevue
Bois-des-Filion	Léry	Pointe-Claire	Sainte-Anne-des-Prairies
Boucherville	Les Cèdres	Pointe-des-Cascades	Sainte-Catherine
Brossard	L'Île-Cadieux	Repentigny	Sainte-Julie
Calixa-Lavallée	L'Île-Dorval	Richelieu	Sainte-Marthe-sur-le-Lac
Candiac	L'Île-Perrot	Rosemère	Sainte-Thérèse
Carignan	Longueuil	Saint-Amable	Senneville
Chambly	Lorraine	Saint-Basile-le-Grand	Terrasse-Vaudreuil
Charlemagne	Mascouche	Saint-Bruno-de-Montarville	Terrebonne
Châteauguay	McMasterville	Saint-Constant	Varenes
Contrecoeur	Mercier	Saint-Eustache	Vaudreuil-Dorion
Côte-Saint-Luc	Mirabel	Saint-Isidore	Vaudreuil-sur-le-Lac
Delson	Montréal	Saint-Jean-Baptiste	Verchères
Deux-Montagnes	Montréal-Est	Saint-Joseph-du-Lac	Westmount
Dollard-Des Ormeaux	Montréal-Ouest	Saint-Lambert	
Dorval	Mont-Royal	Saint-Lazare	

Table 3.2

Municipalities of the Communauté métropolitaine de Québec

Beaupré	Saint-Gabriel-de-Valcartier
Boischatel	Saint-Jean-de-l'Île-d'Orléans
Château-Richer	Saint-Joachim
Fossambault-sur-le-Lac	Saint-Laurent-de-l'Île-d'Orléans
Lac-Beauport	Saint-Louis-de-Gonzague-du-Cap-Tourmente
Lac-Delage	Saint-Pierre-de-l'Île-d'Orléans
Lac-Saint-Joseph	Saint-Tite-des-Caps
L'Ancienne-Lorette	Sainte-Anne-de-Beaupré
L'Ange-Gardien	Sainte-Brigitte-de-Laval
Lévis	Sainte-Catherine-de-la-Jacques-Cartier
Québec	Sainte-Famille-de-l'Île-d'Orléans
Saint-Augustin-de-Desmaures	Sainte-Pétronille
Saint-Ferréol-les-Neiges	Shannon
Saint-François-de-l'Île-d'Orléans	Stoneham-et-Tewkesbury

Table 3.3

Low economic vitality zone

Antoine-Labelle	La Vallée-de-la-Gatineau
Argenteuil	Le Golfe-du-Saint-Laurent
Avignon	Le Rocher-Percé
Bonaventure	Les Appalaches
Charlevoix-Est	Les Basques
Communauté maritime des Îles-de-la-Madeleine	Les Etchemins
La Côte-de-Gaspé	Les Sources
La Haute-Côte-Nord	Maria-Chapdelaine
La Haute-Gaspésie	Matawinie
La Matanie	Mékinac
La Matapédia	Pontiac
La Mitis	Shawinigan
La Tuque	Témiscouata

Table 4

Main parameters of the reduction in payroll taxes to facilitate the integration of people with severely limited capacity for employment

Eligible employers	Corporation meeting the main eligibility criteria for the small business deduction ⁽¹⁾
Eligible employees	Employee for whom the corporation received an attestation certifying that the person received benefits under the Social Solidarity Program as a result of a severely limited capacity for employment during the year in question or one of the five preceding years or Employee with a severe and prolonged impairment in mental or physical functions ⁽²⁾
Eligible payroll taxes	Québec payroll contributions ⁽³⁾
Reduction in payroll taxes	100% of Québec payroll contributions regarding wages paid to eligible employees

(1) Canadian-controlled private corporation with paid-up capital of less than \$15 million.

(2) As defined for the purposes of the tax credit for a severe and prolonged impairment in mental or physical functions.

(3) Contributions to the Health Services Fund, the Québec Pension Plan, the Québec Parental Insurance Plan and the Commission des normes, de l'équité, de la santé et de la sécurité du travail.