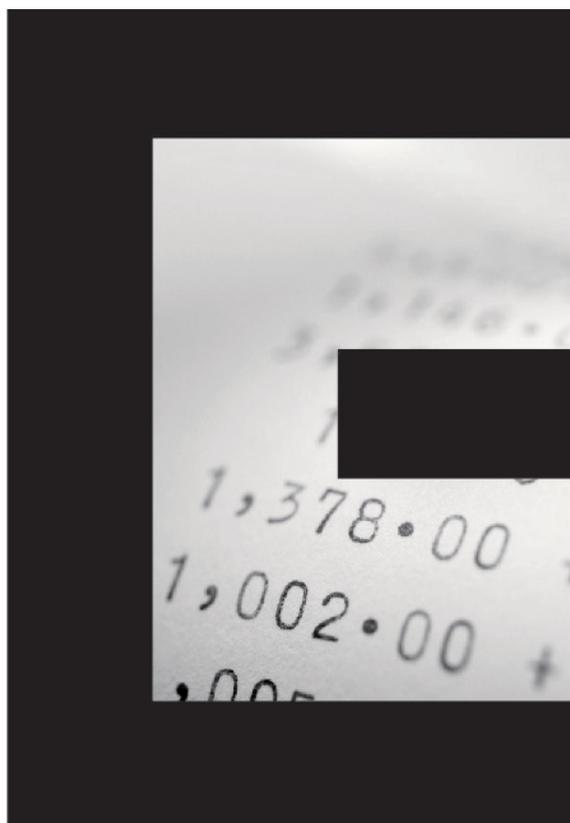


# 2018 Quebec Budget Tax Highlights for High Net Worth Individuals and Business Owners



Similar to our 2018 Federal Budget release, we have chosen not to summarize all tax measures proposed in this year's Budget and have instead highlighted what we believe is most impactful to you.

## Select Corporate Tax Measures

- The small business tax rate will gradually decrease each year from 8% to 4% beginning today and ending in 2021 for those entities not already entitled to the 4% rate. Access to this low rate continues to be restricted to those meeting certain strict tests as previously announced.
- Quebec has not adopted the Federal measure regarding the interplay between the amount of a corporation's investment income and its ability to access the small business tax rate.
- The 35% additional deduction for manufacturing or processing equipment and general-purpose electronic data processing equipment is being increased to 60% for acquisitions made after March 27, 2018 and before April 1, 2020.

## Select Personal Tax Measures

- The tax rate on dividends received after March 27, 2018 will be **increased** as follows:

	Pre Budget (2018)	Post Budget (2018)	2019	2020	2021
Eligible dividends	39.83%	39.89%	40.00%	40.11%	40.11%
Non-eligible dividends	43.94%	44.83%	46.25%	47.14%	48.02%

- Quebec will harmonize with the Federal income splitting measures.
- The voluntary disclosure program will be reviewed throughout 2018 and 2019. We anticipate that the scope of the program will be significantly narrowed in light of recent Federal and international developments.

### Select Sales Tax Measures

- Beginning in 2019, non-residents of Quebec meeting certain sales threshold will be required to register and collect QST on their taxable supplies of goods (intangibles only for those located outside of Canada) and services made to Quebec consumers not registered for QST.

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