



2020 QUEBEC BUDGET HIGHLIGHTS

CORPORATE TAX

- No change in tax rates.
- Introduction of a new deduction for corporations that commercialize and own rights in qualified intellectual property assets developed and resulting from R&D activities carried out in Quebec. This would encompass certain patents filed after March 17, 2016 and copyright-protected software created after March 10, 2020.
- Creation of a new investment and innovation tax credit of up to 20% for manufacturing or processing equipment, computer equipment or management software packages acquired after March 10, 2020 and before January 1, 2025.
- Introduction of a new non-refundable tax credit, *capital synergie*, for operating companies that invest in shares of other corporations that carry on business in the life science, manufacturing or processing, green technology, artificial intelligence or information technology sectors. The credit will equal 30% on share investments of up to \$750,000 per year.
- Creation of a new refundable tax credit for small and medium sized businesses with respect to the hiring and retention of workers with a severely limited capacity for employment.
- Elimination of certain tax measures, including the deduction for innovative manufacturing corporations for taxation years that begin after December 31, 2020.

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

TORONTO

181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

PERSONAL TAX

- No change in tax rates.
- Introduction of a new simplified refundable tax credit regime for caregivers of an individual affected by a severe and prolonged impairment with immediate effect.

OTHER MEASURES

- Quebec has announced a requirement to disclose on the *Registraire des entreprises du Quebec* (REQ) the beneficial owners of businesses carrying on activities in Quebec. The concept of the beneficial owner will include individuals holding or exercising, directly or indirectly, at least 25% of the votes or value of the business as well as individuals who have any direct or indirect influence over the control of the business. These measures will come into effect one year following the enactment of the law.
- Quebec also announced their intention to prohibit the issuance of subscription warrants (which grant the right to purchase shares at a predetermined price) or stock options (which grants a commitment to sell shares at a predetermined price) in bearer form, i.e. where a corporation does not know the identity of the holder.
- There will be a further reduction of school tax rates, applicable as of July 1, 2020.
- An intention to regulate the cryptocurrency sector was announced. No specific details were given at this time.
- A variety of climate measures were tabled including the continued funding of rebates for the acquisition of certain electric vehicles as well as the installation of charging stations until March 31, 2021 and support for homeowners to replace heating system until March 31, 2026.

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1981 McGill College
Montréal QC H3A 0G6
514.934.3400

TORONTO
181 Bay St., #3510
Bay Wellington Tower
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