



BUDGET 2024-2025

PRIORITIES

HEALTH | EDUCATION

ADDITIONAL

INFORMATION

March 2024

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Legal deposit – March 12, 2024
Bibliothèque et Archives nationales du Québec
ISBN 978-2-550-97068-2 (Print)
ISBN 978-2-550-97069-9 (PDF)

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ADDITIONAL INFORMATION

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Section A

ADDITIONAL INFORMATION ON THE FISCAL MEASURES

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1. MEASURE RELATING TO INDIVIDUALS

1.1 Changes relating to the supplements for handicapped children under the refundable tax credit granting an allowance to families

The refundable tax credit granting an allowance to families (“Family Allowance”) aims to help families meet the needs of their children under 18 years of age.

This tax credit, paid on a quarterly or monthly basis, has three main components: a basic amount for child support, a supplement for handicapped children (SHC) and a supplement for handicapped children requiring exceptional care (SHCREC).¹

The basic component of the Family Allowance is determined by the number of children under 18 living with the individual, the individual’s family situation and the family income, ensuring that low- and middle-income families receive more assistance.

When an individual has a handicapped child, that individual may also benefit in certain cases from the SHC and sometimes the SHCREC. These two supplements represent additional assistance to eligible families, regardless of family income.

This budget introduces various changes to the Family Allowance, in particular to the two supplements for handicapped children. These changes will relate to certain assessment parameters, as well as to the tables of presumed cases of serious handicap related to a disability for the purposes of the SHC. They will also involve the addition of a new situation to the first level of the SHCREC to allow eligibility for certain very young children.

1.1.1 Supplement for handicapped children

An amount of \$229 may be paid monthly under the SHC in respect of a child who has, according to the prescribed rules, an impairment or a mental function disability that significantly limits the child in performing the life habits of a child of his or her age during a foreseeable period of at least one year.²

In brief, a child whose condition, during a foreseeable period of at least one year, corresponds to the cases mentioned in Schedule A of the *Regulation respecting the Taxation Act* is presumed to be handicapped for the purposes of the SHC, unless the child is covered by one of the exclusions described in that Schedule or if the assessment parameters provided for are not complied with. In other cases, the extent of the child’s limitations in performing the life habits of a child of his or her age is to be assessed on the basis of various criteria.³

¹ The tax credit also includes a supplement for the purchase of school supplies, which is allocated in a single annual payment.

² This is the amount applicable for the 2024 taxation year.

³ These criteria are set out in the second paragraph of section 1029.8.61.19R2 of the *Regulation respecting the Taxation Act*.

❑ **Changes to certain assessment parameters for an impairment**

An impairment is manifested by a persistent histological, anatomical or metabolic alteration of any of the organ systems or by the persistent alteration of the corresponding physiological function.⁴

Currently, the alteration must be confirmed by objective signs through a physical examination, biological tests or medical imaging or, for the visual system or the hearing system, a recognized measurement of visual acuity or hearing, and these results must be attested to by a member of a professional order.⁵

In order to clarify certain parameters required to assess a child's eligibility, and to reflect the evolution of medical practices, the attestation of the results and the methods used to confirm the alteration mentioned above will be replaced by a requirement that the professional's assessment report include the following elements:

- the diagnosis(es) made;
- a description of the extent and severity of the impairments based on recognized measurements, or on a qualitative analysis if no recognized measurements are available;
- a description of the child's abilities and disabilities, as well as their impact on the child's functioning in his or her various living environments;
- a precise description of therapeutic care received over the past 12 months and those planned for the coming year.

In addition, diagnoses and the extent and severity of impairments must have been assessed by a member of a professional order in accordance with applicable standards of practice, and must be confirmed by significant observations in the anamnesis and physical examination, by biological tests, by medical imaging or by any other investigation performed and, as the case may be, by analysis of the results of criterion-referenced or normalized tests.

❑ **Revision of presumed cases of serious handicap related to an impairment**

Schedule A of the *Regulation respecting the Taxation Act* provides a series of tables of presumed cases of serious handicap for the purposes of the SHC.

This Schedule is essentially divided into two parts: the first contains the tables of presumed cases of serious handicap related to an impairment, and the second contains the tables of presumed cases of serious handicap related to a mental function disability.

⁴ *Regulation respecting the Taxation Act*, s. 1029.8.61.19R4, para. 1.

⁵ *Ibid.*, s. 1029.8.61.19R4, para. 2.

Presumed cases of serious handicap related to mental function disabilities were the subject of a major revision in 2016.⁶ However, presumed cases of serious handicap related to impairments have not been revised for many years.

In order to take into account the evolution of science and medical practices, as well as the updating of certain rules through the publication of *Information Bulletin 2016-6*,⁷ the various tables of presumed cases of serious handicap related to an impairment, presented in Part 1 of Schedule A of the *Regulation respecting the Taxation Act*, will be replaced by the following tables.

TABLE A.1

1. Impairments

1.1 Sight

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child is aged 1 or over, has an ocular disease and has a visual acuity of 6/21 or less in binocular vision after appropriate optical correction;
- b) the child has a field of vision for both eyes of less than 60 degrees at the widest diameter, measured by focusing on a central point, in binocular vision after appropriate optical correction.

Assessment parameters

Visual acuity must be measured in both eyes simultaneously, after correction with appropriate refractive lenses.

The method used to measure visual acuity must be specified in the expert's report.

The validity and reliability of the assessment, for both visual acuity and the fields of vision, must be specified in the expert's report. The assessment must reflect the child's visual abilities and the results must not be influenced by behavioural or cognitive difficulties.

1.2 Hearing

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child has an average air conduction threshold (500, 1 000, 2 000 and 4 000 Hz) greater than 70 dB in his or her best ear without a hearing aid or a cochlear implant;
- b) the child is less than six years of age and has an average air conduction threshold (500, 1 000, 2 000 et 4 000 Hz) greater than 40 dB in his or her best ear without a hearing aid.

Assessment parameters

The hearing assessment must be carried out by an audiologist and comply with the applicable standards of practice. The audiogram indicates the hearing threshold of pure sounds at 500, 1 000, 2 000 and 4 000 Hz for both ears and the results are indicated in dBHL. The validity of the assessment must be specified in the audiologist's report. The assessment must reflect the child's usual abilities. In the case of conductive hearing loss, the hearing loss resulting from it must not be temporary, as it is the case for otitis. In the case of progressive hearing loss, more than one audiogram may be required.

⁶ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2016-9*, September 23, 2016, pp. 3-12.

⁷ Id., *Information Bulletin 2016-6*, June 22, 2016.

TABLE A.1

1. Impairments (cont.)

Exclusion

A child with an auditory processing disorder is not presumed to be handicapped due to hearing.

1.3 Musculoskeletal system

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child is less than five years of age, has significant motor disabilities secondary to a disability and his or her gross or fine motor skills are less than that of the average healthy child half his or her age;
- b) the child has had complete brachial plexus palsy persisting for at least three months;
- c) the child is at least two years of age, has paresis or plegia of one or both upper limbs and, despite the application of the recommended treatments, he or she has either:
 - an absence of a functional grasp regarding the affected upper limb,
 - or, the inability to carry out bimanual activities;
- d) the child is at least three years of age, has significant motor disabilities secondary to a disability and, as medically required for his or her condition, uses chronically and daily, for the majority of their indoor and outdoor mobility, either:
 - fixed or articulated bilateral high ankle foot orthoses,
 - or, a wheelchair, a walker, bilateral quad canes or bilateral crutches;
- e) the child has an agenesis or amputation of a limb which, despite the application of the recommended treatments, is associated chronically and persistently to one of the following characteristics:
 - an absence of possible weight-bearing on the ground on the distal end of the affected lower limb when standing,
 - an absence of a functional grasp regarding the affected upper limb,
 - the inability to carry out bimanual activities;
- f) the child has acondroplasia.

Assessment parameters

Abnormalities in muscle tone, motor control, range of motion, coordination and balance, muscular strength and endurance must be described and commented on according to the limitations they entail when maintaining positions and carrying out locomotor, exploratory and manipulative activities.

Special rules

To assess the condition of a child born prematurely in relation to his or her growth and development, the child's age is adjusted by subtracting the number of weeks of prematurity, until the age of 36 months.

For the purposes of the analysis of a case prescribed in paragraph d), the expected duration of the treatments specified must be at least one year at the frequency indicated.

TABLE A.1

1. Impairments (cont.)**1.4 Respiratory function****Presumed cases of serious handicap**

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child has a chronic respiratory disease and, despite optimal treatment in accordance with the applicable standards of practice, he or she has complications related to his or her disease that required treatment within the last 12 months either:
 - at least 3 episodes of oral or intravenous glucocorticoid administration,
 - or, at least 3 hospitalizations of 48 hours or more each;
- b) the child was diagnosed with cystic fibrosis or ciliary dyskinesia and either:
 - has a FEV1 at 60% or less of the predicted value,
 - or, due to chronic respiratory symptoms, he or she receives nebulizer treatments chronically and daily and requires respiratory physiotherapy treatments chronically and daily;
- c) the child has a restrictive syndrome that reduces his or her vital capacity to 50% or less of the predicted value;
- d) the child is less than 12 years of age and uses a CPAP machine daily at home;
- e) the child undergoes oxygen therapy daily at home;
- f) the child uses a BPAP machine or a high-flow nasal cannula therapy daily at home;
- g) the child has a tracheotomy or a tracheostomy;
- h) the child is on the waiting list for a lung transplant or has received one.

Assessment parameters

In the case of an asthmatic child, the fact that asthma is inadequately controlled must be demonstrated in the medical report, using measures appropriate for the child's age, including information on the frequency of daytime and nighttime symptoms, tolerance to physical activity, frequency of rescue bronchodilator needs, peak expiratory flow variability, and results of bronchial provocation tests and respiratory function tests.

When respiratory physiotherapy is prescribed, the type and frequency must be specified in the medical report.

For the purposes of the analysis of a case prescribed in paragraphs b) and c), FEV1 and vital capacity measurements should be carried out when the condition is stable, without any infection or acute decompensation.

For the purposes of the analysis of a case prescribed in paragraph h) for a child placed on the transplant waiting list, he or she must have been placed on the list after being assessed by a transplant team.

Special rules

The expected duration of the treatments specified must be at least one year at the frequency indicated.

Hospitalizations during the child's first six months of life are not taken into account when calculating the number of hospitalizations in the presumption that refers to symptomatic chronic respiratory diseases despite optimal treatment in accordance with the applicable standards of practice.

Daily chronic nebulizer treatments refer to daily treatment throughout the year, not only during periods of respiratory exacerbations.

TABLE A.1

1. Impairments (cont.)

1.5 Cardiovascular function

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child chronically takes antivitamin K anticoagulants following a valve replacement surgery with mechanical prosthesis;
- b) the child is less than three years of age and he or she has a congenital heart disease that requires palliation by the creation of univentricular physiology;
- c) the child has either a post-correction or post-palliation status congenital heart defect, or a chronic non-congenital heart disease and, despite the application of the recommended treatment, he or she is in one of the following situations either:
 - he or she has a resting baseline saturation in room air below 92% chronically and persistently,
 - or, he or she has a left ventricular ejection fraction that remains chronically and persistently below 30%;
- d) the child has symptomatic chronic pulmonary hypertension for which he or she undergoes a long-term vasodilator treatment daily;
- e) the child receives intravenous inotropes at home;
- f) the child uses a ventricular assist device at home;
- g) the child is on the waiting list for a heart transplant or has received one.

Assessment parameters

The medical report must include the level of activity that triggers cyanosis, dyspnea or tachycardia and the medically prescribed activity restrictions.

For the purposes of the analysis of a case prescribed in paragraph c), it must be repeatedly shown by recognized assessment measures that the ejection fraction remains below 30%.

For the purposes of the analysis of a case prescribed in paragraph g) for a child placed on the transplant waiting list, he or she must have been placed on the list after being assessed by a transplant team.

Special rule

The expected duration of the treatments specified must be at least one year at the frequency indicated.

Exclusion

The child who has a heart defect or a heart disease without receiving active treatments, involving only medically prescribed restrictions or limitations in playing sports, is not presumed to be handicapped due to the cardiovascular function.

1.6 Nervous system abnormalities

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child has drug-resistant epilepsy and, despite the application of optimal treatment, he or she is in one of the following situations:
 - he or she required, in the last 12 months, at least 3 hospitalizations of 48 hours or more, each related to his or her epilepsy,

TABLE A.1

1. Impairments (cont.)

- he or she has generalized tonic-clonic seizures or seizures with loss of postural tone resulting in a fall, at a frequency equivalent to or greater than at least once a month for 3 consecutive months,
- he or she has epileptic seizures at a frequency equal to or greater than at least once a week during 3 consecutive months,
- a classic ketogenic diet, managed by a multidisciplinary team specializing in neurology, is medically required to treat his or her epilepsy.

Assessment parameter

The assessment report must include the type, duration and frequency of the epileptic seizures, as well as the various past treatment attempts and the results obtained.

1.7 Nutrition and digestion

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child receives daily enteral nutrition at home, either gastric or jejunal;
- b) the child receives a parenteral nutrition at home;
- c) the child is less than three years of age and underwent surgery for a high-type anorectal congenital malformation or for Hirschsprung disease;
- d) the child has neurogenic bowel secondary to a spinal cord injury, and chronically receives medically prescribed retrograde intestinal irrigations, at least every two days;
- e) the child chronically receives medically prescribed antegrade intestinal irrigations through a stoma, at least every two days, related to fecal continence problems;
- f) the child has a colostomy or ileostomy;
- g) the child is on the waiting list for a liver or intestinal transplant or has received one;
- h) the child follows a prescribed gluten-free diet related to diagnosed celiac disease.

Assessment parameters

In the case of an anorectal malformation, the specific type of malformation must be indicated in the assessment report.

For the purposes of the analysis of a case prescribed in paragraph g) for a child placed on the transplant waiting list, he or she must have been placed on the list after being assessed by a transplant team.

Special rule

The expected duration of the treatments specified must be at least one year at the frequency indicated.

1.8 Renal and urinary functions

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child is aged five or over and, despite the application of the recommended treatments, his or her daytime urinary incontinence occurs daily, requiring care and the use of incontinence products;

TABLE A.1

1. Impairments (cont.)

- b) the child uses a urinary catheter daily;
- c) the child has a vesicostomy or ureterostomy;
- d) the child has a chronic kidney disease and, despite the application of the recommended treatment, he or she has chronic kidney disease stage 4 or over, with a glomerular filtration rate less than 30 ml/min/1.73 m²;
- e) the child undergoes dialysis on a regular basis;
- f) the child is on the waiting list for a kidney transplant or has received one.

Assessment parameters

In the case of a child diagnosed with chronic kidney disease, the glomerular filtration rate and the stage of the chronic kidney disease must be specified in the assessment report.

For the purposes of the analysis of a case prescribed in paragraph f) for a child placed on the transplant waiting list, he or she must have been placed on the list after being assessed by a transplant team.

Special rule

The expected duration of the treatments specified must be at least one year at the frequency indicated.

1.9 Metabolic, hematological or hereditary abnormalities

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child has been diagnosed with cystic fibrosis and, in the last 12 months, he or she required a daily pancreatic enzyme supplements treatment and therapeutic interventions related to documented pulmonary complications;
- b) the child has been diagnosed with inborn errors of metabolism resulting in a deficit of an essential metabolite, an accumulation of toxic metabolites, insufficient energy production or a deficiency in the synthesis or catabolism of complex molecules, and either:
 - despite the application of the recommended treatment, the child is at a high risk of developing, in connection with this diagnosis, severe metabolic decompensation, within the next year as a result of physical or metabolic stress, requiring emergency medical intervention, and this risk will persist over the next few years,
 - or, the diagnosis requires a diet of proteins, lipids or carbohydrates of a particular type or in closely monitored proportions, which prevents him or her from eating like those around him or her, and failure to adhere to this diet could have serious consequences for his or her health or development,
 - or, the diagnosis is associated with severe multisystem involvement that will persist despite the application of the recommended treatment, and that has been present from the first year of the child's life or before the diagnosis was made;
- c) the child is less than seven years of age and has sickle cell disease related to HbSS, HbSC or HbSβ-thalassemia hemoglobinopathies;
- d) the child has hemophilia with Factor VIII or IX activity of less than 1% and requires an intravenous administration of clotting factors chronically at least once a week;
- e) the child requires daily continuous insulin therapy or multiple daily insulin injections, as well as necessary diabetes-related care.

TABLE A.1

1. Impairments (cont.)**Assessment parameters**

In the case of a child presenting an hemoglobinopathy, the abnormal hemoglobin forms must be specified in the medical report.

In the case of a child presenting a coagulation factor deficiency, the level of the deficient factor must be specified in the medical report.

Special rules

The expected duration of the treatments specified must be at least one year at the frequency indicated.

For the purposes of the analysis of a case prescribed in paragraph a), an uncomplicated upper respiratory tract infection does not represent a pulmonary complication, and preventive respiratory physiotherapy following a diagnosis of cystic fibrosis is not considered a therapeutic intervention related to documented pulmonary complications.

For the purposes of the analysis of a case prescribed in paragraph e), a once-daily injection of long-acting or ultra-long-acting insulin is not considered to be continuous insulin therapy.

Exclusion

A child with a metabolic abnormality that is corrected by medication, a vitamin, a dietary supplement or the simple exclusion of a food is not presumed to be handicapped due to the metabolic abnormality.

1.10 Immune system abnormalities and neoplasia**Presumed cases of serious handicap**

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child has food allergies and follows a strict avoidance diet either:
 - for at least three allergen groups, one of which must be cow's milk;
 - or, for at least three allergen groups, and the risk of systemic reaction at a very low dose requiring the administration of epinephrine is present and demonstrated for a least one of the allergens;
 - or, for at least four allergen groups.

The allergen groups for the purpose of applying this presumption are the following:

- cow's milk,
- eggs,
- peanuts and nuts,
- wheat, barley, oats and rye,
- other selected cereals: corn, rice and buckwheat,
- soya,
- other selected legumes: green peas, yellow peas, lentils and chickpeas,
- mustard,
- sesame,
- beef,
- chicken;

TABLE A.1

1. Impairments (cont.)

- b) the child has significant prolonged immunosuppression related to a condition or treatment and, despite the application of the recommended treatment, has required at least 3 hospitalizations of 48 hours or more each in the last 12 months related to his or her immunosuppression or his or her underlying disease;
- c) the child has solid or hematological cancer requiring radiotherapy or oral or parenteral chemotherapy treatments;
- d) the child is on the waiting list for a stem cell transplant or has received one in the last 12 months.

Assessment parameters

In the case of a child presenting neoplasia, the assessment report must specify the type of neoplasia, the stage of the disease, the treatment plan and the response to treatment.

For the purposes of the analysis of a case prescribed in paragraph a), the medical report must include the clinical history with a detailed description of the signs and symptoms of previous allergic reactions, the interpretation of allergy test results for the allergens that are still causing problems, the progress of desensitization when such treatment is underway, and the level of avoidance required in the diet for the allergens that are still causing problems.

For the purposes of the analysis of a case prescribed in paragraph d) for a child placed on the transplant waiting list, he or she must have been placed on the list after being assessed by a transplant team.

Special rules

The expected duration of the treatments specified, including avoidance diets, must be at least one year at the frequency indicated.

For the purposes of the analysis of a case prescribed in paragraph a), the following special rules apply:

- the strict avoidance diet must be prescribed by a physician following an assessment confirming a medical condition for which the severity of the reactions requires such a diet on a long-term basis. An avoidance diet is deemed strict when the child must avoid all traces of the allergen. A child is not considered to require a strict avoidance diet regarding eggs if he or she can tolerate cooked eggs as part of the ingredients in a mixture;
- food intolerance is not considered a condition requiring a strict avoidance diet for the food in question;
- a child undergoing desensitization who is under maintenance dose for an allergen is no longer considered to require a strict avoidance diet for that allergen;
- the very low dose mentioned refers to the lowest average trigger dose that causes a reaction in 5% of the population allergic to that allergen, or the ED05 value, as specified following a literature review by an international panel of experts.

For the purposes of the analysis of a case prescribed in paragraph b), hospitalizations during the child's first six months of life are not taken into account when calculating the number of hospitalizations.

1.11 Congenital malformations and chromosomal and genetic abnormalities

Presumed cases of serious handicap

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following case:

- a) the child has a non-mosaic autosomal chromosome trisomy.

TABLE A.1

1. Impairments (cont.)**Assessment parameters**

The result of the cytogenetic analysis, such as the karyotype, QF-PCR, FISH or microarray CGH, is required.

In the case of a child presenting a syndrome in which the types of malformations or the severity of impairments are not uniform in all affected children, it is essential to provide a detailed description of the manifest impairments, the child's abilities and disabilities, and their consequences on his or her functioning.

1.12 Other disabilities or multiple disabilities**Presumed cases of serious handicap**

A child is presumed to be handicapped within meaning of section 1029.8.61.19R1 in the following cases:

- a) the child is less than two years of corrected age and he or she was born prematurely at 25 weeks and 6 days of gestation or less;
- b) the child receives skin care at home for a severe and generalized condition at high risk of pressure wounds, webbing and contractures;
- c) the child is undergoing chronic corticosteroid therapy, administered at least every two days, either orally or intravenously, in doses equal to or higher than physiologic replacement therapy doses for adrenal insufficiency.

Assessment parameter

For the purposes of the analysis of a case prescribed in paragraph a), the specific gestational age at birth must be indicated in the assessment report.

Special rule

The expected duration of the treatments specified must be at least one year at the frequency indicated.

❑ Application date

These changes will apply in respect of any SHC application filed with Retraite Québec after June 30, 2024. They will also apply in respect of any decision rendered after June 30, 2024 following a reassessment of the child's condition by Retraite Québec.

For greater clarity, in respect of any application filed before July 1, 2024, a child presumed to be handicapped under the rules currently applicable to cases of impairments will continue to be presumed handicapped until a decision is made in his or her regard following a reassessment, if applicable, on the basis of the new presumed cases of serious handicap related to an impairment.

1.1.2 Supplement for handicapped children requiring exceptional care

The SHCREC grants additional financial assistance to parents of a child with a serious illness or severe disabilities, in order to help the parents provide for their child's needs and assume their extraordinary responsibilities.

The eligibility criteria for the SHCREC are divided into two levels and the amount granted varies according to the level for which the child is eligible. For the first level of the SHCREC, this amount is \$1 158 per month, while the amount for the second level is \$770 per month.⁸

▪ **First level**

In summary, for the purposes of computing the amount for the first level, an eligible dependent child is a child who qualifies for the SHC who is, according to the prescribed rules, in either of the following situations:

- the child is two years of age or over at the beginning of the particular month and, during a foreseeable period of at least one year, has an impairment or a mental function disability entailing serious and multiple disabilities that prevent the child, to the extent prescribed for computing the amount for the first level, from independently performing the life habits of a child of his or her age (Situation A);
- the child's state of health at the beginning of the particular month requires, during a foreseeable period of at least one year, specified complex medical care at home⁹ and, where the child is six years of age or over at the beginning of the particular month and the care is one of the specified care,¹⁰ the child's state of health limits the child, to the extent prescribed, in performing the life habits of a child of his or her age¹¹ (Situation B).

▪ **Second level**

Moreover, for the purposes of computing the second level of the SHCREC, an eligible dependent child is a child who qualifies for the SHC who is, according to the prescribed rules, in either of the following situations:

- the child is two years of age or over at the beginning of the particular month and, during a foreseeable period of at least one year, has an impairment or a mental function disability entailing serious and multiple disabilities that prevent the child, to the extent prescribed for computing the amount for the second level, from independently performing the life habits of a child of his or her age (Situation A);
- the child's state of health at the beginning of the particular month requires, during a foreseeable period of at least one year, certain specified complex medical care at home¹² (Situation B).

⁸ These are the amounts applicable for the 2024 taxation year.

⁹ This care is described in the first paragraph of section 1029.8.61.19.3 of the *Taxation Act*.

¹⁰ This care is described in one of subparagraphs i and ii of subparagraph a of the first paragraph of section 1029.8.61.19.3 of the *Taxation Act*.

¹¹ *Taxation Act*, s. 1029.8.61.19.1, para. 1, subpara. a.

¹² *Ibid.*, s. 1029.8.61.19.1, para. 1, subpara. b. Specified complex medical care at home for the purposes of the second level is the care referred to in the second paragraph of section 1029.8.61.19.3 of the *Taxation Act*.

❑ **Addition of a new situation to the first level of the SHCREC**

The tax legislation currently provides for two situations in which a child qualifies for the first level of the SHCREC. Briefly, the SHCREC is intended for a child aged two or over with serious and multiple disabilities, or a child whose state of health requires complex medical care at home.

However, some children under the age of two are therefore not currently eligible for the SHCREC, even though they have serious and multiple disabilities from an early age, and their care needs far exceed those of a healthy child of the same age.

To ensure that the realities of these families are better taken into consideration, the tax legislation will be amended so as to add a new situation (Situation C) to the first level of the SHCREC.¹³

More specifically, the tax legislation will be amended so that, for the purposes of computing the amount for the first level of the SHCREC, an eligible dependent child also means a child who qualifies for the SHC who is under two years of age at the beginning of the particular month and who is in either of the following situations:

- the child has an established serious chronic disease, without known treatment, and presents both:
 - serious, multiple and persistent disabilities, including very severe motor disabilities,
 - significant and persistent daily symptoms requiring multiple complex medical care;
- the child has a neurogenetic, congenital or metabolic disease, without known treatment, limiting life expectancy to childhood, and is associated with very severe symptoms from the first months of life due to serious, multiple and persistent disabilities.

■ **Very severe motor disabilities**

For the purposes of Situation C, the expression “very severe motor disabilities” will mean the following disabilities:

- global motor skills that remain lower than those of the average healthy child a quarter of his or her age, despite the application of recommended treatments;
- oral-motor disabilities causing significant feeding issues.

In this respect, to assess the condition of a child born prematurely in relation to his or her development, the child’s age is adjusted by subtracting the number of weeks of prematurity, until the age of 36 months.

¹³ For greater clarity, sections 1029.8.61.19.1R1 to 1029.8.61.19.1R5 of the *Regulation respecting the Taxation Act* will not apply to Situation C.

■ **Complex medical care**

For the purposes of Situation C, the term “complex medical care” means care that meets all of the following conditions:

- it is administered on a daily basis, and for which the care routine presents a significant burden;
- it is administered for the child's survival, as it compensates for the dysfunction of an organ or system;
- it is not frequently used in the same age group;
- it requires specialized equipment or someone to be available at all times to respond to any change in the child's clinical condition.

■ **Life expectancy limited to childhood**

For the purposes of Situation C, a disease will be considered as limiting life expectancy to childhood when this disease is associated with death occurring before the age of 18 among the majority of children with this disease, despite optimal care.

□ **Application date**

This change will apply in respect of all applications filed with Retraite Québec to obtain or reassess the SHCREC after June 30, 2024. It will also apply in respect of any application for such supplement filed before July 1, 2024 and for which no decision has been rendered by Retraite Québec before that date.

Due to the time required to adapt administrative systems, the processing of these applications will begin in October 2024, and the first payments under Situation C for the application of the first level of the SHCREC will be made starting in late fall 2024.

2. MEASURES RELATING TO BUSINESSES

2.1 Enhancement of the refundable tax credit for Québec film or television productions

The refundable tax credit for Québec film or television productions is calculated based on the labour expenditure incurred by a corporation in respect of a property that is a Québec film production.

In summary, the labour expenditure of a corporation for a taxation year in respect of a property that is a Québec film production includes the aggregate of salaries or wages and remuneration incurred by the corporation to the extent that they relate to services rendered in relation to the stages of production of this property, from the script stage to the post-production stage.

A Québec film production means a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series in respect of which the Société de développement des entreprises culturelles (SODEC) has issued a favourable advance ruling or a certificate.

The base rate of this tax credit is generally 32%,¹⁴ but can reach 40%¹⁵ for the following productions:

- French-language feature-length, medium-length and short fiction films;
- French-language feature-length, medium-length and short animated films;
- French-language one-off documentaries;
- French-language productions intended for minors;
- giant-screen films.

In addition, these base rates may be increased by the following bonuses: the enhancement determined by reference to public financial assistance, the increase for computer-aided special effects and animation and the increase for regional productions.

Moreover, the labour expenditure considered in calculating the basic tax credit may not exceed 50% of the production costs incurred and directly attributable to the film production.¹⁶

¹⁴ In the case of a production adapted from a foreign format, the base rate is 28%.

¹⁵ In the case of a production adapted from a foreign format, it can reach 36%.

¹⁶ *Taxation Act*, s. 1029.8.34, definition of the expression “qualified labour expenditure.”

This limit of 50% of production costs incurred and directly attributable to the film production also applies to:

- the qualified labour expenditure taken into account in calculating the enhancement determined by reference to public financial assistance;
- the qualified expenditure for services rendered outside the Montréal area, taken into account in calculating the increase for regional productions;
- the qualified computer-aided special effects and animation expenditure, taken into account in calculating the increase for computer-aided special effects and animation.

However, the independent audiovisual production sector is currently facing several major challenges. Québec production corporations must contend with a significant increase in production costs. As such, the portion of production costs attributable to labour expenditures has risen considerably, so that the 50% limit on production costs is no longer adequate.

In order to provide a more structuring and favourable tax environment for Québec production corporations, the tax legislation will be amended to increase the limit from 50% of production costs to 65% of production costs incurred and directly attributable to film production.

This change will apply in respect of a Québec film production for which an application for an advance ruling, or an application for a certificate if no advance ruling was previously filed in respect of this production, is filed with the SODEC after the day of the budget speech.

2.2 Adjustments to the refundable tax credit for film production services

As part of the March 31, 1998 budget,¹⁷ the government introduced a refundable tax credit for film production services to encourage the filming of foreign productions in Québec.¹⁸ Essentially, this tax credit applied to qualified labour expenditures incurred in connection with the filming of such productions.

¹⁷ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 1998-1999 – Additional Information on the Budgetary Measures*, March 31, 1998, Section 1, pp. 39-44.

¹⁸ A corporation with an establishment in Québec that wishes to benefit from this tax credit must obtain the required attestations from the Société de développement des entreprises culturelles (SODEC).

At the same time, an increase was introduced to encourage activities related to computer-aided special effects and animation for eligible productions. Briefly, this increase was aimed at a portion of labour expenditures directly attributable to activities related to computer-aided special effects and animation, that is, wages paid to employees of a qualified corporation and the portion of remuneration paid to a subcontractor that was attributable to salaries paid to the latter's employees.

On June 12, 2009,¹⁹ significant changes were made to the tax credit for film production services. Under these changes, the tax credit base was broadened to include all eligible production costs incurred in Québec (all-spend) by a qualified corporation, which correspond to the total of the qualified labour cost and the cost of qualified properties incurred regarding a qualified production.

Subsequently, on February 5, 2010,²⁰ the government announced adjustments to the increase for computer-aided special effects and animation, so that the calculation of this increase is now based on the qualified labour cost attributable to computer-aided special effects and animation (extended notion).

Under the current rules, a qualified corporation can therefore benefit, for a given taxation year, from a tax credit calculated at a rate of 20% on all eligible production costs (all-spend) incurred in Québec by the corporation and attributable to the various stages of a qualified production (hereinafter referred to as "basic tax credit") and an increase for computer-aided special effects and animation calculated by applying a rate of 16% to the qualified labour cost attributable to computer-aided special effects and animation (extended notion)²¹ incurred by the corporation for that taxation year in respect of a qualified production (hereinafter referred to as the "increase for special effects").

For the purposes of the basic tax credit, a corporation's eligible production costs²² for a taxation year include the following amounts:

- wages or salaries directly attributable to the qualified production incurred by the corporation regarding an employee;
- employer contributions and other employment-related costs;

¹⁹ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin* 2009-3, June 12, 2009.

²⁰ *Id.*, *Information Bulletin* 2010-3, February 5, 2010.

²¹ *Taxation Act*, s. 1029.8.36.0.0.4. The definition of the expression "qualified labour cost attributable to computer-aided special effects and animation" includes, in particular, the amounts referred to in the definition of the expression "labour cost attributable to computer-aided special effects and animation" of the corporation for a taxation year in respect of the qualified production.

²² Where, for a taxation year, a corporation is not a qualified corporation, as defined in section 1029.8.36.0.0.4 of the *Taxation Act*, its production costs for the year in respect of a qualified production are deemed to be nil.

- the portion of the cost of a contract and the other costs related to the contract that are incurred by the corporation in the year that are directly attributable to the qualified production, to the extent that that portion and the other costs relate to services rendered in Québec to the corporation, in relation to the stages of the qualified production, from the script stage to the post-production stage;
- the cost that is incurred by the corporation in the year in respect of the acquisition or rental in Québec of corporeal property that is directly attributable to the qualified production, subject to other applicable conditions.

For the purposes of the increase for special effects, the labour cost attributable to computer-aided special effects and animation of a corporation, for a taxation year, in respect of a qualified production, essentially means the portion of an amount referred to in any of paragraphs a to c of the definition of the expression “production costs”²³ that is directly attributable to an amount paid for activities connected with computer-aided special effects and animation, which summarily includes the following amounts:

- wages or salaries incurred by the corporation regarding an employee;
- employer contributions and other employment-related costs;
- the portion of the cost of a contract and the other costs related to the contract that are incurred by the corporation in the year that are directly attributable to the qualified production, to the extent that that portion and the other costs relate to services rendered in Québec to the corporation, in relation to the stages of the qualified production, from the script stage to the post-production stage.

In recent years, the film production services sector has been affected, on the one hand, by a strong growth in activities related to computer-aided special effects and animation and, on the other hand, by a significant decline in shooting activities for live-action foreign productions in Québec.

In order to further promote the shooting of foreign productions in Québec and foster investment in infrastructure and equipment, the tax legislation will be amended to:

- increase the rate of the basic tax credit by 5 percentage points;
- refocus the tax assistance by applying a 65% rule to contracts relating to activities connected with computer-aided special effects and animation.

²³ *Taxation Act*, s. 1029.8.36.0.0.4. See the definitions of “labour cost attributable to computer-aided special effects and animation” and “production costs.”

❑ Increasing the rate of the basic tax credit

Currently, a corporation can benefit, for a taxation year, from a tax credit for film production services equal to 20% of the amount of its eligible production costs incurred, for that year, in respect of a qualified production.

The tax legislation will be amended to increase the rate of the basic tax credit to 25% for a taxation year.

❑ Applying a 65% rule to contracts relating to computer-aided special effects and animation

The tax legislation will be amended to provide that only 65% of the portion of the cost of a contract with a service provider for computer-aided special effects and animation will be considered in calculating the basic tax credit and the increase for special effects.

As a result, the definition of the expression “production costs” will be amended to provide that only 65% of the portion of the cost of a contract and the other costs related to the contract that are incurred by a corporation in the year will now be covered by this definition when the contract is directly attributable to an amount paid for activities connected with computer-aided special effects and animation and carried out as part of the qualified production, to the extent that that portion and the other costs relate to services rendered in Québec to the corporation.

Similarly, for the purposes of the definition of the expression “labour cost attributable to computer-aided special effects and animation,” the tax legislation will provide for consequential adjustments as a result of the amendments to the definition of the expression “production costs.”

❑ Application date

These changes will apply in respect of a qualified production for which an application for an approval certificate will be submitted to the SODEC:

- after the day of the budget speech, if the SODEC deems that work on the production was not sufficiently advanced on the day of the budget speech;
- after May 31, 2024, in all other cases.

2.3 Changes to the tax credits for the development of e-business

The refundable tax credit for the development of e-business was introduced in the 2008-2009 budget speech.²⁴ Afterward, the non-refundable tax credit for the development of e-business was introduced as part of the 2015-2016 budget.²⁵ These tax credits provide tax assistance to businesses in the information technology sector that carry out e-business activities, notably in the fields of computer systems design and software publishing.

The tax assistance for e-business development is therefore made up of a refundable tax credit at a rate of 24% and a non-refundable tax credit at a rate of 6% (hereinafter referred to as the “TCEB”).

Briefly, the TCEB is calculated on qualified wages incurred and paid by a qualified corporation to eligible employees performing duties in connection with eligible activities.

Qualified wages incurred and paid by a qualified corporation in respect of an eligible employee may not exceed \$83 333, calculated on an annual basis. This limit applies to both the refundable and non-refundable tax credits a corporation may claim for a taxation year, for each eligible employee.

A corporation that has an establishment in Québec and wants to benefit from the TCEB, for a taxation year, must obtain from Investissement Québec a corporation certificate attesting that it meets, for the year, the criterion relating to activities, the criterion relating to services supplied and the criterion relating to the retention of a minimum number of jobs. It must also obtain a certificate for each of the employees in respect of whom it intends to apply for the TCEB, for a taxation year, certifying that the employee is recognized as an eligible employee.

Since the introduction of the TCEB, the information technology sector has grown considerably, resulting in a significant increase in the amount of the tax expenditure. Changes will therefore be made to the TCEB to refocus it further on businesses that offer higher value-added jobs and are in a position to maximize benefits in Québec.

These changes involve:

- introducing an exclusion threshold per eligible employee in the calculation of the TCEB, so that the TCEB is calculated on an amount corresponding to the excess of the qualified wages over the applicable exclusion threshold;

²⁴ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2008-2009 – Additional Information on the Fiscal Measures*, March 13, 2008, pp. A.79-A.85.

²⁵ Id., *Budget 2015-2016 – Additional Information 2015-2016*, March 26, 2015, pp. A.80-A.84.

- removing the \$83 333 limit currently applicable to the qualified wages of an eligible employee;
- increasing the non-refundable tax credit by one percentage point per year so that it eventually reaches 10%, and correspondingly reducing the refundable tax credit so that it eventually reaches 20%.

❑ Introduction of an exclusion threshold per eligible employee and removal of the limit applicable to an eligible employee

■ Introduction of an exclusion threshold per eligible employee

The tax legislation will be amended to exclude from the tax assistance available to a qualified corporation under the TCEB the first dollars of qualified wages it has incurred and paid in respect of an eligible employee, for a taxation year.

Accordingly, a qualified corporation will have to subtract, for a taxation year, from the amount of qualified wages incurred and paid in respect of an eligible employee, the amount corresponding to the excluded wages for that taxation year.

■ Determination of the amount of excluded wages

The amount of excluded wages relating to qualified wages incurred and paid by a qualified corporation, for a taxation year, will be equal to the lesser of the following amounts:

- the amount corresponding to the qualified wages incurred and paid by a qualified corporation in respect of an eligible employee for the taxation year;
- the amount corresponding to the exclusion threshold applicable to qualified wages for the year.

■ Exclusion threshold applicable to qualified wages

The exclusion threshold applicable in respect of qualified wages incurred and paid, for a taxation year, by a qualified corporation in respect of an eligible employee, will correspond to the amount taken into account in calculating the basic personal tax credit²⁶ for the calendar year in which the qualified corporation's taxation year begins, adjusted to take into account the number of days in the taxation year of the qualified corporation where the employee qualifies as an eligible employee.

²⁶ *Taxation Act*, s. 752.0.0.1. For illustrative purposes, for 2024, the amount used to calculate the basic personal tax credit is \$18 056. This amount is automatically indexed each year.

■ **Removal of the \$83 333 limit**

The tax legislation will be amended to remove the current \$83 333 limit on the definition of the expression “qualified wages”²⁷ for each eligible employee.

■ **Application date**

These changes will apply, for both the refundable and non-refundable tax credits, in respect of a taxation year beginning after December 31, 2024.

□ **Increase in the non-refundable tax credit and corresponding reduction in the refundable tax credit**

The tax legislation will be amended to gradually increase the non-refundable tax credit until 2028. At the same time, the refundable tax credit will be correspondingly reduced.

As a result, starting in 2025, the 6% rate of the non-refundable tax credit will be increased annually by 1 percentage point, until it reaches 10% in 2028. Similarly, the 24% rate of the refundable tax credit will be reduced annually by 1 percentage point until it reaches 20% in 2028.

The table below shows the rates of the refundable tax credit and the non-refundable tax credit following the changes made.

TABLE A.2

Applicable TCEB rates
(per cent)

	2024	2025	2026	2027	2028 ⁽¹⁾
Refundable tax credit	24.0	23.0	22.0	21.0	20.0
Non-refundable tax credit	6.0	7.0	8.0	9.0	10.0
TOTAL	30.0	30.0	30.0	30.0	30.0

(1) Rates applicable to the 2028 calendar year will apply to subsequent years.

■ **Application date**

Changes to the tax credit rates will take effect on January 1 of each calendar year concerned.

A qualified corporation whose taxation year does not correspond to the calendar year must, in the calculation of its tax credits for a taxation year, take into account the rates in effect for the calendar year in which its taxation year begins.

²⁷ Ibid., s. 1029.8.36.0.3.79.

2.4 Changes to the tax credits for the production of multimedia titles

An initial refundable tax credit for multimedia titles (hereinafter referred to as “the tax credit – general component”) was introduced in the May 9, 1996 budget speech.²⁸ A corporation that wishes to receive this tax credit must obtain from Investissement Québec an initial qualification certificate and a production work certificate for each multimedia title it produces.

Subsequently, in the March 31, 1998 budget speech,²⁹ a second refundable tax credit applicable to specialized corporations engaged essentially in the production of multimedia titles was introduced (hereinafter referred to as the “tax credit – specialized component”). A corporation wishing to receive this tax credit must obtain from Investissement Québec the required certificates for all its activities.³⁰

For the purposes of these two tax credits, the amount of tax assistance a qualified corporation may receive is determined on the basis of the qualified labour expenditure incurred by the corporation.

Under the current rules, the tax assistance granted under the terms and conditions specific to each tax credit is determined in accordance with the rates described in the table below.

TABLE A.3

Rates of the tax credits for the production of multimedia titles (per cent)

Category of titles	Rates currently applicable
Multimedia title to be commercialized and available in French, and which is not a vocational training title	37.50
Multimedia title to be commercialized, not available in French, and which is not a vocational training title	30.00
Other multimedia title, including a vocational training title	26.25

²⁸ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 1996-1997 – Budget Speech and Additional Information*, May 9, 1996, Appendix A, pp. 45-48.

²⁹ Id., *Budget 1998-1999 – Additional Information on the Budgetary Measures*, March 31, 1998, Section 1, pp. 46-50.

³⁰ The specialized corporation certificate issued to a corporation for a taxation year certifies that at least 75% of its activities it carries on in Québec consist in producing eligible titles and, if applicable, in engaging in scientific research and experimental development related to those titles.

In general, a corporation's qualified labour expenditure for a taxation year consists of the aggregate of the following amounts:

- the salaries or wages attributable to a multimedia title, under the general component, or to eligible multimedia titles, under the specialized component (hereinafter referred to as "multimedia title") that a corporation incurred and paid in respect of its eligible employees for eligible production work relating to the multimedia title;
- the portion of the consideration that a corporation paid, under a contract, for eligible production work relating to the multimedia title that was carried out on its behalf during the year, to a subcontractor with whom it was not dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the multimedia title that this subcontractor incurred and paid in respect of its eligible employees;
- one-half of the portion of the consideration that a corporation paid, under a contract, for eligible production work relating to the multimedia title to a subcontractor with whom it was dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on its behalf during the year by the subcontractor's employees.

In addition, the qualified labour expenditure in respect of salary or wages cannot exceed \$100 000 calculated on an annual basis.³¹ In summary, this limit applies to the tax credit that a corporation may claim, for a taxation year, for each eligible employee of the corporation or of a subcontractor with whom it is not dealing at arm's length at the time the subcontract is entered into.

Since the introduction of these two tax credits, the multimedia title production sector has grown considerably, resulting in a significant increase in the amount of the tax expenditure. Changes will therefore be made to these tax credits to refocus them further on businesses that offer higher value-added jobs and are in a position to maximize benefits in Québec.

These changes involve:

- introducing an exclusion threshold per eligible employee in the calculation of these tax credits, so that they are calculated on an amount corresponding to the excess of the qualified labour expenditure in respect of an eligible employee over the applicable exclusion threshold;
- removing the \$100 000 limit currently applicable to the qualified labour expenditure with respect to an eligible employee;

³¹ An exception to the \$100 000 limit is provided for up to 20% of the total number of eligible employees.

- introducing, for each component, a non-refundable tax credit whose initial rate will be 2.5% in 2025, and which will subsequently increase by 2.5 percentage points per year to eventually reach 10%, and correspondingly reducing the refundable tax credits currently in place.

□ Introduction of an exclusion threshold per eligible employee and removal of the limit applicable to an eligible employee

■ Introduction of an exclusion threshold per eligible employee

The tax legislation will be amended to exclude from the tax assistance offered to a qualified corporation under these tax credits, the first dollars of salary or wages that a corporation has incurred and paid, or that a subcontractor with which it does not deal at arm's length has incurred and paid, in respect of an eligible employee, for a taxation year.

Therefore, a corporation will have to subtract an amount corresponding to the excluded salary or wages, for a taxation year, from the amount of salary or wages attributable to a multimedia title that it incurred and paid in respect of an eligible employee, for eligible production work relating to the multimedia title for that taxation year.

In addition, a corporation will be required to subtract an amount corresponding to the excluded salary or wages, for a taxation year, from the portion of the consideration that a corporation paid, under a contract, to a subcontractor with whom it was not dealing at arm's length at the time the contract is entered into and that is attributable to the amount corresponding to the salary or wages attributable to a multimedia title that this subcontractor incurred and paid in respect of an eligible employee, for eligible production work relating to the multimedia title for that taxation year.

■ Determination of the amount of excluded salary or wages

The amount of excluded salary or wages relating to salary or wages that a corporation has incurred and paid, or that a subcontractor with which it does not deal at arm's length has incurred and paid, for a taxation year, will be equal to the lesser of the following amounts:

- the amount corresponding to the salary or wages attributable to a multimedia title that a corporation or a subcontractor with which it does not deal at arm's length has incurred and paid in respect of an eligible employee for eligible production work relating to a multimedia title for the taxation year;
- the amount corresponding to the exclusion threshold applicable to salary or wages for the year.

■ **Exclusion threshold applicable to salary or wages**

The exclusion threshold applicable in respect of salary and wages incurred and paid, for a taxation year, by a corporation in respect of an eligible employee, or in respect of an eligible employee of a subcontractor with whom the corporation does not deal at arm's length, will correspond to the amount taken into account in calculating the basic personal tax credit³² for the calendar year in which the corporation's taxation year begins, adjusted to take into account the number of days in the taxation year of the corporation where the employee qualifies as an eligible employee.

■ **Removal of the \$100 000 limit**

The tax legislation will be amended to remove the \$100 000 limit³³ applicable to a salary or wages covered by the definition of the expression "qualified labour expenditure"³⁴ for each eligible employee.

■ **Application date**

These amendments will apply, for the tax credit – general component and for the tax credit – specialized component, in respect of a taxation year that will begin after December 31, 2024.

□ **Introduction for each component of a non-refundable tax credit and corresponding reduction in the refundable tax credit**

The tax legislation will be amended to introduce two new non-refundable tax credits for the general and specialized components. The initial rates of these tax credits will be 2.5%, rising by 2.5 percentage points annually to eventually reach 10% in 2028. At the same time, the rates of the refundable tax credit for the general and specialized components will be correspondingly reduced.

■ **Introduction of a non-refundable tax credit for multimedia titles (general component)**

A non-refundable tax credit for multimedia titles (general component) (hereafter referred to as the "non-refundable tax credit – general component") will be introduced as of 2025.

³² *Taxation Act*, s. 752.0.0.1. For illustrative purposes, for 2024, the amount used to calculate the basic personal tax credit is \$18 056. This amount is automatically indexed each year.

³³ *Ibid.*, s. 1029.8.36.0.3.9, para. 6 and s. 1029.8.36.0.3.19, para. 6.

³⁴ *Ibid.*, s. 1029.8.36.0.3.8, paragraphs *a* and *b* of the definition of "qualified labour expenditure," and s. 1029.8.36.0.3.18, paragraphs *a* and *b* of the definition of "qualified labour expenditure."

The tax legislation will be amended so that, for a given taxation year, the qualified labour expenditure that gives rise to the tax credit – general component for that taxation year will also give rise to the non-refundable tax credit – general component corresponding to the rate applicable for the year in respect of this qualified labour expenditure.

Similarly, all the conditions applicable to the tax credit – general component contained in the *Act respecting the sectoral parameters of certain fiscal measures* will apply to this non-refundable tax credit – general component. Also, for a given taxation year, the initial qualification certificates and attestations used for the application of this new non-refundable tax credit are those used for the application of the tax credit – general component.³⁵

Moreover, all the conditions applicable to the tax credit – general component contained in the tax legislation, as well as those announced for this tax credit in the 2024-2025 budget, will apply to this non-refundable tax credit – general component, subject to the rules applicable to the calculation of this new tax credit.

In addition, the terms and conditions applicable to any government assistance, non-government assistance and any benefit or advantage attributable to salaries or wages or to consideration paid for the application of the tax credit – general component will apply to the new tax credit, with the necessary adaptations.

Also, a qualified corporation will be required to claim this non-refundable tax credit within the same time periods as for the tax credit – general component.

Similarly, the portion of the tax credit that does not reduce the tax payable of a qualified corporation for the taxation year to which the tax credit applies may be carried back 3 taxation years or carried forward 20 taxation years. However, this carry-over will not be allowed for a taxation year for which the corporation is not entitled to the tax credit – general component, nor for a taxation year that begins before January 1, 2025.

In this regard, amendments will be made to the tax legislation so that a qualified corporation can request to carry back the unused portion of the tax credit for a taxation year when it first claimed the tax credit within the aforementioned time periods.³⁶

In addition, this new non-refundable tax credit will be recaptured by means of a special tax in the same circumstances as those applicable to the tax credit – general component, subject to the necessary adaptations.

³⁵ *Act respecting the sectoral parameters of certain fiscal measures*, Schedule A, s. 5.2.

³⁶ *Taxation Act*, ss. 1012 and 1012.1.

Also, the qualification certificates for the application of the tax credit – general component that a qualified corporation must include with its income tax return for a taxation year will also be used for the application of this new non-refundable tax credit.

Lastly, no portion of a qualified labour expenditure considered for the purposes of this new non-refundable tax credit may be considered for the purposes of a refundable tax credit other than the tax credit – general component.³⁷

■ **Introduction of a non-refundable tax credit for corporations specialized in the production of multimedia titles**

The tax legislation will be amended so that, for a taxation year, the qualified labour expenditure that gives rise to the tax credit – specialized component for that taxation year will also give rise to a non-refundable tax credit for corporations specialized in the production of multimedia titles (hereafter referred to as the “non-refundable credit – specialized component”) corresponding to the rate applicable for the year in respect of the qualified labour expenditure.

The terms and conditions applicable to the introduction of the non-refundable tax credit – general component will be applicable to the non-refundable tax credit – specialized component, with the necessary adaptations.

■ **Corresponding reduction in the rates of the tax credit – general component and the tax credit – specialized component**

The tax legislation will be amended to reduce the rates of the refundable tax credit, for both the general and specialized components, by 2.5 percentage points annually, starting in 2025 and ending in 2028.

The table below shows the rates of the refundable tax credits and the non-refundable tax credits for the general and specialized components that will apply as a result of these changes.

³⁷ Ibid., s. 1029.6.0.1.

TABLE A.4

Applicable rate of the tax credits for the production of multimedia titles
 (per cent)

	2024	2025	2026	2027	2028 ⁽¹⁾
Multimedia title to be commercialized and available in French, and which is not a vocational training title					
– Refundable tax credit	37.50	35.00	32.50	30.00	27.50
– Non-refundable tax credit	0.00	2.50	5.00	7.50	10.00
TOTAL	37.50	37.50	37.50	37.50	37.50
Multimedia title to be commercialized, not available in French, and which is not a vocational training title					
– Refundable tax credit	30.00	27.50	25.00	22.50	20.00
– Non-refundable tax credit	0.00	2.50	5.00	7.50	10.00
TOTAL	30.00	30.00	30.00	30.00	30.00
Other multimedia title, including a vocational training title					
– Refundable tax credit	26.25	23.75	21.25	18.75	16.25
– Non-refundable tax credit	0.00	2.50	5.00	7.50	10.00
TOTAL	26.25	26.25	26.25	26.25	26.25

(1) Rates applicable to the 2028 calendar year will apply to subsequent years.

■ Application date

The changes relating to the introduction of the non-refundable tax credit – general component and the non-refundable tax credit – specialized component will apply in respect of a taxation year beginning after December 31, 2024.

The changes to the rates of the refundable and non-refundable tax credits for the general and specialized components will take effect on January 1 of each calendar year concerned.

A qualified corporation whose taxation year does not correspond to the calendar year must, in the calculation of its tax credits for a taxation year, take into account the rates in effect for the calendar year in which its taxation year will begin.

2.5 Easing of the notion of government assistance for the application of the tax credit for the production of biofuel and the tax credit for the production of pyrolysis oil in Québec

To intensify its fight against climate change, the government offers, among other incentives to businesses, two refundable tax credits, namely:

- the refundable tax credit for the production of pyrolysis oil in Québec, introduced in the 2018-2019 budget;³⁸
- the refundable tax credit for the production of biofuel in Québec, introduced in the 2022-2023 budget.³⁹

The terms and conditions of these tax assistance measures are very similar. The tax credit for the production of biofuel in Québec and the tax credit for the production of pyrolysis oil in Québec are granted for eligible biofuel or pyrolysis oil produced and sold in Québec by qualified corporations before April 1, 2033.

In general, a corporation, other than an exempt corporation, that, in a taxation year, has an establishment in Québec where it carries on business engaged in the production of biofuel or pyrolysis oil may, under certain conditions, benefit from the tax credit for the production of biofuel or the tax credit for the production of pyrolysis oil, as the case may be, for that year.

The rate of the tax credit for the production of biofuel in Québec is determined in particular by the carbon intensity reduction of the eligible biofuel compared to the gasoline or diesel fuel that it replaces, over its life cycle. As for the tax credit for the production of pyrolysis oil in Québec, the rate of this tax credit takes into account the reduction in carbon intensity induced by this biofuel, compared with the fuel it replaces, over its life cycle.

A monthly limit on the production of biofuel or pyrolysis oil is provided for, which is equal, for a particular month, to the result obtained by multiplying 821 917 litres by the number of days in the particular month.

In general, the tax legislation provides rules to prevent the cumulation of government and non-government assistance. As such, the amount of the refundable tax credit for the production of biofuel in Québec and the refundable tax credit for the production of pyrolysis oil in Québec from which a qualified corporation may benefit must be reduced by the amount of any government assistance, non-government assistance, benefit or advantage attributable to the eligible production of biofuel and pyrolysis oil.

³⁸ MINISTÈRE DES FINANCES DU QUÉBEC, *The Québec Economic Plan – Additional Information 2018-2019*, March 27, 2018, pp. A.100-A.104.

³⁹ Id., *Budget 2022-2023 – Additional Information*, March 22, 2022, pp. A.11-A.22.

For the purposes of these tax credits, the value of compliance credits granted to a corporation under the *Clean Fuel Regulations*,⁴⁰ is currently considered as government assistance received or receivable by the corporation, for a taxation year, when the following conditions are met:⁴¹

- as part of this regulation, a credit market is established;
- compliance credits are issued to the qualified corporation in respect of its eligible production of biofuel or pyrolysis oil, as the case may be;
- a value is assigned to these compliance credits.

In August 2022, the U.S. government passed legislation⁴² revising and implementing several measures aimed, in particular, at stimulating biofuel production in the United States. One such measure is the *Clean Fuel Production Credit*, a tax credit on the production of biofuels produced in the United States after December 31, 2024, and used or sold before December 31, 2027.

Due to the size of the U.S. subsidies granted under this initiative, and the impact they could have on investments in biofuel and pyrolysis oil production in Québec, the rules for calculating Québec tax assistance are to be modified.

Consequently, in order to foster the production of biofuel and pyrolysis oil in Québec, the tax legislation will be retroactively amended to postpone the application of this rule aimed at preventing cumulation.

Accordingly, for the purposes of the tax credit for the production of biofuel in Québec and the tax credit for the production of pyrolysis oil in Québec, the expression “government assistance” will include the value of compliance credits granted to a corporation under the *Clean Fuel Regulations*, where the aforementioned conditions are met, but only as of a corporation’s taxation year that will begin after December 31, 2027.

⁴⁰ *Clean Fuel Regulations* (SOR/2022-140). This is a regulation issued by the federal government, registered on June 21, 2022.

⁴¹ *Taxation Act*, s. 1029.6.0.0.1, para. 4.

⁴² *Inflation Reduction Act of 2022*, H.R.5376.

2.6 Abolition of the tax credit to foster the retention of experienced workers

The tax credit to foster the retention of experienced workers (hereinafter referred to as the “tax credit for experienced workers”) was introduced on March 21, 2019.⁴³

Briefly, this refundable tax credit is granted to qualified corporations⁴⁴ that employ individuals aged 60 or over. It is calculated on the employer contributions paid by the corporation in respect of such an employee.⁴⁵ The rate of the refundable tax credit varies based, firstly, on the individual's age and, secondly, the corporation's total payroll.⁴⁶

Thus, in respect of an employee aged at least 60 but no older than 64, the tax credit that can be claimed by a qualified corporation with a total payroll of \$1 million or less is calculated at a rate of 50% and can total as much as \$1 250 annually. In respect of an employee aged at least 65, the tax credit such a corporation can claim is calculated at a rate of 75% and can total as much as \$1 875 annually. The tax credit rate decreases linearly when the corporation's total payroll falls between \$1 million and the total payroll threshold.⁴⁷

The tax credit of a qualified corporation, for a taxation year, is calculated by multiplying, by the applicable rate, the amount paid by the corporation as employer contributions, for the calendar year ended in the taxation year, for salary, wages or other remuneration that the corporation paid, allocated, granted, awarded or attributed in the calendar year to an employee aged at least 60 on January 1 of the calendar year.

⁴³ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2019-2020 – Additional Information*, March 21, 2019, pp. A.7-A.13.

⁴⁴ A qualified corporation, for a taxation year, means a corporation, other than an excluded corporation for the year, that has an establishment in Québec and carries on a business there.

⁴⁵ Employer contributions covered by the tax credit are those paid under section 59 of the *Act respecting parental insurance* (CQLR, chapter A-29.011), section 39.0.2 of the *Act respecting labour standards* (CQLR, chapter N-1.1), section 34 of the *Act respecting the Régie de l'assurance maladie du Québec* (CQLR, chapter R-5) and section 52 of the *Act respecting the Québec Pension Plan* (CQLR, chapter R-9), as well as that paid under the *Act respecting industrial accidents and occupational diseases* (CQLR, chapter A-3.001).

⁴⁶ The expression “total payroll” is used within the meaning of the *Act respecting the Régie de l'assurance maladie du Québec* (see section 33).

⁴⁷ See previous note. The total payroll threshold is \$7.5 million for the 2024 calendar year. Therefore, where the corporation's total payroll for the 2024 calendar year is equal to or greater than \$7.5 million, the corporation is not eligible for the tax credit for experienced workers in respect of employer contributions paid for that calendar year.

A qualified corporation that is a member of a qualified partnership,⁴⁸ at the end of a fiscal period of the partnership that ends in a taxation year of the corporation, can also claim, for that taxation year, this refundable tax credit on its share of the employer contributions paid by the qualified partnership in respect of the calendar year ended in the fiscal period, for salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the partnership in the calendar year to an employee aged at least 60 on January 1 of that calendar year. The tax credit rate is then determined on the basis of the employee's age and the partnership's total payroll for that calendar year.

Given the low impact that this tax credit has had on the retention and attraction of experienced workers and the existence of other incentive measures for experienced workers, the tax legislation will be amended to abolish the tax credit for experienced workers in respect of an amount paid by the corporation or partnership, as the case may be, as employer contributions attributable to a date later than the day of the budget speech.

More specifically, any amount paid by a qualified corporation or a qualified partnership, as the case may be, as employer contributions will only be considered an eligible contribution if it relates to the portion of salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the corporation or partnership in the calendar year to an employee, and that is attributable to a date prior to the day following the day of the budget speech.

⁴⁸ A qualified partnership, for a fiscal period, means a partnership that, during the fiscal period, carries on a business in Québec and has an establishment there.

3. MEASURES RELATING TO CONSUMPTION TAXES

3.1 Increases in the specific tax on tobacco products as part of tobacco control efforts

To continue implementing the strategy for a tobacco-free Québec 2020-2025, the government is announcing two increases in the specific tax on tobacco products of \$2.00 each per carton of 200 cigarettes. This measure will help achieve the target of reducing the smoking rate to 10% by 2025 set by the government health prevention policy.

❑ Rate changes

The rates of this tax will be changed a first time on March 13, 2024 as follows:

- the rate of the specific tax of 18.9 cents per cigarette will be raised to 19.9 cents;
- the rate of the specific tax of 18.9 cents per gram of loose tobacco or leaf tobacco will be raised to 19.9 cents;
- the rate of the specific tax of 29.07 cents per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco and cigars will be raised to 30.61 cents per gram; the minimum rate applicable to tobacco sticks will also be raised from 18.9 to 19.9 cents per stick.

The rates of this tax will be changed a second time on January 6, 2025 as follows:

- the rate of the specific tax of 19.9 cents per cigarette will be raised to 20.9 cents;
- the rate of the specific tax of 19.9 cents per gram of loose tobacco or leaf tobacco will be raised to 20.9 cents;
- the rate of the specific tax of 30.61 cents per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco and cigars will be raised to 32.15 cents per gram; the minimum rate applicable to tobacco sticks will also be raised from 19.9 to 20.9 cents per stick.

The rate of the ad valorem tax of 80% of the taxable price of cigars will remain unchanged.

❑ Taking of inventory

■ Taking of inventory for the first increase

Persons not under an agreement with Revenu Québec who sell tobacco products in respect of which the specific tax has been collected in advance or should have been will have to take inventory of all these products they have in stock at midnight March 12, 2024 and remit, before April 13, 2024, an amount equal to the difference between the tax applicable at the new rates and the tax applicable at the rates in effect prior to midnight March 12, 2024. This also applies for collection officers under agreement with Revenu Québec who sell tobacco products in respect of which the specific tax on tobacco has been paid in advance or has not yet been paid.

Persons required to take inventory must use for this purpose the form provided by Revenu Québec and return it before April 13, 2024. For greater clarity, the products acquired by a person before midnight, March 12, 2024 but not yet delivered to the person will be included in the person's stock.

■ Taking of inventory for the second increase

Persons not under an agreement with Revenu Québec who sell tobacco products in respect of which the specific tax has been collected in advance or should have been will have to take inventory of all these products they have in stock at midnight January 5, 2025 and remit, before February 8, 2025, an amount equal to the difference between the tax applicable at the new rates and the tax applicable at the rates in effect prior to midnight January 5, 2025. This also applies for collection officers under agreement with Revenu Québec who sell tobacco products in respect of which the specific tax on tobacco has been paid in advance or has not yet been paid.

Persons required to take inventory must use for this purpose the form provided by Revenu Québec and return it before February 8, 2025. For greater clarity, the products acquired by a person before midnight, January 5, 2025 but not yet delivered to the person will be included in the person's stock.

3.2 Increase in the number of years covered by the *Guide d'Évaluation Hebdo (Automobiles et Camions Légers)* published by Société Trader Corporation

To limit tax avoidance with respect to transactions relating to used road vehicles, the Québec sales tax (QST) system includes rules to determine the market value of such vehicles for the purposes of calculating the QST payable on their sale. Thus, the amount of QST payable is generally calculated on the greater of the sale price agreed upon by the parties to the transaction, or the average wholesale price listed in certain reference volumes less \$500.

The reference volume used to determine the market value of used motor vehicles is the *Guide d'Évaluation Hebdo (Automobiles et Camions Légers)* published by Société Trader Corporation (hereinafter referred to as the "reference volume"). The average wholesale prices listed in this volume only cover a nine-year period. However, vehicles older than nine years are often the subject of transactions. In addition, under-reporting of used motor vehicle sales prices has been observed, in the case of vehicles for which the average wholesale price is not listed in the reference volume. In this context, the current scope of the rules provided in the QST system for determining the market value of used motor vehicles is considerably reduced.

Consequently, to rectify this situation, the number of years covered by the average wholesale price listed in the *Guide d'Évaluation Hebdo (Automobiles et Camions Légers)* published by Société Trader Corporation will be increased from 9 to 14, starting on January 1, 2025.

3.3 Bringing into Québec of a road vehicle

To limit tax avoidance observed with respect to transactions relating to used road vehicles, the QST system provides for an anti-avoidance rule to determine the market value of such vehicles for the purposes of calculating the tax payable regarding the selling or bringing into Québec of these vehicles.

This anti-avoidance measure was initially implemented so that the QST applied to the greater of the price paid for the transfer of a road vehicle between unrelated individuals or the estimated value of such vehicle (hereinafter referred to as the "estimated value rule").

Given that the anti-avoidance measure did not aim to counter transfers of road vehicles between related individuals, the estimated value rule does not apply to the sale of such vehicles.

However, when a used road vehicle is brought into Québec following its transfer, outside Québec, between related individuals, it has been noted that the estimated value rule remains applicable. Such an outcome is not desirable given the tax policy which aims to exclude all transfers of used road vehicles between related individuals from the application of the estimated value rule.

As a result, the QST system will be amended so that the estimated value rule does not apply to a used road vehicle brought into Québec following its transfer, outside Québec, between related individuals.

This change will apply in respect of such used road vehicles brought into Québec after the day of the budget speech.

Section B

ENSURING TAX FAIRNESS

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1. ENSURING TAX FAIRNESS

The government is working to ensure tax fairness in Québec. It is essential that all Quebecers pay their fair share to enable the government to provide the best possible public services.

In Budget 2024-2025, investments of \$96.5 million over five years are planned for the purpose of:

- strengthening tax audit and collection;
- countering under-declaration of the selling price of used vehicles;
- stepping up the fight against economic crime and smuggling activities.

These measures will increase government revenue by nearly \$660 million over five years.

TABLE B.1

Financial impact of the actions to ensure tax fairness (millions of dollars)

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	Total
Strengthening tax audit and collection ⁽¹⁾	-6.5	-16.8	-17.2	-17.5	-17.9	-75.9
Stepping up the fight against economic crime and smuggling activities ⁽²⁾	-3.0	-5.0	-5.2	-3.7	-3.7	-20.6
Subtotal	-9.5	-21.8	-22.4	-21.2	-21.6	-96.5
Revenue generated by strengthening tax audit and collection	36.4	91.4	91.8	92.1	92.5	404.2
Countering under-declaration of the selling price of used vehicles	15.0	60.0	60.0	60.0	60.0	255.0
Subtotal	51.4	151.4	151.8	152.1	152.5	659.2
TOTAL	41.9	129.6	129.4	130.9	130.9	562.7

(1) The amounts will be drawn from the Tax Administration Fund.

(2) The appropriations will be granted for the Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government. The amounts provided for 2024-2025 will be drawn from the Contingency Fund.

1.1 Strengthening tax audit and collection

As a tax authority, Revenu Québec ensures the fair application of tax laws. To this end, it devotes considerable effort to tax auditing and collection to ensure that everyone pays their fair share, while still demonstrating goodwill toward Québec taxpayers.

In Budget 2024-2025, the government is announcing that it is continuing to deploy tax audit and collection initiatives at Revenu Québec, by hiring additional staff, which will enable it, in particular, to:

- encourage taxpayers who have not filed their income tax returns on time, and who should have done so, to remedy their tax situation;
- strengthen its position in the control and monitoring of high-risk sectors;
- step up its efforts to collect tax debts.

To this end, Revenu Québec has been granted funding of \$75.9 million. It is estimated that the measures put in place will help recover nearly \$405 million over five years, representing a return on investment of \$5.33 per dollar invested.

Review of recent measures to ensure tax fairness

In recent years, the government has implemented a number of initiatives to ensure tax fairness for all Quebecers, particularly by fighting aggressive tax planning.

Each year, up to 150 Revenu Québec employees are assigned specifically to the fight against aggressive tax planning and the use of tax havens.

The main actions that have been taken are:

- working in collaboration with the Canada Revenue Agency to discuss strategies for fighting aggressive tax planning and obtain the necessary information to do so;
- eliminating certain loopholes, particularly with regard to international taxation;
- restricting income sprinkling arrangements;
- maintaining and improving Revenu Québec's voluntary disclosure program;
- making it mandatory to disclose any transaction involving a nominee to Revenu Québec;
- blocking access to public contracts for businesses and promoters that have used abusive tax avoidance strategies;
- tightening tax consequences to contend with tax schemes involving a sham;
- extending the scope of the mandatory disclosure mechanism so as to specify transactions or series of transactions that must be disclosed;
- changing the application of penalties for promoters of aggressive tax planning;
- making the collection of the Québec sales tax mandatory for suppliers outside Québec and making sure that it is collected in the context of the digital economy.

In addition, the government has improved corporate transparency by:

- requiring companies to declare ultimate beneficiary information to the Registraire des entreprises du Québec;
- enabling searching for a natural person by name in the enterprise register;
- prohibiting the issue of subscription warrants or stock options in bearer form.

Over the past three years, through its efforts to fight aggressive tax planning and tax avoidance, Revenu Québec has issued notices of assessment totalling nearly \$1.6 billion.

1.2 Countering under-declaration of the selling price of used vehicles

In recent years, Revenu Québec has been noticing a phenomenon of under-declaring the selling price of used vehicles that are 10 years old or older, with the aim of evading payment of the Québec sales tax.

— For example, more than 130 000 used-vehicle sales had a declared selling price of \$1 or less in 2022.

The government is announcing that the number of years published in the *Guide d'Évaluation Hebdo (Automobiles et Camions Légers)* (Hebdo evaluation guide for automobiles and light trucks) will be extended from 9 to 14, with a view to strengthening the integrity and fairness of the current system.

This measure will generate \$255 million in additional revenue for the government over five years.

1.3 Stepping up the fight against economic crime and smuggling activities

Fighting economic crime and smuggling activities is crucial to protecting government revenue, which helps fund public services for the benefit of Quebecers.

The Québec government is committed to maintaining the effectiveness of interventions against illegal activities by adapting auditing and investigation methods to the new realities of the underworld. Several targeted measures have been implemented to address particular issues.

To continue its efforts, the government is increasing by \$20.6 million over five years funding for the Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government.

❑ **Maximizing the recovery of property used or acquired through criminal or illicit activities**

The recovery of criminal assets and civil forfeiture contribute significantly to the fight against crime and increase government revenue.

They deprive offenders and criminals of assets acquired unlawfully or used to carry out unlawful activities, which restricts their ability to pursue and fund these activities in particular.

Recovering property used or acquired through criminal or illicit activities

In Québec, there are two ways of forfeiting property used or acquired in the course of criminal or illicit activities: forfeiture under the *Criminal Code* and forfeiture under the *Act respecting the forfeiture, administration and appropriation of proceeds and instruments of unlawful activity*¹ (civil forfeiture).

Civil forfeiture is an effective tool for forfeiting property. In particular, it can be conducted:

- when it does not seem possible to carry out forfeiture under the *Criminal Code*, for instance when it is impossible to demonstrate beyond a reasonable doubt that the property was obtained from the proceeds of crime or that it was used for this purpose;
- in the context of penal offences under various legislation, such as the *Building Act*,² the *Tobacco and Vaping Products Act*³ and the *Cannabis Regulation Act*.⁴

In addition, investigative information can be forwarded to Revenu Québec for the purpose of issuing notices of assessment related to criminal activity, regardless of the forfeiture strategy used.

In order to create financial incentives for police forces to deploy additional investigative efforts to prove that property is tainted by crime or illicit activity, two mechanisms for sharing recovered amounts have been put in place in Québec, namely:

- the order on sharing the proceeds of crime;
- the Entente administrative concernant le partage des revenus provenant des cotisations fiscales liées aux activités criminelles (administrative agreement regarding the sharing of revenue from tax assessments related to criminal activities).

In addition to being shared with the police forces who took part in the operations, part of the money recovered is paid into the Crime Victims Assistance Fund.

1 CQLR, chapter C-52.2.

2 CQLR, chapter B-1.1.

3 S.C. 1997, c. 13.

4 CQLR, chapter C-5.3.

■ **Stepping up the fight against laundering of the proceeds of crime**

Laundering of the proceeds of crime enables criminals to introduce money acquired through illicit activities, such as drug trafficking, smuggling and fraud, into the legal economy, resulting in economic distortions, including unfair competition.

Schemes for laundering of the proceeds of crime are constantly evolving. The specialized law enforcement officers that fight them must therefore be properly equipped, and must constantly adapt their investigations to the new tactics and technologies used by criminals.

In order to step up the fight against laundering of the proceeds of crime, additional funding is provided starting in 2024-2025 with a view to:

- increasing the number of ACCEF¹ committee members;
- increasing staff dedicated to this fight;
- keeping abreast of new money-laundering schemes used by criminals.

■ **Facilitating civil forfeiture**

On February 20, 2024, the Québec Minister of Justice introduced Bill 54.² Among other things, it introduces various amendments to the *Act respecting the forfeiture, administration and appropriation of proceeds and instruments of unlawful activity*³ to optimize the civil forfeiture process. It also introduces a regime for the administrative forfeiture of proceeds of unlawful activity.

Optimizing the processes covered by this Act will lead to an increase in the number of civil forfeiture cases submitted by police officers. In this context, continuing to ensure adequate judicial processing of this type of case will be essential.

To this end, additional funding will be provided from 2024-2025 to increase the Attorney General of Québec's capacity to process civil forfeiture cases, particularly highly complex ones.

The creation of a specialized team of lawyers, paralegals and support staff will, in particular:

- substantially increase the volume of forfeiture cases processed;
- establish and maintain partnerships with police forces and prosecutors.

¹ Actions concertées contre les crimes économiques et financiers (concerted actions against economic and financial crime).

² *An Act to follow up on the Table Justice-Québec with a view to reducing processing times in criminal and penal matters and to make the administration of justice more efficient.*

³ CQLR, chapter C-52.2.

■ **Focusing on police training in forfeiting the proceeds of crime**

Conducting investigations into the forfeiture of the proceeds of crime requires extensive knowledge in numerous fields. The investigators involved must therefore be adequately trained to ensure the effectiveness of their actions.

The Québec government is injecting additional funds into enhanced police training to ensure the effectiveness of investigations relating to the forfeiting of criminal assets.

Thanks to this measure, nearly 1 000 police officers will be trained in this field from 2024-2025, enabling them to acquire a significant level of expertise.

□ **Stepping up the fight against smuggling activities**

In order to prevent an increase in tobacco smuggling activities, the government will increase funding for the ACCES⁴ tobacco partners, with a view to:

- increasing police presence to intensify pressure on smugglers;
- launching investigations to uncover new smuggling schemes that are more difficult to identify.

⁴ Actions concertées pour contrer les économies souterraines (concerted actions to counter the underground economy).

2. FOLLOWING UP ON ACTIONS TAKEN TO COMBAT TAX EVASION AND FRAUD AGAINST THE GOVERNMENT

The government has implemented various initiatives to promote the integrity of the tax system, foster healthy competition, and combat fraud against the government.

In 2023-2024, the government funded concerted actions to combat:

- unreported work in the construction sector;
- tobacco, cannabis and alcohol smuggling;
- economic and financial crime, and fraud against the government.

Concerted actions to combat tax evasion and fraud against the government

The effectiveness of the government's interventions to combat tax evasion and fraud against the government depends on the concerted actions of the partners, particularly within the framework of the ACCES committees (tobacco, cannabis, alcohol, construction) and the ACCEF committee.

These committees' partners benefit from the expertise of other committee members, which varies according to their assigned roles, responsibilities and powers. Coordinated work also makes it possible to:

- establish policy directions in the fight against crime and offences, and identify key areas for investigative unit interventions;
- analyze the legal aspects of investigations and propose legislative amendments as needed;
- improve information sharing among the partners;
- help develop and improve the training offered to partners.

Revenu Québec's role in the ACCES and ACCEF committees

Revenu Québec is a key player in the government's fight against economic crime and tax fraud, working hard to prevent, detect, counter and repress them.

Revenu Québec is a member of the ACCES and ACCEF committees. It works closely with the partners, and is involved in major police investigations from the outset. In addition, it issues notices of assessment when necessary, following information received from police forces.

In particular, Revenu Québec cooperates with the police in matters of tobacco smuggling, and institutes criminal proceedings when violations of the *Tobacco Tax Act* are identified.¹

¹ CQLR, chapter I-2.

2.1 The fight against unreported work in the construction sector (ACCES construction)

The construction industry is vital to Québec's economy. However, it is a sector at risk of being affected by tax evasion and unreported work.

ACCES construction⁵ brings together government departments and bodies to work in partnership to combat tax evasion, unreported work and non-compliance with various obligations incumbent upon employers and workers in the construction sector. ACCES construction partners carry out this work through joint site visits, information sharing and other initiatives.

This partnership enables the government to effectively combat tax evasion and unreported work, thereby recovering significant amounts that are then invested in public services.

Example of an intervention by ACCES construction

In 2023, the Commission de la construction du Québec intervened with a real estate developer who was making use of controversial and illegal practices, including changing the intended purpose of buildings to circumvent rent-related legislation, exploiting undocumented immigrant workers and carrying out renovations. Amounts of up to \$20 000 in cash were being offered to tenants so that they would move out.

Following joint visits with Revenu Québec and the city of Montréal, the Commission de la construction du Québec issued work suspension orders for five of the developer's construction sites. More than 70 offences were observed, including employers who were not registered or licensed with the Régie du bâtiment du Québec, and employees who did not have a competency certificate or were working in the wrong trade.

Given the obstructions and refusals of access to work sites, injunctions were necessary for the Commission to be able to carry out its interventions. Further injunctions are planned concerning audits of the books of four of the developer's companies.

An information dissemination meeting was held with several ACCES construction partners and the Permanent Anti-Corruption Unit to inform them of the risks of non-compliance and illegal practices by the developer.

Source: Commission de la construction du Québec.

⁵ ACCES construction brings together the Commission de la construction du Québec, the Régie du bâtiment du Québec, the Commission des normes, de l'équité, de la santé et de la sécurité du travail, the Registraire des entreprises du Québec, the Autorité des marchés publics, Revenu Québec, the Ministère du Travail, the Director of Criminal and Penal Prosecutions and the Ministère des Finances du Québec.

2.2 The fight against smuggling

Smuggling activities are the result of, in particular, the illegal production, transportation and sale of goods on the black market, in order to avoid paying the applicable taxes, among other things.

To counter this practice, the government has introduced various concerted actions in high-risk sectors. These bring together the police forces and government departments and bodies who are partners in the fight against tobacco, cannabis and alcohol smuggling.

❑ The fight against the illicit tobacco trade (ACCES tobacco)

The actions of the ACCES tobacco partners⁶ are aimed at dismantling smuggling networks, recovering the tax losses linked to the illicit trade in tobacco and thus increasing revenue from the specific tax on tobacco products.

These actions target all smuggling activities, from the supply of raw materials to the sale of tobacco products to consumers. The purpose of these actions is to:

- support police interventions in the fight against smuggling networks, including neighbourhood networks;
- implement police surveillance of the main contraband tobacco supply and transportation channels;
- adapt interventions to the schemes used by smugglers;
- improve information sharing between the partners.

Example of an intervention by ACCES tobacco

An investigation by the Service de police de la Ville de Montréal targeted a shisha smuggling ring in the greater Montréal area. This investigation followed a number of violent events, including the use of a firearm in a public space, arson and intimidation. The investigation also identified the distribution network's main suppliers, who were located in the Toronto area.

A total of 63 searches were carried out and charges were recommended against 43 people. More than 8 500 kilograms of illegal shisha with a street value of over \$3 million, 23 vehicles and over \$125 000 were seized.

Sources: Service de police de la Ville de Montréal and Ministère de la Sécurité publique.

⁶ ACCES tobacco brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, other Québec police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Ministère de la Santé et des Services sociaux, the Ministère des Finances du Québec, as well as the Royal Canadian Mounted Police, the Canada Revenue Agency and the Canada Border Services Agency.

**❑ The fight against the illicit cannabis trade
(ACCES cannabis)**

ACCES cannabis⁷ was set up following the legalization of cannabis to combat the illicit production and trade of cannabis.

The partners' actions help detect the schemes used by smugglers and counter their operations by conducting investigations.

These actions are aimed at:

- reducing the availability of illegal cannabis to youth under 21;
- disrupting the illicit cannabis supply chain.

The funding granted allows more than 150 individuals to be assigned to the fight against the illicit cannabis trade across Québec, and ensures the coordination of activities between police forces and other partners.

Example of an intervention by ACCES cannabis

The RÉSINE project was implemented by the Sûreté du Québec in March 2023 following information received from the public about an illicit cannabis production site in the Montérégie region. The investigation led to this information being corroborated, and several other illicit production sites were identified. The investigation targeted individuals linked to organized crime operating under the cover of Health Canada registration certificates.

The investigation concluded in September 2023 with the execution of 2 arrest warrants and 28 searches. These led to the seizure of 360 kilograms of bulk cannabis, nearly 1 700 cannabis plants, 19 kilograms of hashish, 12 weapons including 6 firearms, production equipment and over \$66 000. In addition, nine buildings and six vehicles valued at \$2.2 million were subject to restraint orders or seizures of offence-related property.

Sources: Sûreté du Québec and Ministère de la Sécurité publique.

⁷ ACCES cannabis brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, the Service de police de la Ville de Québec, other Québec police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Ministère de la Santé et des Services sociaux, the Société québécoise du cannabis and the Ministère des Finances du Québec.

❑ The fight against the illicit trade in alcoholic beverages (ACCES alcohol)

ACCES alcohol⁸ allows for targeted actions to combat the illegal procurement of alcoholic beverages and their illicit trade.

These actions, carried out by various police forces across Québec, target the entire supply chain and are divided into two main types of intervention, namely:

- inspection of establishments holding a liquor permit for consumption on the premises, which allows the detection of any offences involving the trade in alcoholic beverages;
- investigations to detect illegal schemes for the production, distribution and sale of alcoholic beverages.

These interventions ensure public safety, guarantee fair and healthy competition in the alcoholic beverage trade and reduce revenue losses for the government.

Example of an intervention by ACCES alcohol

An investigation by the ACCES alcohol team of the Service de police de la Ville de Montréal determined that a merchant was illegally purchasing wine and spirits in Ontario and reselling them in his neighbourhood grocery store in Montréal.

In September 2023, over 4 700 litres of wine and spirits, with an estimated value of over \$25 000, were seized. The merchant is facing charges under the *Act respecting offences relating to alcoholic beverages*.¹

¹ CQLR, chapter I-8.1.

Sources: Service de police de la Ville de Montréal and Ministère de la Sécurité publique.

⁸ ACCES alcohol brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, other Québec police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Régie des alcools, des courses et des jeux, the Société des alcools du Québec and the Ministère des Finances du Québec.

2.3 The fight against economic and financial crime, and fraud against the government

Economic and financial crime, fraud against the government and organized networks of unreported work result in significant losses for the Québec government.

Investigations to combat these crimes requires a high level of expertise and close collaboration between various partners. The Québec government has therefore brought together stakeholders in the fight against this type of crime through ACCEF⁹ and the Forum contre la fraude envers l'État.¹⁰

The partners can thus combine their complementary expertise, so as to fight these types of crime more effectively.

❑ The fight against economic and financial crime (ACCEF)

ACCEF's mission is to improve the circulation of information among the main partners and detect and repress organized economic and financial crime.

ACCEF has three components:

- the fight against tax crimes, which helps put an end to complex tax evasion and money laundering schemes;
- the fight against crimes committed on financial markets, which focuses on schemes whose victims are usually investors in the cryptoasset industry, among others;
- the fight against laundering of the proceeds of crime, the aim of which is to recover criminal assets, thereby increasing government revenue and depriving criminal groups of assets acquired illegally or used to carry out illegal activities.

Example of an intervention by ACCEF

The Sûreté du Québec's ORIBUS investigation concerned two main suspects who had solicited a company's investors to encourage them to invest in the purchase and development of land.

Most of the planned projects never saw the light of day, and investments totalling over \$20 million were squandered with the help of two nominees and a complacent notary. The investigation led to five arrests and the freezing of a residence worth \$4.8 million, and allowed Revenu Québec to issue notices of assessment totalling \$450 000.

Sources: Sûreté du Québec and Ministère de la Sécurité publique.

⁹ ACCEF brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Autorité des marchés financiers and the Ministère des Finances du Québec.

¹⁰ Coordinated by the Ministère de la Sécurité publique, the forum consists of some 15 partner government departments and bodies involved in combatting fraud against the government.

❑ **Combatting fraud against the government**

Fraud schemes against the government are becoming increasingly complex and frequent. This type of crime generates significant losses for victims and their families, businesses and the government.

The government has therefore set up a team at the Sûreté du Québec to conduct investigations in cooperation with the government departments and bodies that are victims of this type of crime. The work of this team consists in:

- coordinating criminal and penal investigations;
- supporting the training of investigators within government departments and bodies;
- providing technological support for complex investigations.

In addition, since fraud against the government often involves the use of falsified or counterfeit documents, the government departments and bodies that are victims of fraud can count on the expertise of the Laboratoire de sciences judiciaires et de médecine légale to:

- obtain training to quickly spot fake IDs;
- examine disputed documents to determine their authenticity or to determine whether they are falsified or counterfeit.

Example of an intervention in combatting fraud against the government
<p>Carried out by the Sûreté du Québec in collaboration with the Ministère de l'Éducation and the Ministère de l'Enseignement supérieur, the PRÉCEPTÉ investigation concerned a scheme to fraudulently obtain loans and bursaries for students wishing to study abroad.</p> <p>The use of false documents, nominees and stolen entities led to 76 fraudulent applications, totalling \$3 million. The suspects appeared in court in 2023.</p>

Sources: Sûreté du Québec and Ministère de la Sécurité publique.

❑ The fight against organized networks of unreported work

The Ministère de l'Emploi et de la Solidarité sociale and its partners work to combat criminal networks linked to some employment agencies.

These networks exploit vulnerable workers, often newcomers, and generally pay them in cash, thereby depriving them of the protections and employee benefits provided for in Québec.

Fraudulent employment agencies also neglect to report their income, which generates significant tax losses for the Québec government.

The concerted actions of the partners help identify these networks, recover sums owed to the government, take deterrent action and support the entry into the legal labour market of people who have performed unreported work.

Example of an intervention in the fight against organized networks of unreported work
<p>The SURF investigation, carried out by the Ministère de l'Emploi et de la Solidarité sociale, concerned a fraudulent scheme aimed at employing last-resort financial assistance recipients, paying them in cash and failing to report to the government employment income paid to employees.</p> <p>A total of three suspects and four employment agencies were involved in the scheme.</p> <p>On October 25, 2023, five search warrants were executed in the Montréal and Lanaudière regions.</p> <p>This investigation was conducted in collaboration with the Sûreté du Québec, the Service de police de la Ville de Montréal, the Service de police de la Ville de Mascouche and the Service de police de Terrebonne.</p>

Source: Ministère de l'Emploi et de la Solidarité sociale.

2.4 Return on investment and funding for concerted actions

To enable government departments and bodies to carry out their concerted activities to combat tax evasion and fraud against the government, the Ministère des Finances grants them funding from the Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government and from the Fund to Combat Addiction.¹¹

- The government departments and bodies benefit from the expertise of their partners, establish policy directions, analyze certain legal aspects and improve information sharing.

❑ Results of concerted actions to combat tax evasion and fraud against the government

In 2022-2023, the concerted actions to combat tax evasion and fraud against the government yielded a total return of close to \$680 million.

- The return per dollar invested in projects funded was \$8.29.

TABLE B.2

Total return on concerted actions

(millions of dollars, unless otherwise indicated)

	2022-2023
ACCES construction	296.4
ACCES tobacco	163.2
ACCES cannabis	36.2
ACCES alcohol	112.1
ACCEF and combatting fraud against the government ⁽¹⁾	68.9
TOTAL	676.8
Funding granted to partners ⁽²⁾	81.6
RETURN PER DOLLAR INVESTED (IN DOLLARS)	8.29

(1) This includes the fight against organized networks of unreported work.

(2) Some projects have objectives that do not translate into a financial return. The funding of these projects is excluded from the amount used to calculate the return per dollar invested.

¹¹ The Fund to Combat Addiction finances initiatives to prevent the use of psychoactive substances, pathological gambling and other forms of addiction, as well as to combat their harmful effects.

❑ Funding for concerted actions

In 2023-2024, the Ministère des Finances du Québec allocated \$91.7 million to fund concerted actions to fight tax evasion and fraud against the government.

TABLE B.3

Funding for concerted actions to combat tax evasion and fraud against the government in 2023-2024 (millions of dollars)

	Provision ⁽¹⁾	Fund ⁽²⁾	Total
ACCES construction	12.6	—	12.6
ACCES tobacco	9.6	8.3	17.9
ACCES cannabis	0.1	28.4	28.5
ACCES alcohol	0.0	8.8	8.8
ACCEF and combatting fraud against the government ⁽³⁾	21.7	—	21.7
Other initiatives	2.2	—	2.2
TOTAL	46.1	45.6	91.7

Note: Totals may not add due to rounding.

(1) Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government.

(2) Fund to Combat Addiction.

(3) This includes the fight against organized networks of unreported work.

Section C

MEASURES REQUIRING LEGISLATIVE OR REGULATORY AMENDMENTS

- 1. Measures requiring legislative or regulatory amendments C.3
 - 1.1 Supporting seniors with disabilities..... C.3
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du Québec C.4
 - 1.5 Additional deposit in the Generations Fund from
the Territorial Information Fund C.4

1. MEASURES REQUIRING LEGISLATIVE OR REGULATORY AMENDMENTS

Certain measures presented in the 2024-2025 budget documents require legislative or regulatory amendments that are not of a fiscal nature.

These amendments will be presented by the Minister of Finance in a bill aimed mainly at implementing certain provisions of the Budget Speech of March 12, 2024, or by the ministers responsible for the laws or regulations requiring amendments.

1.1 Supporting seniors with disabilities

In addition to providing basic financial protection at retirement for Québec workers, the Québec Pension Plan (QPP) provides an important safety net for people with disabilities. To further support these individuals, changes to the *Act respecting the Québec Pension Plan* (CQLR, chapter R-9) will be proposed.

Details of the measures are presented in Section C, “Supporting Quebecers and Communities,” of the *Québec Budget Plan – March 2024*.

☐ Eliminating retirement pension reductions starting at age 65

Amendments will be proposed to eliminate, as of January 1, 2025, the retirement pension reduction for seniors with disabilities reaching the age of 65.

☐ Protecting benefits when the first retirement pension is paid

Amendments will be proposed to protect the benefits of recipients of a disability pension between the ages of 60 and 64, more specifically to ensure that their benefits are at least as high as what they were prior to the payment of their retirement pension. This protection will apply retroactively to January 1, 2024.

1.2 Ensuring support payments are received on a regular basis

Revenu Québec is responsible for the administration and collection of support payments. To ensure that these payments are received on a regular basis, a new deterrent measure will be introduced, allowing for the suspension of the driver's licence of highly uncooperative payors who seek to avoid making the support payments they are legally bound to make. Implementing this initiative will require amendments, particularly to the *Act to facilitate the payment of support* (CQLR, chapter P-2.2) and the *Highway Safety Code* (CQLR, chapter C-24.2).

Details of this measure are presented in Section C, “Supporting Quebecers and Communities,” of the *Québec Budget Plan – March 2024*.

1.3 Modernizing property taxes to promote robotization

Current legislation does not explicitly provide for the treatment of certain robots and robotic handling equipment.

Therefore, to promote innovation in robotization in Québec businesses, certain provisions of the *Act respecting municipal taxation* (CQLR, chapter F-2.1) need to be modernized.

Details of this measure are presented in Section D, “Acting on Economic Priorities,” of the *Québec Budget Plan – March 2024*.

1.4 Facilitating the mandates of the Institut de la statistique du Québec

The government has designated data held by public bodies in the areas of health care, education and tax such that the Institut de la statistique du Québec (ISQ) can share them with researchers attached to a public body. Data held by other public bodies will also be designated at a later date.

Amendments to the *Act respecting the Institut de la statistique du Québec* (CQLR, chapter I-13.011) will be proposed so that the ISQ can use these designated data for its statutory mandates. These mandates include keeping Québec's population record up to date and carrying out work concerning sustainable development, the situation and advancement of the French language in Québec, and the total remuneration of certain employees.

Details of this measure are presented in Section D, “Acting on Economic Priorities,” of the *Québec Budget Plan – March 2024*.

1.5 Additional deposit in the Generations Fund from the Territorial Information Fund

Provisions will be put in place to carry out the deposit of \$400 million in the Generations Fund from a portion of the accumulated surplus in the Territorial Information Fund of the Ministère des Ressources naturelles et des Forêts, thereby reducing the government's gross debt.

Details of this measure are presented in Section H, “The Québec Government's Debt,” of the *Québec Budget Plan – March 2024*.

An aerial, top-down view of a large crowd of people. The people are represented as small, colorful icons in various colors (blue, green, red, yellow, purple, etc.). They are scattered across the frame, and each person has a long, dark shadow cast behind them, suggesting a low sun position. The background is a light blue gradient that transitions to a darker blue at the bottom.

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