

MOTOR VEHICLES — TAXABLE BENEFIT — 2023

Personal use of a company vehicle is considered a twofold taxable benefit that is calculated as follows:

	PURCHASED VEHICLE	LEASED VEHICLE
1. Standby charge ¹	2% x original cost x n° of months	% leasing cost x n° of months
2. Operating costs	\$0.33 x n° of km for personal use or 50% of item #1 ¹	\$0.33 x n° of km for personal use or 50% of item #1 ¹

1 The standby charge decreases if the automobile is used for business purposes more than 50% of the time and if the number of kilometres travelled for personal reasons is less than 1,667 km for each 30-day period.

The taxable benefit must also take into account GST, QST and deductions at source.

	DEDUCTION LIMIT
Capital cost for CCA purposes - Cat 10.1	\$36,000 + taxes
Capital cost for CCA purposes - Cat 54	\$61,000 + taxes ¹
Monthly leasing costs	\$950 + taxes ²
Maximum allowable monthly interest	\$300

1 Category 54 is for zero-emission passenger cars. To register a vehicle in Class 54, the taxpayer must not have qualified for the federal subsidy for zero-emission vehicles.
2 Another limit based on a mathematical formula involving the suggested price can definitely have the effect of restricting the limit below the \$950 threshold.

Employer's maximum deductible allowance for kilometres travelled by an employee and exempt from taxes as it can be considered reasonable:

- \$0.68/km on first 5,000 km
- \$0.62/km for every additional km

TAX RATES FOR CANADIAN-CONTROLLED PRIVATE CORPORATIONS — 2023¹

	FEDERAL	QUEBEC	TOTAL
Active business income			
Eligible for federal SBD only ^{2,3}	9%	11.5%	20.5%
Eligible for SBD ^{2,3} - Compliance with hours worked criterion	9%	3.2%	12.2%
Eligible for SBD ^{2,3} - SME manufacturing	9%	3.2%	12.2%
Not eligible for SBD	15%	11.5%	26.5%
Inactive business income			
Personal services business	33%	11.5%	44.5%
Investment income	38.67%	11.5%	50.17%
Refundable portion	30.67%	N/A	30.67%
Dividend income			
From an unconnected corporation	38½%	N/A	38½%

1 Rates indicated in the table are based on a 12-month taxation year ending December 31, 2023.

2 The small business deduction of \$500,000 must be prorated among associated corporations and gradually decreased if the taxable or paid-up capital of the preceding calendar year is between \$10M and \$50M if the corporation's taxation year begins after April 6, 2022 (\$10M and \$15M for years beginning before April 7, 2022) or if the total adjusted investment income for each taxation year ending in the previous civil year is between \$50,000 and \$150,000.

3 Excluding dividend income.

BUDGET CHANGES — 2023

FEDERAL

- Modification of the rules introduced by Bill C-208 to ensure that they only apply when a real intergenerational transfer of business takes place;
- Modification to the calculation of alternative minimum tax (AMT) to better target AMT to high-income individuals.

QUEBEC

- Personal income tax reduction effective tax year 2023. Rates will go from 15% to 14% for the portion of taxable income that does not exceed \$49,275 and from 20% to 19% for the portion of taxable income that exceeds \$49,275, but does not exceed \$98,540;
- Possibility for workers aged 65 or over to choose to no longer pay QPP contributions;
- Limitation of access to the non-refundable credit relating to a labour-sponsored fund for taxpayers whose taxable income is less than or equal to the threshold of the last taxable income bracket.



TAX QUICK REFERENCE

CERTIFICATION

CORPORATE AND PERSONAL TAXATION

BUSINESS SUCCESSION PLANNING

BUSINESS ACQUISITIONS, SALES AND MERGERS

BUSINESS VALUATION



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2023

TAX TABLE FOR INDIVIDUALS (QUEBEC) — 2023

This quick reference is intended to provide general information relevant to the 2023 tax year. Individuals requiring further information in order to make an informed tax-related decision are encouraged to seek the advice of a tax professional.

TAXABLE INCOME	FEDERAL INCOME TAX	MARGINAL RATE ¹	QUÉBEC INCOME TAX	MARGINAL RATE ¹	COMBINED TAX	COMBINED MARGINAL RATE ¹	MARGINAL RATES ^{1,2}		MARGINAL RATE ¹ CAPITAL GAINS
							ELIGIBLE DIVIDENDS	OTHER DIVIDENDS	
\$	\$	%	\$	%	\$	%	%	%	%
15,000	-	12.53	-	-	-	12.53	-	5.73	6.26
17,183	273	12.53	-	14.00	273	26.53	3.17	17.90	13.26
20,000	626	12.53	394	14.00	1,020	26.53	3.17	17.90	13.26
25,000	1,253	12.53	1,094	14.00	2,347	26.53	3.17	17.90	13.26
30,000	1,879	12.53	1,794	14.00	3,673	26.53	3.17	17.90	13.26
35,000	2,505	12.53	2,494	14.00	4,999	26.53	3.17	17.90	13.26
40,000	3,131	12.53	3,194	14.00	6,325	26.53	3.17	17.90	13.26
49,275	4,293	12.53	4,493	19.00	8,786	31.53	10.07	23.65	15.76
50,000	4,384	12.53	4,631	19.00	9,015	31.53	10.07	23.65	15.76
53,359	4,804	17.12	5,269	19.00	10,073	36.12	16.39	28.93	18.06
60,000	5,941	17.12	6,531	19.00	12,472	36.12	16.39	28.93	18.06
70,000	7,653	17.12	8,431	19.00	16,084	36.12	16.39	28.93	18.06
80,000	9,365	17.12	10,331	19.00	19,696	36.12	16.39	28.93	18.06
95,000	11,932	17.12	13,181	19.00	25,113	36.12	16.39	28.93	18.06
98,540	12,538	17.12	13,853	24.00	26,391	41.12	23.29	34.68	20.56
106,717	13,938	21.71	15,816	24.00	29,754	45.71	29.63	45.16	25.11
119,910	16,802	21.71	18,982	25.75	35,784	47.46	32.04	41.98	23.73
125,000	17,907	21.71	20,293	25.75	38,200	47.46	32.04	41.98	23.73
165,430	26,685	24.48	30,703	25.75	57,388	50.23	35.86	45.16	25.11
200,000	35,147	24.48	39,605	25.75	74,752	50.23	35.86	45.16	25.11
235,675	43,880	27.56	48,792	25.75	92,672	53.31	40.11	48.70	26.65
250,000	47,827	27.56	52,480	25.75	100,307	53.31	40.11	48.70	26.65

N.B.: Income tax is computed for a single individual with no dependants. This table takes into account both the federal and Quebec basic personal exemption. This table should not be used to compute tax if the taxpayer has income from dividends only (unless a separate, distinct computation is made for this type of income). The income tax rate indicated for dividends in the first taxable income brackets only applies fully in cases where there are taxes otherwise payable by the individual.

- 1 The marginal rate corresponds to the income tax rate applicable to each additional dollar of income.
- 2 **Eligible dividends:** Dividends paid by a public company and any other corporation from business income that is not eligible for the small business deduction (SBD).
Other dividends: Dividends paid out by a Canadian-controlled private corporation (CCPC) from business income that is eligible for the SBD and dividends paid out from investment income (interest, taxable capital gains, other income from property, but not dividends).

INDIVIDUALS RECEIVING ONLY DIVIDEND INCOME — 2023

GROSS-UP AND CREDIT RATES	FEDERAL	QUEBEC
Eligible dividends		
Dividend gross-up	38%	38%
Dividend tax credit	15.02%	11.70%
Other dividends		
Dividend gross-up	15%	15%
Dividend tax credit	9.03%	3.42%

If this is the taxpayer's only source of income, an individual not eligible for any deduction or credit other than the basic amount may receive a dividend without having to pay any tax if the revenue does not exceed the following thresholds (amount before gross-up):

	FEDERAL	QUEBEC
Eligible dividends	\$68,560	\$48,340
Other dividends	\$32,775	\$19,775

RRSP, TFSA AND RPP CONTRIBUTION LIMITS

	2023	2024
RPP ¹	\$31,560	Indexed
TFSA (cumulative 2023 — \$88,000)	\$6,500	TBD
RRSP	\$30,780	\$31,560
Income limit ²	\$171,000	\$175,333

- 1 Defined benefits.
- 2 This is the maximum earned income from the previous year used for calculating the RRSP limit.

CAPITAL GAINS EXEMPTION — 2023

- Eligible small business shares\$971,190
- Farm property\$1,000,000

PERSONAL TAX CREDITS — 2023

	FEDERAL (15%) ¹	QUEBEC (14%) ¹
Basic	\$13,521 /\$15,000 ²	\$17,183
Person living alone	N/A	\$1,969
Spouse or eligible dependant	\$13,521 /\$15,000 ²	N/A
Dependent child: <ul style="list-style-type: none">■ 18 years or older at school■ Canada caregiver credit for children under 18 years of age■ Additional amount for infirm children under 18 years of age■ Post-secondary studies (by term, minors)■ Single-parent family■ Children's activities (refundable credit) (per child under 16 years available to families whose income does not exceed \$155,880)	N/A	\$12,638 ³
Other dependant aged 18 or older: <ul style="list-style-type: none">■ General	N/A	\$5,154
Age amount	\$8,396	\$3,614
Retirement income amount	\$2,000	\$3,211
Disability amount	\$9,428 ⁹	\$3,815
Caregiver (refundable provincial credit) <ul style="list-style-type: none">■ Net income threshold	\$7,999	\$2,766 ⁶
Canada Employment Credit/Deduction for Workers	\$18,783	\$24,540
First-Time Home Buyers' Tax Credit	\$1,368 ⁷	\$1,315 ⁸
	\$10,000	\$10,000

- 1 Depending on income, the amounts of certain credits may be reduced.
- 2 The basic personal amount is \$13,521 for individuals whose net income for the year is greater than or equal to the amount at which the 33% tax bracket begins. It is \$15,000 for individuals whose net income for the year is less than or equal to the amount at which the 29% tax bracket begins.
- 3 Amount includes the recognized parental contribution and two terms of post-secondary studies.
- 4 This credit is reduced by the childcare or attendant care expenses claimed.
- 5 For single-parent families who have lived with an eligible student.
- 6 An amount of \$1,383 is not reducible on the basis of income.
- 7 The lesser of \$1,368 and the individual's employment income for the year.
- 8 Deduction of the lesser of \$1,315 or 6% of employment income.
- 9 This credit may be transferred to a person who provides basic necessities for a dependant.

	FEDERAL	QUEBEC
Professional and union dues	Deduction	10% tax credit
Contribution to the Health Services Fund (applicable income includes net business income, investment income, pension income, taxable capital gains, etc.)	N/A	\$0 to \$16,780 = no contribution required \$16,780 \$ to \$31,780 = 1% of taxable income \$31,780 \$ to \$58,350 = \$150 \$58,350 \$ to \$143,350 = \$150 + 1% of taxable income (max. \$1,000) \$143,350 and more = \$1,000
Medical expenses	15% of expenses in excess of the lesser of \$2,635 or 3% of net income of claimant	20% of excess expenses 3% of net family income
Charitable donations (amount of eligible donations is limited to 75% of net income)	15% on the first \$200 29% on the excess 33% on the portion that is subject to the highest marginal rate	20% on the first \$200 24% on the excess 25.75% on the portion that is subject to the highest marginal rate

PRESCRIBED INTEREST RATES — 2023

Trimester	FEDERAL		QUEBEC	
	1 st	2 nd	1 st	2 nd
Income tax owing	8%	9%	9%	10%
Tax receivable (corporations/other)	4%/6%	5%/7%	3.75%	4.25%
Taxable benefits and loan to a related person	4%	5%	4%	5%

DEDUCTIONS AT SOURCE — 2023

QUEBEC			
Quebec Pension Plan (QPP)			
Maximum pensionable earnings			\$66,600
Basic exemption			3,500
Maximum contributory gains			\$63,100
Contribution rate (5.40% for the basic contribution + 1% for the first additional contribution)			6.40%
Maximum employee contribution			\$4,038.40
Maximum employer contribution (per employee)			\$4,038.40
Maximum contribution for a self-employed worker			\$8,076.80
Quebec Parental Insurance Plan (QPIP)			
Maximum insurable earnings			\$91,000
Employee contribution rate			0.494%
Self-employed worker contribution rate			0.878%
Employer contribution rate			0.692%
Maximum employee contribution			\$449.54
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$629.72
Maximum contribution for a self-employed worker			\$798.98
Health Services Fund (HSF)			
Employer contribution rate:			
		SMEs in primary and manufacturing sectors	Other
Payroll			
≤ \$1,000,000	1.25%		1.65%
> \$1,000,000 and < \$7,200,000	0.7645% + [0.4855% x P]		1.2290% + [0.4210% x P]
≥ \$7,200,000	4.26%		4.26%
(P = Cumulative total payroll / \$1,000,000)			
The cumulative total payroll represents the total amount of wages paid by any associated employer, regardless of where the employer carries on its business.			
Workforce training (1%)			
Businesses with a payroll of more than \$2M are required to devote a minimum of 1% of their payroll to eligible training expenses.			
FEDERAL			
Employment insurance			
Maximum insurable earnings			\$61,500
Employee contribution rate			1.27%
Maximum employee contribution			\$781.05
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$1,093.47