

VOLUNTARY RETIREMENT SAVINGS PLAN (VRSP)

The *Voluntary Retirements Savings Plan Act* (CQLR, c. R-17.0.1) takes effect on July 1st, 2014. It will be mandatory for businesses to subscribe to a VRSP by:

- December 31, 2016 for businesses with 20 or more eligible employees¹ on June 30, 2016
- December 31, 2017 for businesses with 10 to 19 eligible employees on June 30, 2017
- A date to be determined by the government, but not prior to January 1st, 2018, for employers with 5 to 9 eligible employees.

¹ This definition include employee aged 18 years or over who, within the meaning of the *Act Respecting Labour Standards*, is considered to be wage-earner and is credited with one year of uninterrupted service.

TAX RATE CANADIAN CONTROLLED PRIVATE CORPORATION - 2015

	FEDERAL	QUEBEC	TOTAL
Active Business Income			
Eligible for SBD ^{1,2}	11%	8%	19%
Not eligible for SBD ³	15%	11.9%	26.9%
Inactive Business Income			
Personal services business	28%	11.9%	39.9%
Investment income ⁴	34.67%	11.9%	46.57%
Refundable portion	26.67%	s.o.	26.67%
Dividend Income			
From an unconnected corporation	33% ⁵	s.o.	33%

¹ The small business deduction of \$500,000 must be prorated among associated corporations and gradually decreases if the paid-up capital from the previous year is between \$10M and \$15M.

² Effective in 2016, the federal tax rate of eligible corporations for the SBD is progressively reduced to reach 9% in 2019 (as proposed in the federal budget of April 21, 2015).

³ Effective in 2016, the Quebec tax rate of enterprises ineligible for the SBD will be reduced to reach 11.5% in 2020 (as proposed in the Quebec budget of March 26, 2015).

⁴ Excluding dividend income.

⁵ Income taxes are refunded at a rate of \$1 for every \$3 of dividends paid out.

BUDGET CHANGES - 2015

FEDERAL - Proposed but not adopted (April 21, 2015)

- Expected decrease of the Employment Insurance contribution rate in 2017.
- Introduction of a new home accessibility tax credit.
- Reduction of the factors used to calculate the minimum RRIF withdrawals.
- Increase of the capital gains deduction limit to \$ 1 M for qualified farm and fishing property.
- Increase of the maximum amount for child care expenses and enhancement of the UCCB which replaces the tax credit for children.
- Simplification of the reporting requirements for foreign assets (T1135).

QUEBEC - Proposed but not adopted (March 26, 2015)

- Introduction of new eligibility criteria for SBD.
- Gradual reduction of the contribution rate to the HSF for SMEs in the services sector and construction.
- Gradual abolition of restrictions on input tax refunds for large businesses.
- Amendment of the *Taxation Act* to allow a taxpayer to use his exemption for capital gain on a sale to a person at arm's length for shares of a corporation exploiting a business in the primary or manufacturing sector.
- Gradual reduction of the health contribution until its abolition in 2019.
- Implementation of a tax shield to offset part of the loss of socio-fiscal transfers as a result of an increase in labor income.
- Changes in the operating terms of the tax credit for solidarity.
- Reduction to 63 years of age eligibility of an individual for the tax credit for experienced workers.
- Introduction of a new assistance program elders who must deal with an increase in their property taxes.
- Gradual increase in the age of entitlement for the age tax credit.



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2015

INDIVIDUALS RESIDING IN QUÉBEC

This quick reference is intended to provide general information relevant to the 2015 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		QUEBEC TAX		COMBINED TAX		MARGINAL RATES ^{1,2}		MARGINAL RATE ¹ CAPITAL GAINS
	\$	%	\$	%	\$	%	%	%	
11,327	-	12.53	-	16.00	-	12.53	-	3.92	6.26
11,425	12	12.53	-	16.00	12	28.53	5.66	14.49	14.26
15,000	460	12.53	115	16.00	575	28.53	5.66	14.49	14.26
20,000	1,086	12.53	915	16.00	2,001	28.53	5.66	14.49	14.26
25,000	1,713	12.53	1,715	16.00	3,428	28.53	5.66	14.49	14.26
30,000	2,339	12.53	2,515	16.00	4,854	28.53	5.66	14.49	14.26
35,000	2,965	12.53	3,315	16.00	6,280	28.53	5.66	14.49	14.26
40,000	3,591	12.53	4,115	16.00	7,706	28.53	5.66	14.49	14.26
41,935	3,834	12.53	4,425	20.00	8,258	32.53	11.18	19.21	16.26
44,701	4,180	18.37	4,978	20.00	9,158	38.37	19.22	26.10	19.19
50,000	5,154	18.37	6,038	20.00	11,191	38.37	19.22	26.10	19.19
60,000	6,991	18.37	8,038	20.00	15,028	38.37	19.22	26.10	19.19
70,000	8,828	18.37	10,038	20.00	18,865	38.37	19.22	26.10	19.19
75,000	9,746	18.37	11,038	20.00	20,784	38.37	19.22	26.10	19.19
80,000	10,665	18.37	12,038	20.00	22,702	38.37	19.22	26.10	19.19
83,865	11,375	18.37	12,811	24.00	24,185	42.37	24.74	30.82	21.19
89,401	12,391	21.71	14,139	24.00	26,531	45.71	29.35	34.76	22.86
100,000	14,693	21.71	16,683	24.00	31,376	45.71	29.35	34.76	22.86
102,040	15,135	21.71	17,173	25.75	32,308	47.46	31.77	36.83	23.73
138,586	23,070	24.22	26,583	25.75	49,653	49.97	35.22	39.78	24.98
150,000	25,833	24.22	29,522	25.75	55,356	49.97	35.22	39.78	24.98

N.B.: Income tax is computed for a single individual with no dependants. This table takes into account the basic personal exemption. This table should not be used to compute tax if the taxpayer have dividends and other type of income (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.

- The marginal rate corresponds to the income tax rate applicable to each additional dollar of income.
- 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 IN 2015

GROSS-UP AND CREDIT RATES	FEDERAL ¹	QUEBEC
Eligible dividends		
Dividend gross-up	38%	38%
Dividend tax credit	15.02%	11.9%
Other dividends		
Dividend gross-up	18%	18%
Dividend tax credit	11.02%	7.05%

¹ Beginning in 2016, the dividend gross up and the tax credit rate will be gradually reduced to reach respectively 15% and 9% in 2019.

If this is the taxpayer's only source of income, an individual not eligible to 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	\$50,122	35,448
Other dividends	\$36,150	21,636

TAX-FREE SAVINGS ACCOUNT - 2015

Maximum contribution \$10,000¹

¹ As proposed in the April 21, 2015 federal budget.

PROPOSED RRSP AND RPP CONTRIBUTION LIMITS

	2015	2016
RPP ¹	\$25,370	Indexed
RRSP	\$24,930	\$25,370
Income earned from previous year ²	\$138,500	\$140,945

- Defined benefit.
- This is the maximum earned income from the previous year for calculating the RRSP limit.

2015 PERSONAL TAX CREDITS

	FEDERAL (15%)	QUEBEC (20%)
Basic	\$11,327	\$11,425
Person living alone	N/A	\$1,340 ³
Spouse or eligible dependants	\$11,327 ¹	N/A
Dependent child ² :		
■ Under 18 years of age	N/A ⁴	N/A
■ Aged 18 or older at school	N/A	\$7,530 ⁵
■ Post-secondary education (per semester, minors)	N/A	\$2,105
■ Single-parent family	N/A	\$1,655 ⁶
■ Children's fitness amount (per child under age 16)	\$1,000	\$300
■ Family income threshold	N/A	\$132,650
Other dependant aged 18 or older:		
■ General	N/A	\$3,065 ²
■ Disabled dependant	\$6,700	N/A
■ Net income threshold	\$6,720	N/A
Age amount	\$7,033 ³	\$2,460 ³
Disability amount (for self)	\$7,899	\$2,595
Caregivers	\$4,608	\$1,154 ⁹
■ Net income threshold	\$15,735	\$23,080
Canada Employment Credit/tools deduction	\$1,146 ⁶	N/A ⁷

	FEDERAL	QUEBEC
Professional and union dues	Deduction	10% tax credit
Tuition, education and textbook amounts	15% credit \$465/month full-time (\$140/month part-time)	N/A
Contribution to the Health Services Fund	N/A	20% tax credit
Medical expenses	15% of expenses in excess of the lesser of 3% of net income or \$2,208	20% of expenses in excess of 3% of net family income
Charitable donations ¹⁰	The amount of eligible donations is limited 75% of net income The credit granted is 15% on the first \$200 and 29% on the excess amount	The amount of eligible donations is limited 75% of net income The credit granted is 15% on the first \$200 and 29% on the excess amount

- Elimination of threshold above which the dependant's net income must be taken into account.
- In Quebec, these amounts are cumulative and reduced by the dependant's income.
- Depending on income, this amount can be reduced by 15% for every dollar of income.
- The amount for children will be replaced with effect from July 1st, 2015, by the enhanced UCCB. An amount, retroactive to January 1st, 2015, will be paid to all families receiving the UCCB and the CCTB.
- A tax credit amount unused by a child is transferable to the parents.
- The lesser of \$1,146 and the individual's employment income for the year.
- Deduction of the lesser of \$1,120 or 6% of employment income.
- For single-parent families who have lived with an eligible student.
- An amount of \$635 is not reducible on the basis of income.
- After March 20, 2013, first time eligible donors are entitled to an additional tax credit of 25% on the first \$1,000 of monetary donation.

PRESCRIBED INTEREST RATES IN 2015

	FEDERAL		QUEBEC	
	1 st	2 nd	1 st	2 nd
Income tax owing	5%	5%	6%	6%
Tax receivable (corporation/others)	1%/3%	1%/3%	1.40%	1.40%
Taxable benefits and loan to a related person	1%	1%	1%	1%

DEDUCTIONS AT SOURCE - 2015

QUEBEC	
Quebec Pension Plan (QPP)	
Maximum pensionable earnings	\$53,600
Basic exemption	\$3,500
Maximum contributory earnings	\$50,100
Contribution rate	5.250%
Maximum employee contribution	\$2,630
Maximum employer contribution (per employee)	\$2,630
Maximum contribution for a self-employed worker	\$5,260
Quebec Parental Insurance Plan (QPIP)	
Maximum insurable earnings	\$70,000
Employee contribution rate	0.559%
Self-employed worker contribution rate	0.993%
Employer contribution rate	0.782%
Maximum employee contribution	\$391
Maximum employer contribution per employee (employee contribution multiplied by approximately 1.4)	\$547
Health Services Fund (HSF)	
Employer contribution rate	
Payroll ≤ \$1,000,000	2.7%
Payroll > \$1,000,000 and < \$5,000,000	2.31% + [0.39% × P] (P = payroll / \$1,000,000)
Payroll (\$5,000,000)	4.26%
Total payroll represents the total amount of wages paid by any associated employer, wherever the employer carries on its business.	
Employer contribution rate (SMB in the primary and manufacturing sectors)	
Payroll ≤ \$1,000,000	1.6%
Payroll > \$1,000,000 and < \$5,000,000	0.935% + [0.665% × P] (P = total cumulative payroll / \$1,000,000)
Payroll (\$5,000,000)	4.26%
Workforce training (1%)	
Businesses with a payroll of more than \$2 M ¹ are required to devote a minimum of 1% of their payroll to eligible training expenses.	

¹ Increase of the threshold of \$1 M to \$2 M announced in the Quebec March 26, 2015 budget.

FEDERAL	
Employment insurance	
Maximum insurable income	\$49,500
Employee contribution rate	1.54%
Maximum employee contribution	\$762
Maximum employer contribution per employee (employee contribution multiplied by 1.4)	\$1,067

MOTOR VEHICLES - TAXABLE BENEFIT - 2015

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

	PURCHASED VEHICLE	LEASED VEHICLE
1. Standby charge	2% x original cost x no. months	% leasing cost x no. months
2. Operating costs	\$0.27 x km for personal use or 50% of item #1 (if used for business more than 50% of time)	\$0.27 x km for personal use or 50% of item #1 (if used for business more than 50% of time)

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
For the purposes of CCA	\$30,000
Monthly leasing costs	\$800 ¹
Maximum allowable interest	\$300

¹ Another limit based on a mathematical formula that factors in the suggested price can definitely bring the deduction limit down below the \$800 threshold.

Employer's maximum deductible allowance for kilometres travelled by an employee

- \$0.55/km on first 5,000 km
- \$0.49/km for additional km