

## TAX RATES FOR CANADIAN-CONTROLLED PRIVATE CORPORATIONS – 2017<sup>1</sup>

	FEDERAL	QUÉBEC	TOTAL
<b>Active business income</b>			
Eligible for SBD <sup>2</sup>	10.5%	11.8%	22.3%
Eligible for SBD <sup>2</sup> – Compliance with hours worked criterion <sup>3</sup>	10.5%	8%	18.5%
Eligible for SBD <sup>2</sup> – SME manufacturing	10.5%	4%	14.5%
Not eligible for SBD	15%	11.8%	26.8%
<b>Inactive business income</b>			
Personal services business	33%	11.8%	44.8%
Investment income <sup>4</sup>	38.67%	11.8%	50.47%
Refundable portion	30.67%	N/A	30.67%
<b>Dividend income</b>			
From an unconnected corporation	38.67%	N/A	38.67%

<sup>1</sup> Rates indicated in the table are based on a 12-month taxation year ending December 31, 2017.

<sup>2</sup> 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.

<sup>3</sup> Following the provincial budget announced on March 28, 2017, a change was proposed to the eligibility criterion concerning the minimum number of hours paid, formerly hours worked.

<sup>4</sup> Excluding dividend income.



## BUDGET CHANGES – 2017

### FEDERAL – Proposed and adopted (June 22, 2017)

- Consolidation of credits for caregivers.
- Elimination of the public transit tax credit starting July 1, 2017.
- Elimination of the home relocation loans deduction starting in the 2018 taxation year.
- Clarification of requirements related to the factual control of a corporation.
- Elimination of the investment tax credit for the creation of child care spaces.
- Elimination of the ability for designated professionals to elect to use billed-basis accounting.

### QUÉBEC – Proposed but not adopted (March 28, 2017)

- For certain personal tax credit calculations, the rate will drop from 20% to 16%.
- Extension of the RénoVert tax credit and introduction of a new refundable tax credit for upgrading residential waste water treatment systems.
- Adjustment to the refocusing of the SBD: the criterion will be replaced by a criterion concerning the number of hours paid.
- Streamlining of the refundable tax credits aimed at encouraging the creation of new financial services corporations.
- Additional capital cost allowance of 35% for general-purpose electronic data-processing equipment and machinery and equipment acquired mainly with a view to using them for manufacturing and processing goods intended for sale or lease.



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## TAX QUICK REFERENCE

CERTIFICATION

CORPORATE AND PERSONAL TAXATION

BUSINESS SUCCESSION PLANNING

BUSINESS ACQUISITIONS, SALES AND MERGERS

BUSINESS VALUATION

INCORPORATION OF PROFESSIONALS



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## TAX TABLE FOR INDIVIDUALS (QUÉBEC) — 2017

This quick reference is intended to provide general information relevant to the 2017 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 <sup>1</sup>	QUÉBEC INCOME TAX	MARGINAL RATE <sup>1</sup>	COMBINED TAX	COMBINED MARGINAL RATE <sup>1</sup>	MARGINAL RATES <sup>1,2</sup> ELIGIBLE DIVIDENDS	OTHER DIVIDENDS	MARGINAL RATE <sup>1</sup> CAPITAL GAINS
\$	\$	%	\$	%	\$	%	%	%	%
11,635	-	12.53	-	-	-	12.53	-	4.38	6.27
14,890	408	12.53	-	16.00	408	28.53	5.66	14.85	14.27
15,000	421	12.53	18	16.00	439	28.53	5.66	14.85	14.27
20,000	1,048	12.53	818	16.00	1,865	28.53	5.66	14.85	14.27
25,000	1,674	12.53	1,618	16.00	3,292	28.53	5.66	14.85	14.27
30,000	2,300	12.53	2,418	16.00	4,718	28.53	5.66	14.85	14.27
35,000	2,926	12.53	3,218	16.00	6,144	28.53	5.66	14.85	14.27
<b>42,705</b>	<b>3,892</b>	<b>12.53</b>	<b>4,450</b>	<b>20.00</b>	<b>8,342</b>	<b>32.53</b>	<b>11.18</b>	<b>19.53</b>	<b>16.26</b>
<b>45,916</b>	<b>4,294</b>	<b>17.12</b>	<b>5,093</b>	<b>20.00</b>	<b>9,386</b>	<b>37.12</b>	<b>17.49</b>	<b>24.90</b>	<b>18.56</b>
50,000	4,993	17.12	5,909	20.00	10,902	37.12	17.49	24.90	18.56
60,000	6,705	17.12	7,909	20.00	14,614	37.12	17.49	24.90	18.56
70,000	8,416	17.12	9,909	20.00	18,326	37.12	17.49	24.90	18.56
80,000	10,128	17.12	11,909	20.00	22,037	37.12	17.49	24.90	18.56
<b>85,405</b>	<b>11,053</b>	<b>17.12</b>	<b>12,990</b>	<b>24.00</b>	<b>24,044</b>	<b>41.12</b>	<b>23.01</b>	<b>29.58</b>	<b>20.56</b>
<b>91,831</b>	<b>12,153</b>	<b>21.71</b>	<b>14,533</b>	<b>24.00</b>	<b>26,686</b>	<b>45.71</b>	<b>29.35</b>	<b>34.95</b>	<b>22.86</b>
100,000	13,927	21.71	16,493	24.00	30,420	45.71	29.35	34.95	22.86
<b>103,915</b>	<b>14,777</b>	<b>21.71</b>	<b>17,433</b>	<b>25.75</b>	<b>32,209</b>	<b>47.46</b>	<b>31.77</b>	<b>37.00</b>	<b>23.73</b>
<b>142,353</b>	<b>23,122</b>	<b>24.22</b>	<b>27,331</b>	<b>25.75</b>	<b>50,452</b>	<b>49.97</b>	<b>35.22</b>	<b>39.93</b>	<b>24.98</b>
150,000	24,973	24.22	29,300	25.75	54,273	49.97	35.22	39.93	24.98
<b>202,800</b>	<b>37,759</b>	<b>27.56</b>	<b>42,896</b>	<b>25.75</b>	<b>80,654</b>	<b>53.31</b>	<b>39.83</b>	<b>43.84</b>	<b>26.65</b>
215,000	41,120	27.56	46,037	25.75	87,158	53.31	39.83	43.84	26.65

N.B.: Income tax is computed for a single individual with no dependants. This table takes into account both the federal and Québec 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.

- 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 — 2017

GROSS-UP AND CREDIT RATES	FEDERAL	QUÉBEC
<b>Eligible dividends</b>		
Dividend gross-up	38%	38%
Dividend tax credit	15%	11.8%
<b>Other dividends</b>		
Dividend gross-up	17%	17%
Dividend tax credit	10.5%	7.1%

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	QUÉBEC
Eligible dividends	\$56,478	\$36,599
Other dividends	\$33,318	\$26,267

## RRSP, TFSA AND RPP CONTRIBUTION LIMITS

	2017	2018
RPP <sup>1</sup>	\$26,230	Indexed
TFSA (Cumulative 2017 - \$52,000)	\$5,500	\$5,500
RRSP	\$26,010	\$26,230
Income limit <sup>2</sup>	\$144,500	\$145,722

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

## CAPITAL GAINS EXEMPTION — 2017

- Eligible small business shares \$835,716
- Farm property \$1,000,000

## PERSONAL TAX CREDITS — 2017

	FEDERAL (15%)	QUÉBEC (20%) <sup>1</sup>
Basic	\$11,635	\$11,635
Person living alone	N/A	\$1,365 <sup>2</sup>
Spouse or eligible dependant	\$11,635	N/A
Dependent child <sup>3</sup> :		
▪ 18 years or older at school	N/A	\$7,665 <sup>5</sup>
▪ Family caregiver amount	\$2,150 <sup>4</sup>	N/A
▪ Post-secondary studies (by semester, minors)	N/A	\$2,145
▪ Single-parent family	N/A	\$1,685 <sup>5</sup>
▪ Children's activities (refundable credit) (per child under 16 years available to families whose income does not exceed \$135,085)	N/A	\$500
Other dependant aged 18 or older:		
▪ General	N/A	\$3,125 <sup>6</sup>
▪ Disabled dependant	\$6,883	N/A
▪ Net income threshold	\$6,902	N/A
Age amount	\$7,225	\$2,505
Retirement income amount	\$2,000	\$2,225
Disability amount (for self)	\$8,113	\$2,645
Caregiver	\$4,732	\$1,176 <sup>7</sup>
▪ Net income threshold	\$16,163	\$23,505
Canada Employment Credit/tools deduction	\$1,178 <sup>8</sup>	\$1,140 <sup>9</sup>
First-Time Home Buyers' Tax Credit	\$5,000	N/A

	FEDERAL	QUÉBEC
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 \$14,440 = no contribution required \$14,441 to \$29,440 = 1% of taxable income \$29,441 to \$50,200 = \$150 \$50,201 to \$135,200 = \$150 + 1% of taxable income (max. \$1,000) \$135,201 and more = \$1,000
Medical expenses	15% of expenses in excess of the lesser of \$2,268 or 3% of net income of claimant	20% of excess expenses 3% of net family income
Charitable donations <sup>10</sup> (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	The credit granted is 20% on the first \$200 and 24% on the excess.

- Following the provincial budget announced on March 28, 2017, the rate will change to 16%.
- Depending on income, the amounts of certain credits may be reduced.
- The amount includes the recognized parental contribution.
- Possible increase in certain credits if criteria met.
- For single-parent families who have lived with an eligible student.
- In Québec, these amounts are cumulative and reduced by the dependant's income.
- An amount of \$651 is not reducible on the basis of income.
- The lesser of \$1,178 and the individual's employment income for the year.
- Deduction of the lesser of \$1,140 or 6% of employment income.
- After March 20, 2013, first-time eligible donors will receive an additional federal tax of 25% on the first \$1,000 of monetary donation.

## PRESCRIBED INTEREST RATES — 2017

Trimester	FEDERAL			QUÉBEC		
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Income tax owing	5%	5%	5%	6%	6%	6%
Tax receivable (corporation/other)	1%/3%	1%/3%	1%/3%	1.1%	1.1%	1.1%
Taxable benefits and loan to a related person	1%	1%	1%	1%	1%	1%

## DEDUCTIONS AT SOURCE — 2017

QUÉBEC		
<b>Québec Pension Plan (QPP)</b>		
Maximum pensionable earnings		\$55,300
Basic exemption		\$3,500
Maximum contributory earnings		\$51,800
Contribution rate		5.4%
Maximum employee contribution		\$2,797
Maximum employer contribution (per employee)		\$2,797
Maximum contribution for a self-employed worker		\$5,594
<b>Québec Parental Insurance Plan (QPIP)</b>		
Maximum insurable earnings		\$72,500
Employee contribution rate		0.548%
Self-employed worker contribution rate		0.973%
Employer contribution rate		0.767%
Maximum employee contribution		\$397
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)		\$556
<b>Health Services Fund (HSF)</b>		
Employer contribution rate		
	<b>SMEs in primary and manufacturing sectors</b>	<b>Other</b>
Payroll ≤ \$1,000,000	1.55%	2.5%
> \$1,000,000 and < \$5,000,000	0.8725% + [0.6775% x P]	2.06% + [0.44% x P]
> \$5,000,000	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.		
<b>Workforce training (1%)</b>		
Businesses with a payroll of more than \$2M are required to devote a minimum of 1% of their payroll to eligible training expenses.		
<b>FEDERAL</b>		
<b>Employment insurance</b>		
Maximum insurable earnings		\$51,300
Employee contribution rate		1.27%
Maximum employee contribution		\$652
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)		\$912

## MOTOR VEHICLES — TAXABLE BENEFITS - 2017

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

	PURCHASED VEHICLE	LEASED VEHICLE
1. Standby charge <sup>1</sup>	2% x original cost x No. of months	¾ leasing cost x No. of months
2. Operating costs	\$0.25 x No. of km for personal use or 50% of item #1 <sup>1</sup>	\$0.25 x No. of km for personal use or 50% of item #1 <sup>1</sup>

- The standby charge decreases if the automobile is used for business purposes more than 50% of the time and if the number of kilometers 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 + taxes
Monthly leasing costs	\$800 + taxes <sup>1</sup>
Maximum allowable interest	\$300

- 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 kilometers travelled by an employee and exempt from taxes as it can be considered reasonable.

- \$0.54/km on first 5,000 km
- \$0.48/km for every additional km