

TAX RATES FOR CANADIAN-CONTROLLED PRIVATE CORPORATIONS – 2020¹

	FEDERAL	QUEBEC	TOTAL
Active business income			
Eligible for SBD ²	9%	11.5%	20.5%
Eligible for SBD ^{2,3} – Compliance with hours worked criterion	9%	5%	14%
Eligible for SBD ² – SME manufacturing	9%	4%	13%
Not eligible for SBD	15%	11.5%	26.5%
Inactive business income			
Personal services business	33%	11.50%	44.50%
Investment income	38.67%	11.50%	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, 2020.

2 The small business deduction of \$500,000 must be prorated among associated corporations and gradually decreased if the paid-up capital from the previous year is between \$10M and \$15M 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 – 2020

FEDERAL

- The new rules on passive income come into effect – gradual loss of the SBD for corporations earning between \$50,000 and \$150,000 in passive income.
- Introduction of two new RDTOH accounts: ERDTOH and NERDTOH.

QUEBEC

- Introduction of financial assistance for companies promoting physical activity.
- Relaxed rules for the tax credit for investment.
- Introduction of a new refundable tax credit for investment and innovation granted to businesses who acquire manufacturing or processing equipment, computer hardware or management software packages.
- Elimination of the expenditure exclusion threshold for certain tax credits for scientific research and experimental development (SR&ED).
- Incentive deduction for the commercialization of innovation in Quebec.



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TAX QUICK REFERENCE

CERTIFICATION

CORPORATE AND PERSONAL TAXATION

BUSINESS SUCCESSION PLANNING

BUSINESS ACQUISITIONS, SALES AND MERGERS

BUSINESS VALUATION



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TAX TABLE FOR INDIVIDUALS (QUEBEC) – 2020

This quick reference is intended to provide general information relevant to the 2020 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} ELIGIBLE DIVIDENDS	OTHER DIVIDENDS	MARGINAL RATE ¹ CAPITAL GAINS
\$	\$	%	\$	%	\$	%	%	%	%
13,229	-	12.53	-	-	-	12.53	-	5.73	6.26
15,532	288	12.53	-	15.00	288	27.53	4.44	16.60	13.76
20,000	848	12.53	670	15.00	1,518	27.53	4.44	16.60	13.76
25,000	1,474	12.53	1,420	15.00	2,894	27.53	4.44	16.60	13.76
30,000	2,101	12.53	2,170	15.00	4,271	27.53	4.44	16.60	13.76
35,000	2,727	12.53	2,960	15.00	5,687	27.53	4.44	16.60	13.76
40,000	3,353	12.53	3,670	15.00	7,023	27.53	4.44	16.60	13.76
44,545	3,922	12.53	4,352	20.00	8,274	32.53	11.34	22.35	16.26
48,535	4,422	17.12	5,150	20.00	9,572	37.12	17.66	27.63	18.56
50,000	4,673	17.12	5,443	20.00	10,116	37.12	17.66	27.63	18.56
60,000	6,385	17.12	7,443	20.00	13,828	37.12	17.66	27.63	18.56
70,000	8,096	17.12	9,443	20.00	17,539	37.12	17.66	27.63	18.56
80,000	9,808	17.12	11,443	20.00	21,251	37.12	17.66	27.63	18.56
89,080	11,362	17.12	13,259	24.00	24,621	41.12	23.18	32.23	20.56
95,000	12,376	17.12	14,680	24.00	27,056	41.12	23.18	32.23	20.56
97,069	12,730	21.71	15,176	24.00	27,906	45.71	29.52	37.51	22.86
108,390	15,188	21.71	17,893	25.75	33,081	47.46	31.93	39.53	23.73
125,000	18,794	21.71	21,880	25.75	40,674	47.46	31.93	39.53	23.73
150,473	24,324	24.40	28,730	25.75	53,054	50.15	35.39	42.41	25.08
200,000	36,434	24.40	41,483	25.75	77,917	50.15	35.39	42.41	25.08
214,368	39,913	27.56	45,183	25.75	85,096	53.31	40.11	47.14	26.65
250,000	49,848	27.56	54,358	25.75	104,206	53.31	40.11	47.14	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.

- 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 – 2020

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%	4.77%

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	\$61,536	\$39,786
Other dividends	\$28,905	\$19,804

RRSP, TFSA AND RPP CONTRIBUTION LIMITS

	2020	2021
RPP ¹	\$27,830	Indexed
TFSA (cumulative 2020 – \$69,500)	\$6,000	TBD
RRSP	\$27,250	\$27,830
Income limit ²	\$151,278	\$154,611

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

CAPITAL GAINS EXEMPTION – 2020

- Eligible small business shares \$883,384
- Farm property \$1,000,000

PERSONAL TAX CREDITS – 2020

	FEDERAL (15%) ¹	QUEBEC (15%) ¹
Basic	\$12,298	/\$13,229 ²
Person living alone	N/A	\$1,780
Spouse or eligible dependant	\$12,298	/\$13,229 ²
Dependent child:		
■ 18 years or older at school	N/A	\$10,662 ³
■ Canada caregiver credit for children under 18 years of age	\$2,273	N/A
■ Additional amount for infirm children under 18 years of age	\$5,003 ⁴	N/A
■ Post-secondary studies (by term, minors)	N/A	\$2,983
■ Single-parent family	N/A	\$2,197 ⁵
■ Children's activities (refundable credit) (per child under 16 years available to families whose income does not exceed \$138,525)	N/A	\$500
Other dependant aged 18 or older:		
■ General	N/A	\$4,348
Age amount	\$7,637	\$3,267
Retirement income amount	\$2,000	\$2,902
Disability amount	\$8,576 ⁶	\$3,449
Caregiver (refundable provincial credit)	\$7,276	\$1,225 ⁶
■ Net income threshold	\$17,085	\$24,520
Canada Employment Credit/Deduction for Workers	\$1,245 ⁷	\$1,190 ⁸
First-Time Home Buyers' Tax Credit	\$5,000	\$5,000

- Depending on income, the amounts of certain credits may be reduced.
- The basic personal amount is \$12,298 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 \$13,229 for individuals whose net income for the year is less than or equal to the amount at which the 29% tax bracket begins.
- Amount includes the recognized parental contribution and two terms of post-secondary studies.
- This credit is reduced by the childcare or attendant care expenses claimed.
- For single-parent families who have lived with an eligible student.
- An amount of \$674 is not reducible on the basis of income.
- The lesser of \$1,245 and the individual's employment income for the year.
- Deduction of the lesser of \$1,190 and 6% of employment income.
- 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 \$15,170 = no contribution required \$15,171 to \$30,430 = 1% of taxable income \$30,431 to \$52,745 = \$150 \$52,746 to \$139,340 = \$150 + 1% of taxable income (max. \$1,000) \$139,341 and more = \$1,000
Medical expenses	15% of expenses in excess of the lesser of \$2,397 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 – 2020

Trimester	FEDERAL		QUEBEC	
	1 st	2 nd	1 st	2 nd
Income tax owing	6%	6%	7%	7%
Tax receivable (corporations/other)	2%/4%	2%/4%	1.7%	1.7%
Taxable benefits and loan to a related person	2%	2%	2%	2%

DEDUCTIONS AT SOURCE – 2020

QUEBEC		
Quebec Pension Plan (QPP)		
Maximum pensionable earnings		58,700\$
Basic exemption		3,500\$
Maximum contributory gains		55,200\$
Contribution rate (5.40% for the basic contribution + 0.30% for the first additional contribution)		5.70%
Maximum employee contribution		3,146\$
Maximum employer contribution (per employee)		3,146\$
Maximum contribution for a self-employed worker		6,292\$
Quebec Parental Insurance Plan (QPIP)		
Maximum insurable earnings		78,500\$
Employee contribution rate		0.494%
Self-employed worker contribution rate		0.878%
Employer contribution rate		0.692%
Maximum employee contribution		387.79\$
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)		543.22\$
Maximum contribution for a self-employed worker		689.23\$
Health Services Fund (HSF)		
Employer contribution rate:		
Payroll	SMEs in primary and manufacturing sectors	Other
≤ \$1,000,000	1.25%	1.65%
> \$1,000,000 and < \$6,000,000	0.648% + [0.602% x P]	1.128% + [0.522% x P]
> \$6,000,000	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.		
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		\$54,200
Employee contribution rate		1.20%
Maximum employee contribution		\$650.40
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)		\$910.56

MOTOR VEHICLES – TAXABLE BENEFIT – 2020

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	¾ leasing cost x n° of months
2. Operating costs	\$0.28 x n° of km for personal use or 50% of item #1 ¹	\$0.28 x n° of km for personal use or 50% of item #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
For the purposes of CCA	\$30,000 + taxes
Monthly leasing costs	\$800 + taxes ¹
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 kilometres travelled by an employee and exempt from taxes as it can be considered reasonable:

- \$0.59/km on first 5,000 km
- \$0.53/km for every additional km