

TAX RATES FOR CANADIAN-CONTROLLED PRIVATE CORPORATIONS – 2019¹

	FEDERAL	QUÉBEC	TOTAL
Active business income			
Eligible for SBD ²	9%	11.6%	20.6%
Eligible for SBD ^{2,3} – Compliance with hours worked criterion	9%	6%	15%
Eligible for SBD ² – SME manufacturing	9%	4%	13%
Not eligible for SBD	15%	11.6%	26.6%
Inactive business income			
Personal services business	33%	11.6%	44.6%
Investment income	38.67%	11.6%	50.27%
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, 2019.

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 for corporations whose taxation year starts in 2019.

3 Excluding dividend income.

BUDGET CHANGES – 2019

FEDERAL – Proposed but not adopted

- Removal of taxable income as a factor that reduces qualified expenditures for the enhanced refundable SR&ED credit.
- Enhanced capital cost allowance for eligible zero-emission vehicles.
- Introduction of a refundable training credit.
- Increase in the HBP withdrawal limit to \$35,000.

QUÉBEC – Proposed but not adopted

- Introduction of a refundable tax credit to encourage SMBs to retain experienced workers.
- Extension and enhancement of the Drive Green program.
- Increase in the tax credit for experienced workers.
- Gradual elimination of the additional contribution for childcare.



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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 (QUÉBEC) – 2019

This quick reference is intended to provide general information relevant to the 2019 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		QUÉBEC INCOME TAX		COMBINED MARGINAL RATE ¹	MARGINAL RATES ²		MARGINAL RATE ¹ CAPITAL GAINS	
	INCOME TAX	MARGINAL RATE ¹	INCOME TAX	MARGINAL RATE ¹		ELIGIBLE DIVIDENDS	OTHER DIVIDENDS		
\$	\$	%	\$	%	\$	%	%	%	
12,069	-	12.53	-	-	-	12.53	-	5.73	6.27
15,269	401	12.53	-	15.00	401	27.53	4.44	16.60	13.77
20,000	993	12.53	710	15.00	1,703	27.53	4.44	16.60	13.77
25,000	1,620	12.53	1,460	15.00	3,080	27.53	4.44	16.60	13.77
30,000	2,246	12.53	2,210	15.00	4,456	27.53	4.44	16.60	13.77
35,000	2,872	12.53	2,960	15.00	5,832	27.53	4.44	16.60	13.77
40,000	3,498	12.53	3,710	15.00	7,208	27.53	4.44	16.60	13.77
43,790	3,973	12.53	4,278	20.00	8,120	32.53	11.34	22.35	16.27
47,630	4,454	17.12	5,046	20.00	9,274	37.12	17.66	27.63	18.56
50,000	4,860	17.12	5,520	20.00	10,535	37.12	17.66	27.63	18.56
60,000	6,571	17.12	7,520	20.00	14,246	37.12	17.66	27.63	18.56
70,000	8,283	17.12	9,520	20.00	17,958	37.12	17.66	27.63	18.56
75,000	9,139	17.12	10,520	20.00	19,659	37.12	17.66	27.63	18.56
80,000	9,995	17.12	11,520	20.00	21,515	37.12	17.66	27.63	18.56
87,575	11,292	17.12	13,035	24.00	23,936	41.12	23.18	32.23	20.56
95,000	12,563	21.71	14,817	24.00	26,857	45.71	23.18	32.23	22.86
95,259	12,607	21.71	14,879	24.00	27,676	45.71	29.52	37.51	22.86
100,000	13,636	21.71	16,017	24.00	29,653	45.71	29.52	37.51	22.86
106,555	15,071	21.71	17,590	25.75	32,140	47.46	31.93	39.53	23.73
147,667	23,985	24.22	28,177	25.75	50,993	49.97	35.39	42.41	24.99
150,000	24,550	24.22	28,777	25.75	53,746	49.97	35.39	42.41	24.99
210,371	39,168	27.56	44,323	25.75	81,647	53.31	40.00	46.25	26.66
225,000	43,199	27.56	48,090	25.75	91,859	53.31	40.00	46.25	26.66

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 – 2019

GROSS-UP AND CREDIT RATES	FEDERAL	QUÉBEC
Eligible dividends		
Dividend gross-up	38%	38%
Dividend tax credit	15.02%	11.78%
Other dividends		
Dividend gross-up	15%	15%
Dividend tax credit	9.03%	5.55%

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	\$58,576	\$39,496
Other dividends	\$26,364	\$21,072

RRSP, TFSA AND RPP CONTRIBUTION LIMITS

	2019	2020
RPP ¹	\$27,230	Indexed
TFSA (Cumulative 2019 - \$63,500)	\$6,000	TBD
RRSP	\$26,500	\$27,230
Income limit ²	\$151,278	\$151,278

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

CAPITAL GAINS EXEMPTION – 2019

- Eligible small business shares \$866,912
- Farm property \$1,000,000

PERSONAL TAX CREDITS – 2019

	FEDERAL (15%)	QUÉBEC (15%)
Basic	\$12,069	\$15,269
Person living alone	N/A	\$1,750 ¹
Spouse or eligible dependant	\$12,069	N/A
Dependent child ² :		
▪ 18 years or older at school	N/A	\$10,482 ²
▪ Canada caregiver credit for children under 18 years of age	\$2,230 ³	N/A
▪ Additional amount for infirm children under 18 years of age	\$4,909 ⁴	N/A
▪ Postsecondary studies (by term, minors)	N/A	\$2,933
▪ Single-parent family	N/A	\$2,160 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	\$4,274 ⁶
Age amount	\$7,494	\$3,212
Retirement income amount	\$2,000	\$2,853
Disability amount	\$8,416	\$3,391
Caregiver (refundable provincial credit)	\$7,140	\$1,205 ⁷
▪ Net income threshold	\$16,766	\$24,105
Canada Employment Credit/Deduction for Workers	\$1,222 ⁸	\$1,170 ⁹
First-Time Home Buyers' Tax Credit	\$5,000	\$5,000

	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 \$14,915 = no contribution required \$14,916 to \$29,915 = 1% of taxable income \$29,916 to \$51,985 = 15% of taxable income \$51,986 to \$136,985 = \$150 + 1% of taxable income (max. \$1,000) \$136,986 and more = \$1,000
Medical expenses	15% of expenses in excess of the lesser of \$2,352 or 3% of net income of claimant	20% of excess expenses 3% of net family income
Charitable donations ¹⁰ (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

- Depending on income, the amounts of certain credits may be reduced.
- Amount includes the recognized parental contribution and two terms of postsecondary studies.
- Replaces the family caregiver credit.
- This credit is reduced by the childcare or attendant care expenses claimed.
- For single-parent families who have lived with an eligible student.
- These amounts are reduced by the dependant's income.
- An amount of \$663 is not reducible on the basis of income.
- The lesser of \$1,222 and the individual's employment income for the year.
- Deduction of the lesser of \$1,170 or 6% of employment income.
- First-time eligible donors will receive an additional federal tax credit of 25% on the first \$1,000 of monetary donation.

PRESCRIBED INTEREST RATES – 2019

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

DEDUCTIONS AT SOURCE – 2019

QUÉBEC			
Québec Pension Plan (QPP)			
Maximum pensionable earnings			\$57,400
Basic exemption			\$3,500
Maximum contributory earnings			\$53,900
Contribution rate			
(5.40% for the basic contribution + 0.15% for the first additional contribution)			5.55%
Maximum employee contribution			\$2,991
Maximum employer contribution (per employee)			\$2,991
Maximum contribution for a self-employed worker			\$5,983
Québec Parental Insurance Plan (QPIP)			
Maximum insurable earnings			\$76,500
Employee contribution rate			0.526%
Self-employed worker contribution rate			0.934%
Employer contribution rate			0.736%
Maximum employee contribution			\$402
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$563
Maximum contribution for a self-employed worker			\$715
Health Services Fund (HSF)			
Employer contribution rate			
Payroll		MEs in primary and manufacturing sectors	Other
≤ \$1,000,000		1.25%	1.70%
> \$1,000,000 and < \$6,000,000		0.648% + [0.602% x P]	1.880% + [0.5120% 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			\$53,100
Employee contribution rate			1.25%
Maximum employer contribution			\$663.75
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$929.25

MOTOR VEHICLES – TAXABLE BENEFITS – 2019

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 No. of months	⅓ leasing cost x No. of months
2. Operating costs	\$0.28 x No. of km for personal use or 50% of item #1	\$0.28 x No. of km for personal use or 50% of item #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.

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

- \$0.58/km on first 5,000 km
- \$0.52/km for every additional km