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More than 50,000 employees (including partners).
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ABOUT
INVESTISSEMENT QUÉBEC

As both an economic development agency and a financing corporation, Investissement Québec is the perfect business partner for companies looking to expand.

They can count on us to guide them through every phase of the set-up process to ensure their success in Québec. We can also provide them with a complete range of services: search for a strategic site, financing and tax incentives, local alliances, follow-up and advice.

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To consult the list of our offices, please refer to our website at rcgt.com under “Network.”
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INTRODUCTION

Intended especially for foreign companies considering investing in Québec, *Taxation in Québec: Favourable Measures to Foster Investment* provides an overview of the principal tax measures that apply to companies operating in Québec.

In addition to very attractive tax measures, Québec has given Investissement Québec specific tools that enable it to act as a financial partner to businesses. Although this brochure focuses on tax issues, Québec provides businesses with a range of financial solutions that complement those offered by financial institutions. These solutions may include conventional loans, loan guarantees, non-refundable contributions or equity interests. Further information about these financial products can be obtained from Investissement Québec at 1 844 474-6367 or by logging on to investquebec.com.

The information in this brochure was up to date as at April 1, 2019, and does not reflect any modifications that might have been announced subsequent to that date. Monetary amounts are expressed in Canadian dollars.

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TAX SYSTEM

A foreign corporation carrying on business in Québec is subject to Canadian and Québec income taxes on business income earned in Québec. Like the federal government, the Québec government administers and collects its own personal and corporate income taxes. In general, taxable income is computed the same way under both systems; however, Québec uses its tax system to provide businesses with incentives to stimulate the Québec economy. As a result, there are numerous tax measures that can be used as a source of financing.
CARRYING ON BUSINESS

Foreign investors wanting to carry on business in Québec can incorporate their business or set up a branch. A corporation is a separate legal entity that can be incorporated under the Canada Business Corporations Act or the Companies Act (Québec). A branch is a commercial establishment that is part of a corporation.

While, as a general rule, non-residents of Canada carry on business here through incorporated subsidiaries of foreign corporations, a large number do in fact use branches. The type of entity used to carry on business in Québec depends on the related legal, tax, economic and commercial consequences.\(^1\)

This brochure focuses primarily on tax measures applying to corporations carrying on business in Canada.

NON-RESIDENT INCOME TAX

Carrying on Business Through a Corporation

In Canada, a Canadian resident corporation is taxed on its income from all sources and all geographic areas independently from its shareholders. Federal non-resident tax must be withheld on any amount paid by the corporation to non-residents for dividends, interest, royalties or management or administration fees.

The general withholding rate is 25%. However, Canada has signed tax treaties with many countries. These treaties reduce the rate to between 0% and 15%, depending on the type of payment and the country. For example, several of these treaties, including the one signed with the United States, reduce the tax withheld on dividends paid to foreign corporations to 5% if the recipient of the dividend owns at least 10% of the corporation’s voting rights. Again for example, the Canada–U.S. Tax Convention sets the withholding rate on interest paid at 0%, whereas many tax treaties set it at 10%.

Carrying on Business Through a Branch

A foreign corporation that carries on business in Canada through a branch is subject to corporate income tax in Canada on its taxable income attributable to that establishment. In addition to corporate income tax, a branch tax is payable, equal to 25% of the after-tax earnings not reinvested in the Canadian business. Branch tax is comparable to the dividend withholding tax that would be paid if a Canadian corporation repatriated profits as dividends paid to its non-resident shareholder. The rate is generally lower when there is a tax treaty between Canada and the corporation’s country of residence. For example, the Canada–U.S. Tax Convention reduces the rate to 5% and also exempts the first $500,000 of income earned in Canada.

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\(^1\) Particular attention should be paid to how Québec operations are financed so as not to run afoul of thin capitalization rules, which limit the interest deduction on a corporation’s debt owing to certain non-resident persons when the debt is more than one and a half times the amount of the corporation’s equity. The debt/amount invested in Canada ratio is 3:5 for non-resident corporations carrying on a business in Canada through a branch.
Withholding and Branch Tax Rates Based on Tax Treaties

The following table indicates the rates for the non-resident withholding tax on different types of payments from Canada and the branch tax for countries with which Canada has signed a tax treaty.\(^2\)

<table>
<thead>
<tr>
<th>NON-RESIDENT WITHHOLDING TAX RATE (2019)</th>
<th>Dividend(^1)</th>
<th>Interest(^2)</th>
<th>Royalty(^3)</th>
<th>Management Fee(^4)</th>
<th>Branch Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>5% or 15%</td>
<td>0%</td>
<td>0% or 10%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>France</td>
<td>5% or 15%</td>
<td>10%</td>
<td>0% or 10%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5% or 15%</td>
<td>10%</td>
<td>0% or 10%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Ireland</td>
<td>5% or 15%</td>
<td>10%</td>
<td>0% or 10%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Germany</td>
<td>5% or 15%</td>
<td>10%</td>
<td>0% or 10%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

\(^1\) Varies according to percentage of share ownership and type of entity that owns the shares.

\(^2\) No withholding for payments at arm’s length.

\(^3\) Varies according to nature of royalty payments.

\(^4\) No withholding if services are rendered in the country of the recipient of the amounts paid and the service supplier has no permanent establishment in Canada.

**INVESTMENT CANADA ACT**

Pursuant to the *Investment Canada Act*, the creation and acquisition of businesses by foreign investors normally require the filing of a notification or a pre-review by the federal authorities.

As a general rule, a notification must be filed each time an investor undertakes a new commercial activity in Canada and each time an investor acquires control of a Canadian business, unless the investment is a reviewable transaction. There are a number of variables that determine whether an investment is reviewable, including in particular the value of the assets of the Canadian business. For additional information, contact the Investment Review Division.\(^3\)

\(^2\) Tax treaties may include a mechanism to suspend the benefits of the treaty when effective ownership is not held by the same entity. Although these mechanisms currently have limited applicability, they will apply to the majority of tax treaties once the multilateral instrument is in force. The multilateral instrument is the outcome of a global initiative involving more than 100 jurisdictions, including Canada. It allows the close to 90 participating jurisdictions to implement measures to counteract tax base erosion and profit shifting without having to renegotiate each tax treaty bilaterally.

\(^3\) Investment Review Division in Ottawa, at 613 954-1887. Complete information can be found on the *Investment Canada Act* website at investcan.ic.gc.ca.
CORPORATE TAXATION

A corporation that carries on business in Québec is subject to a combined general tax rate of 26.6%: 11.6% provincial and 15% federal. However, many corporations are entitled to various tax incentives, such as tax credits and tax holidays, which are described in Section 3.

4 The current tax rate will decrease from 11.6% to 11.5% in 2020 and subsequent years.
TAXABLE INCOME

The starting point for determining a corporation’s taxable income is the net income reported in its financial statements. Certain items then have to be added or deducted in order to comply with the tax laws. There are two types of differences between accounting income and taxable income. The first type includes certain accounting income or loss items not recognized for tax purposes in Canada, e.g. the non-taxable portion of capital gains. The second one includes timing differences with respect to the recognition of revenues and expenses for accounting and tax purposes, e.g. depreciation.

Capital Gains

In Canada, only 50% of the profit (capital gain) realized on the disposition of a property is included in a corporation’s taxable income. Similarly, only 50% of capital losses are deductible. Furthermore, capital losses can only be deducted against capital gains. Capital losses that have not been deducted can be carried forward indefinitely to subsequent years or carried back to the three preceding years and applied against capital gains of those years.

Depreciation

The tax deduction for depreciation is optional and is usually more generous than what is allowed by accounting principles. In most cases, depreciation rates are the same for federal and provincial purposes. Both governments have agreed to regularly review depreciation rates on the basis that improving the depreciation rate structure will increase business productivity.

In Canada, depreciable property is grouped into classes for which there are specific depreciation rates. Depreciation is calculated on the residual balance for the class, which means the amount that can be claimed is higher in the initial years.
The following table shows the most frequently used depreciation rates for federal and Québec purposes for 2019.

<table>
<thead>
<tr>
<th>Type of Property</th>
<th>Federal and Québec(^1) (% of residual balance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings used for manufacturing and processing</td>
<td>10(^2)</td>
</tr>
<tr>
<td>Other non-residential buildings</td>
<td>6</td>
</tr>
<tr>
<td>Automobiles, pick-up trucks, trucks, tractors, trailers</td>
<td>30</td>
</tr>
<tr>
<td>Certain trucks used to carry merchandise</td>
<td>40(^3)</td>
</tr>
<tr>
<td>Computers and related equipment(^4)</td>
<td>55(^5)</td>
</tr>
<tr>
<td>Infrastructure equipment for data systems(^6)</td>
<td>30</td>
</tr>
<tr>
<td>Software</td>
<td>100</td>
</tr>
<tr>
<td>Manufacturing machinery and equipment</td>
<td>100(^7)</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>20</td>
</tr>
<tr>
<td>Patent (limited or unlimited life)</td>
<td>25</td>
</tr>
<tr>
<td>Licence or permit (limited life)</td>
<td>Straight-line(^8,(^9)</td>
</tr>
<tr>
<td>Licence or permit (unlimited life)</td>
<td>5(^9)</td>
</tr>
</tbody>
</table>

1 For federal and Québec purposes, assets are generally grouped by class and depreciation is calculated on the balance for the class. An asset cannot be depreciated for tax purposes before the earlier of the date it is used or 24 months after it has been acquired. Moreover, acquisitions during the year are generally only eligible for one-half of the available deduction; however, this measure is suspended for assets acquired after November 20, 2018, and available for use before 2028. Finally, assets acquired after November 20, 2018, and available for use before 2024 qualify for an enhanced allowance in the first year, corresponding to 150% of the deduction normally granted based on the rate applicable to the class. This measure does not apply to assets that are fully deductible in the first year.

2 4% for assets that do not qualify for the enhanced rate.

3 In Québec, 60% for new vehicles.

4 Related equipment includes system software, i.e. the general systems that make it possible to run applications and manage and coordinate the various computer operations, in particular the inputting and extraction exercises between the keyboard, CRT screen, printer, disk drives and peripheral equipment.

5 In Québec, 100% for assets acquired after December 3, 2018, and available for use before 2024. Additional allowance in Québec equal to 30% of the depreciation allowance claimed in the previous year for new assets acquired after December 3, 2018.

6 Data system infrastructure supports advanced telecommunications applications, such as email, Web research and hosting, instant message handling and audio and video functions based on the Internet protocol.

7 For assets acquired after November 20, 2018, and available for use before 2024 (rate reduced to 75% for assets available for use in 2024 and 2025 and 55% in 2026 and 2027). Additional allowance in Québec equal to 30% of the depreciation allowance claimed in the previous year for new assets acquired after December 3, 2018.

8 Depreciable over the useful life of the licence or permit.

9 In Québec, 100% for ‘qualified intellectual property’ acquired after December 3, 2018, and available for use before 2024, as well as an additional allowance equal to equal to 30% of the depreciation allowance claimed in the previous year.

### TAX RATES

#### Tax Rates in Canada

A corporation that carries on business in Canada is subject to federal and provincial corporate income tax. Consequently, the corporation has to allocate its income among the provinces where it has an establishment. For federal and Québec purposes, the tax rate on a corporation’s business income varies depending on whether the corporation is eligible for the small business deduction (SBD). The basic tax rate is 15% for federal purposes. The rate is 9% on the first $500,000 of active business income eligible for the SBD. In Québec, the basic rate is 11.6%.\(^5\) The rate is 6%\(^6\) on the first $500,000 eligible for the SBD.

To qualify for the SBD, a corporation has to, among other things, be a Canadian-controlled private corporation, i.e. a private corporation that is resident in Canada and of which at least 50% of the voting shares are owned by Canadian residents. It must also have a taxable capital and an adjusted investment income (including the taxable capital and adjusted investment income of its associated corporations) of less than $15 million and $150,000, respectively. The 2019 combined tax rate for a corporation that carries on business in Québec is therefore 26.6%. The rate is 15% on its active business income eligible for the SBD.

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5 The basic tax rate will decrease to 11.5% in 2020 and subsequent years.

6 The tax rate on income eligible for the SBD will decrease to 5% in 2020 and 4% in 2021 and subsequent years.
In certain provinces, businesses that carry on manufacturing and processing activities, including manufacturing businesses, are subject to a lower tax rate on their manufacturing and processing profits (MPP). In Québec, the tax rate for a corporation whose main activity is in the primary sector or the manufacturing and processing sector is 4% for the first $500,000 eligible for the SBD. Moreover, innovative manufacturing companies that are ineligible for the SBD benefit from an equivalent rate reduction on certain income attributable to the value of patented components incorporated into the assets that they sell or lease.

The following table compares the basic tax rates on corporate business income for companies in Québec with certain Canadian provinces.

<table>
<thead>
<tr>
<th>BASIC TAX RATE ON BUSINESS INCOME (2019 Basic Tax Rate)</th>
<th>%</th>
<th>Combined %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>Provincial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Alberta</td>
<td>12.0</td>
<td>27.0</td>
</tr>
<tr>
<td>• British Columbia</td>
<td>12.0</td>
<td>27.0</td>
</tr>
<tr>
<td>• Manitoba</td>
<td>12.0</td>
<td>27.0</td>
</tr>
<tr>
<td>• New Brunswick</td>
<td>14.0</td>
<td>29.0</td>
</tr>
<tr>
<td>• Nova Scotia</td>
<td>16.0</td>
<td>31.0</td>
</tr>
<tr>
<td>• Ontario</td>
<td>11.5¹</td>
<td>26.5</td>
</tr>
<tr>
<td>• Québec</td>
<td>11.6²</td>
<td>26.6</td>
</tr>
</tbody>
</table>

¹ The rate for manufacturing businesses is 10%.
² The basic rate will decrease to 11.5% in 2020 and subsequent years.

**Tax Rates in the United States**

In the United States, the federal government, most of the states and even certain cities levy corporate income tax. Since January 1, 2018, the federal income tax rate has been reduced to 21%. The following table shows the effective rates in a few U.S. states and cities, in effect in 2019.
### EFFECTIVE U.S. CORPORATE TAX RATES¹ (2019)

<table>
<thead>
<tr>
<th>Selected Cities (Certain States) (%)</th>
<th>Federal² (% )</th>
<th>State (%)</th>
<th>Total (%)</th>
<th>Outside Reference City (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>19.64</td>
<td>6.50</td>
<td>26.14</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>19.14</td>
<td>8.84</td>
<td>27.98</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>20.48</td>
<td>2.50</td>
<td>22.98</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>19.95</td>
<td>5.00</td>
<td>24.95</td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>19.17</td>
<td>8.70</td>
<td>27.87</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>19.79</td>
<td>5.75</td>
<td>25.54</td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>19.01</td>
<td>9.50³</td>
<td>28.51</td>
<td></td>
</tr>
<tr>
<td>Massachusetts</td>
<td>19.32</td>
<td>2.50</td>
<td>22.82</td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>19.53</td>
<td>6.00⁵</td>
<td>1.00⁶</td>
<td>26.53</td>
</tr>
<tr>
<td>New Jersey</td>
<td>19.11</td>
<td>9.00⁷</td>
<td>28.11</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>17.38</td>
<td>6.50</td>
<td>10.73⁸</td>
<td>34.61</td>
</tr>
<tr>
<td>Ohio</td>
<td>20.48</td>
<td>0.00⁹</td>
<td>2.50¹⁰</td>
<td>22.98</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>17.58</td>
<td>9.99</td>
<td>3.00¹¹</td>
<td>33.87</td>
</tr>
<tr>
<td>Tennessee</td>
<td>19.64</td>
<td>6.50</td>
<td>26.14</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>20.84</td>
<td>0.75¹²</td>
<td>21.59</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>19.74</td>
<td>6.00</td>
<td>25.74</td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td>21.00</td>
<td>1.00¹³</td>
<td>21.00</td>
<td></td>
</tr>
</tbody>
</table>

¹ Based on the basic corporate federal tax rate of 21%. This rate applies to all types of businesses (small, large, manufacturing and non-manufacturing). A notional deduction for exports by U.S. corporations may reduce the U.S. federal tax rate to 13.175%. The rates shown do not include business or other capital taxes. In addition, a minimum BEAT – Base Erosion and Anti-Abuse Tax, with a rate of 10% for 2019 to 2025, applies to corporations with average annual incomes from U.S. sources in excess of $500 million. Moreover, some states apply a minimum tax.

² State and city taxes are generally deductible from U.S. federal income tax.

³ The corporate income tax rate is 7%. In addition, a tax on corporate capital of 2.5% applies to corporations other than “S corporations.”

⁴ A tax on corporate capital calculated at the rate of 0.26% must be added to the 8.00% tax.

⁵ The state of Michigan levies a corporate income tax at the rate of 6.00% to replace the “MBT.”

⁶ Several cities in the state of Michigan levy an income tax, which is generally 1%. However, the cities of Saginaw and Grand Rapids levy taxes of 1.5%, whereas the city of Highland Park levies taxes of 2%.

⁷ The rate indicated above applies to the taxable income exceeding $100,000. Different rates apply to taxable income under $100,000. Until July 1, 2019, a surtax of 2.5% is added to the 9% state tax if income exceeds $1 million. This surtax will be reduced to 1.5% for 2020 and 2021, then abolished as of 2022.

⁸ New York City: A 28.90% surtax applies to the state tax (6.5%) for the metropolitan New York area in addition to the 8.85% city rate. The three rates may not apply to all corporations.

⁹ Income tax has been eliminated for most corporations. However, the Commercial Activity Tax applies to gross income, at a rate of 0.26% for gross income in excess of $1 million, on top of the $150 applicable to income between $150,000 and $1 million.

¹⁰ Numerous cities in Ohio have a corporate income tax. The city rates vary between 0.5% and 2.53%. The rate shown above is for Cleveland. The tax rate for Dayton is 2.50%.

¹¹ Philadelphia. There is a 0.1415% tax on gross revenue in addition to income tax.

¹² The state imposes a Franchise Margin Tax at a rate of 0.75% (0.375% for retail and wholesale trade). The “Margin” equals the lesser of the following three margins: 1) total revenues minus cost of goods sold; 2) total revenues less remuneration; and 3) 70% of total revenues. Until January 1, 2020, a state tax exemption applies to entities having taxable income of less than $1.13 million.

¹³ There is no income tax. The state levies a tax on gross income called the B&O – business and occupation tax. The rate ranges from 0.13% to 3.3%, depending on the kind of business.

### OPERATING LOSSES

In computing its income for a year, a corporation can deduct operating losses incurred in the year up to the amount of its taxable income. Any unused loss can be carried back three years or forward 20 years. Unlike other systems, including that of the U.S., Canada’s tax system does not allow corporate groups to file consolidated tax returns. However, with proper planning, it may be possible to use operating losses within a corporate group.
PAYROLL TAXES AND EMPLOYER OBLIGATIONS

As an employer, a corporation carrying on business in Québec must remit payroll taxes and assume certain other obligations in respect of its employees pursuant to the Act respecting labour standards. Québec employers are subject to the following payroll taxes and obligations in 2019:

<table>
<thead>
<tr>
<th>PAYROLL TAXES</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Québec Pension Plan</td>
<td>5.55% of earnings subject to contribution less a $3,500 basic exemption (maximum earnings subject to contribution are $57,400 per employee)</td>
</tr>
<tr>
<td>Health Services Fund (HSF)</td>
<td>4.26% of total payroll&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>The average contribution rate varies according to the type of business (maximum insurable is $76,500 per employee)</td>
</tr>
<tr>
<td>Labour Standards Commission</td>
<td>0.07% of payroll (maximum insurable is $76,500 per employee)</td>
</tr>
<tr>
<td>Employment Insurance</td>
<td>1.75% of insurable salary (maximum insurable is $53,100 per employee)</td>
</tr>
<tr>
<td>Québec Parental Insurance Plan</td>
<td>0.736% of insurable salary (maximum insurable is $76,500 per employee)</td>
</tr>
<tr>
<td>Training</td>
<td>Employers whose payroll in Québec exceeds $2 million are required to spend 1% of their Québec payroll on employee training&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OBLIGATIONS UNDER THE ACT RESPECTING LABOUR STANDARDS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory holidays</td>
<td>8 days</td>
</tr>
<tr>
<td>Days for family obligations or health reasons</td>
<td>2 days</td>
</tr>
<tr>
<td>Annual vacation</td>
<td>2 weeks after 1 year, 3 weeks after 3 years (i.e. 4% of annual income after 1 year and 6% of annual income after 3 years)</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>$12.50/hour (tip workers: $10.05/hour)&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>Overtime</td>
<td>1.5 times the hourly rate after 40 hours/week</td>
</tr>
</tbody>
</table>

<sup>1</sup> Contribution rate for an employer whose total payroll is greater than $6 million is 4.26% (threshold to increase to $6.5 million in 2021 and $7 million in 2022). The total payroll used to determine an employer’s contribution to the HSF takes into account the total wages paid by the employer and any associated employer worldwide. For corporations in the primary and manufacturing and processing sectors whose total payroll is equal to or less than $1 million, the contribution rate is 1.25%, and when total payroll is between $1 million and $6 million, the rate varies between 1.25% and 4.26%. The contribution rate for employers in sectors other than the primary and manufacturing and processing sectors whose total payroll is equal to or less than $1 million is 1.70% (decreasing to 1.65% in 2020 and subsequent years), and when total payroll is between $1 million and $6 million, the rate varies between 1.70% and 4.26%. Finally, a reduction in HSF contributions is granted until 2020 in respect of the increase in payroll attributable to the hiring of certain employees specializing in the field of natural and applied sciences by an employer whose payroll does not exceed the applicable threshold for the year.

<sup>2</sup> In Québec, if an employer fails to spend 1% of its total payroll on training, it has to pay a contribution equal to the difference between 1% of its total payroll and the amount spent on training to the Workforce Skills Development and Recognition Fund. Employers who have a certificate attesting to the quality of their training initiatives (certificat de qualité des initiatives de formation) are not required to report their training initiatives annually to Revenu Québec.

<sup>3</sup> Rates in force as of May 1, 2019.
TAXATION AS A SOURCE OF FINANCING

In this era of globalization, corporations must be more creative than ever and seize every opportunity that comes their way. Management therefore has to identify not only business opportunities but also available sources of financing. The challenge is to optimize available tax measures while taking into account the corporation’s tax, financial and commercial objectives. The text below describes various corporate tax measures in two main areas: investment and job creation. They have been grouped under seven categories:

- Scientific research and experimental development;
- Manufacturing sector;
- Natural resources sector;
- Development of e-business;
- Cultural industry and multimedia;
- Financial services sector; and
- Other tax measures.
Eligibility

As a general rule, corporations carrying on business in Québec or elsewhere in Canada and subsidiaries and branches of foreign corporations are eligible for the various tax measures described herein. However, certain tax measures are only available to private corporations or Canadian-controlled private corporations. A private corporation is a corporation that is resident in Canada and that is not a public corporation or a corporation controlled by one or more public corporations. A corporation is Canadian-controlled if Canadian residents own at least 50% of its voting shares. Thus, a non-resident corporation could incorporate a new corporation in collaboration with a Canadian corporation and obtain the tax benefits available to Canadian-controlled corporations.

Québec tax credits cannot be accumulated in respect of a single activity. In addition, expenditures must be reduced by any government or non-government assistance received. The assistance given to an enterprise often depends on its size, taking into account all of the corporations in the same group.

To benefit from the different tax measures, a corporation generally has to file a form with its income tax return. Furthermore, any claim, whether in the form of a tax credit or a tax holiday, has to be certified by the tax authorities. In certain cases, corporations have to request visas, certificates or attestations of eligibility from the following government organizations or departments:

<table>
<thead>
<tr>
<th>Organizations and Departments</th>
<th>Tax Measures</th>
<th>For Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investissement Québec</td>
<td>• Development of e-business</td>
<td>1 844 474-6367 investquebec.com</td>
</tr>
<tr>
<td></td>
<td>• Multimedia titles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Gaspésie and certain maritime regions of Québec</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Large digital transformation projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Digital transformation of print media corporations</td>
<td></td>
</tr>
<tr>
<td>Ministère de l’Économie et de l’Innovation</td>
<td>• Design</td>
<td>1-866-463-6642 economie.gouv.qc.ca</td>
</tr>
<tr>
<td></td>
<td>• Scientific research and experimental development¹</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Foreign researchers and specialists</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Maritime industry</td>
<td></td>
</tr>
<tr>
<td>Ministère des Finances</td>
<td>• Financial services sector</td>
<td>418-528-9323 finances.gouv.qc.ca</td>
</tr>
<tr>
<td></td>
<td>• Large investment projects</td>
<td></td>
</tr>
<tr>
<td>Société de développement des entreprises culturelles</td>
<td>• Cultural industry</td>
<td>514-841-2200 sodec.gouv.qc.ca</td>
</tr>
</tbody>
</table>

¹ The Minister issues eligibility visas for private partnership pre-competitive research projects as well as eligibility certificates for foreign researchers and specialists. The credit for expenditures incurred under a research contract with a research centre or a university requires an advance ruling from the Québec Minister of Revenue.
SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

In an economy based on know-how and competitiveness, investment in scientific research and experimental development (R&D) is essential. There are considerable benefits to performing R&D in Québec because of the tax measures offered by the governments of Québec and Canada. The combined measures allow businesses to reduce their R&D costs significantly.

It is therefore not surprising that Canada, and in particular Québec, is recognized internationally as being one of the best locations for doing R&D.

What Is R&D?

A corporation is doing R&D when it does pure or applied research or experimental development and support work that satisfies the following three criteria:

Scientific or technological advancement
- The R&D must provide information that advances the understanding of scientific or technological relationships.

Scientific or technological uncertainty
- There must be uncertainty as to the methodology employed to resolve a problem or achieve objectives or results. Technological uncertainty therefore imposes a need for experimentation or analysis.

Scientific and technical content
- The objectives of an R&D project must be formulated during the initial stages of the project. Moreover, the method of experimentation or analysis to be followed to dissipate the scientific or technological uncertainties must be clearly stated. The results of the R&D must be well documented.

R&D Activities

R&D often includes the following activities:
- Developing a prototype or modifying production equipment to improve its performance, reliability or precision;
- Using a computer to automate certain decision-making operations;
- Making modifications to a manufacturing process that go beyond current practice in the corporation’s field of activity;
- Adapting a technology used in another field or designing one for a different application.

Non-R&D Activities

The R&D tax measures are not available to finance the following activities:
- Market research or sales promotion;
- Quality control or routine testing of materials, devices, products or processes;
- Research in social or human sciences;
- Prospecting, exploring or drilling for minerals, oil or natural gas and the production thereof;
- Commercial production of a material, device or new or improved product and the commercial use of a new or improved procedure;
- Style changes;
- Routine data collection.
**Tax Measures**

For tax purposes, a corporation that does R&D can deduct all of its current expenditures that it incurred as well as amounts paid to subcontractors relating to R&D activities performed on its behalf. It can also elect to defer the deduction for the expenditure indefinitely.

There are also generous tax credits that vary according to the corporation’s status, size and taxable income. All the corporations in a group are taken into account in determining size and taxable income.

A business doing R&D will also find it easier to attract foreign researchers and specialists to Québec because of the tax holiday to which they are entitled.

The following expenditures are eligible for the Québec R&D tax credits:

- Salaries of employees who worked directly on the project;
- One-half of the fees paid to a subcontractor at arm’s length who performed R&D on behalf of the corporation in Québec;\(^7\)
- 80% of the total eligible R&D expenditures incurred in connection with a research contract with a university or eligible research centre;\(^8\)
- The portion of the contributions to a research consortium used for R&D activities;
- Expenditures made in connection with a private partnership pre-competitive research project.

In Québec, there are four refundable tax credits\(^9\) to stimulate R&D:

- R&D salary: this is the main credit to encourage expenditures on salaries or subcontractor fees.
- University R&D: this credit is granted for research contracts signed with universities and eligible research centres.
- R&D consortium: this credit covers contributions paid to a research consortium in order to encourage businesses in different industries to work together to do research.
- R&D private partnership: this credit is for groups of private businesses doing pre-competitive research.

**Basic Rate for Québec Tax Credits and Exclusion Threshold**

The basic rate\(^10\) for all these tax credits is 14% of R&D expenditures. However, the first dollars that a corporation spends below the exclusion threshold are not eligible for Québec’s R&D tax credits. The annual exclusion threshold is $50,000 for corporations whose previous-year assets\(^11\) do not exceed $50 million, and increases linearly up to $225,000 when the previous-year assets are between $50 million and $75 million.\(^12\)

**Rate for Québec Tax Credit for SMBs**

The rate of the four tax credits for SMBs is 30% on the first $3 million\(^13\) of eligible expenditures, less the exclusion threshold amount, which is the ceiling on eligible expenditures for the year. An SMB is a Canadian-controlled private corporation whose assets, combined with those of all the corporations in the group, are less than $50 million as presented in their financial statements. If the assets exceed $50 million, but are less than $75 million, the rate is gradually reduced to 14%.

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\(^7\) For subcontractors who are not at arm’s length, the expenditure amount eligible for the credit is limited to the R&D salaries paid by the subcontractor.

\(^8\) See Appendix 5.

\(^9\) The tax credit is always refundable, i.e. a corporation can receive its tax credit even if it did not pay any income tax.

\(^10\) SMBs benefit from an increased credit (see below in this section).

\(^11\) For the exclusion threshold, only the corporation’s assets are considered, not the assets of the group of associated corporations.

\(^12\) When a corporation is eligible for more than one R&D tax credit, the excluded expenditures threshold is only taken into consideration once. It must be applied proportionally to the expenditures eligible for each credit.

\(^13\) The $3-million limit (less the amount of the excluded expenditures threshold) applies separately for each of the four credits.
TAX CREDIT ON R&D EXPENDITURES FOR AN SMB – QUÉBEC

<table>
<thead>
<tr>
<th>Assets of Corporate Group (in millions of dollars)</th>
<th>Expenditures up to the Ceiling on Eligible Expenditures (in %)</th>
<th>Expenditures Exceeding the Ceiling on Eligible Expenditures (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.0 or less</td>
<td>30.0</td>
<td>14.0</td>
</tr>
<tr>
<td>55.0</td>
<td>26.8</td>
<td>14.0</td>
</tr>
<tr>
<td>60.0</td>
<td>23.6</td>
<td>14.0</td>
</tr>
<tr>
<td>62.5</td>
<td>22.0</td>
<td>14.0</td>
</tr>
<tr>
<td>65.0</td>
<td>20.4</td>
<td>14.0</td>
</tr>
<tr>
<td>70.0</td>
<td>17.2</td>
<td>14.0</td>
</tr>
<tr>
<td>75.0 or more</td>
<td>14.0</td>
<td>14.0</td>
</tr>
</tbody>
</table>

Federal Tax Credits

The following current expenditures\(^{14}\) are eligible for the federal R&D tax credits provided the activities are carried on in Canada:\(^{15}\)

- Salaries of employees who worked directly on the project;
- 80% of fees paid to a subcontractor at arm’s length who performed R&D for the corporation;\(^{16}\)
- 80% of payments to a certified association, university, college, research institute or other certified body;
- Cost of materials used in connection with the project;
- Overhead expenses directly related to the research.\(^{17}\)

The basic tax credit is 15% of the R&D expenditures and is not refundable. The unused balance can be carried back three years and forward 20 years.

Federal Tax Credit for SMBs

The tax credit for SMBs is increased to 35% on the first $3 million of eligible expenditures per year. An SMB is a Canadian-controlled private corporation whose taxable capital as well as the taxable capital of all the corporations in the group for the previous taxation year does not exceed $10 million. If taxable capital used in Canada is greater than $10 million, but not more than $50 million, the $3-million limit of expenditures eligible for the 35% credit is gradually reduced;\(^{18}\) expenditures beyond this reduced limit are eligible for a tax credit at a rate of 15%. Examples are shown in Appendices 1 to 3.

RATES APPLICABLE TO CURRENT R&D EXPENDITURES FOR AN SMB – FEDERAL

<table>
<thead>
<tr>
<th>Rate of Credit (in %)</th>
<th>Refundable Portion of Credit (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures up to limit</td>
<td>35</td>
</tr>
<tr>
<td>Expenditures in excess of limit</td>
<td>15</td>
</tr>
</tbody>
</table>

1. If the taxable income of a corporate group for the preceding year is more than the limit for eligible expenditures ($500,000 when the taxable capital is equal to or less than $10 million and gradually reduced to nil when the taxable capital reaches $50 million), the credit refund is nil.

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\(^{14}\) Capital expenditures are not eligible for the federal R&D tax credit.

\(^{15}\) As a general rule, R&D expenditures must be incurred in Canada in order to be eligible for a federal tax credit. However, certain salaries paid to Canadian employees carrying out R&D abroad are eligible for the R&D credit. Eligible salaries are limited to 10% of labour expenditures incurred in Canada for R&D work.

\(^{16}\) Subcontractors who are not at arm’s length must file the claim. However, expenditures can be transferred.

\(^{17}\) To compute overhead, the corporation may use expenditures actually incurred, or the proxy method pursuant to which 55% of the salaries of employees who worked directly on the project is used.

\(^{18}\) Applicable to taxation years ended on March 19, 2019, and after. Before this date, the limit of $3 million of eligible expenditures is gradually reduced when the taxable income and taxable capital of the corporation and its associated corporations, for the previous taxation year, are between $500,000 and $800,000, and between $10 million and $50 million, respectively.
Tax Holiday for Foreign Researchers and Specialists

Foreign individuals who have expertise in certain specialized areas of activity and who settle in Québec to work are entitled to a tax holiday. The tax holiday is in the form of a tax exemption for a maximum of five consecutive years on a portion of the salary received by these individuals. Therefore, in computing their income, such individuals may deduct 100% of their salary for the first and second years, 75% for the third year, 50% for the fourth year and 25% for the fifth year.

The following researchers and specialists, who are not resident in Canada immediately before their employment contract is signed, are entitled to the tax holiday:

- A researcher specializing in pure or applied sciences who works for a person carrying on a business in Canada and who performs R&D in Québec;
- A specialist either in the field of management or financing of innovation activities or in the marketing abroad or transfer of the latest technology, who is working for a person carrying on a business in Canada and performing R&D in Québec.

MANUFACTURING SECTOR

There are five important tax aspects to the Québec government’s strategy to strengthen the manufacturing sector in Québec:

- The tax credit for the acquisition of manufacturing and processing equipment;
- The tax credit for job creation;
- The additional deduction for transportation costs of small and medium-sized businesses;
- The tax credit for the integration of information technologies; and
- The deduction for innovative manufacturing companies.

In addition to these measures, which are exclusive to Québec, there is the accelerated CCA for manufacturing and processing equipment, as well as the increase in the CCA rate regarding buildings used for manufacturing or processing for both federal and Québec purposes.

Finally, the federal government also gives an investment tax credit for the acquisition of buildings and manufacturing and processing equipment by businesses carried on in the Gaspé peninsula, among other regions.

Tax Credit for the Acquisition of Manufacturing and Processing Equipment

In order to spur manufacturing investments, an investment tax credit is granted for the acquisition of manufacturing and processing equipment and production computer equipment. The first dollars that a corporation spends below the exclusion threshold are not eligible for the tax credit. The exclusion threshold for property is $12,500 and applies to each individual item.

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19 The manufacturing and processing equipment must be new and used within a reasonable time for a period of at least 730 days, solely in Québec.

20 Property used primarily during ore smelting, refining or hydrometallurgy activities executed abroad or from a mineral resource located in Canada, other than ore from a gold or silver mine, is also eligible for the credit.
The tax credit rate is determined based on the year of acquisition, the location where the investment is made and the corporation’s consolidated paid-up capital. However, an investment expenditure attributable to the execution of large investment projects cannot give rise to entitlement to the tax credit for investments in manufacturing and processing equipment.

### INVESTMENT TAX CREDIT RATE BASED ON LOCATION WHERE THE INVESTMENT IS MADE IN 2019

<table>
<thead>
<tr>
<th>Location</th>
<th>Basic Rate</th>
<th>Enhanced Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intermediate zone</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saguenay–Lac-Saint-Jean, Mauricie, Vallée-de-la-Gatineau RCM, Pontiac RCM in Outaouais, Antoine-Labelle RCM in the Laurentians, Rivièr-du-Loup RCM, Rimouski-Neigette RCM, Témiscouata RCM, Kamouraska RCM and Les Basques RCM</td>
<td>5%</td>
<td>20%</td>
</tr>
<tr>
<td>Bas-Saint-Laurent (eastern portion)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>La Matapédia RCM, Matane RCM and La Mitis RCM</td>
<td>5%</td>
<td>30%</td>
</tr>
<tr>
<td>Remote resource region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec, Gaspésie–Îles-de-la-Madeleine</td>
<td>5%</td>
<td>40%</td>
</tr>
<tr>
<td>Other regions</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Enhanced Rate

In order for a corporation to benefit from enhanced rates, its consolidated paid-up capital from the previous year must not exceed $250 million. Where a corporation’s paid-up capital is over $250 million without exceeding $500 million, the enhanced rates will be reduced linearly to a floor rate of 5%.

### Refundable Tax Credit

The refundable tax credit is also determined based on the corporation’s consolidated paid-up capital. Therefore, the tax credit is fully refundable when the corporation’s paid-up capital does not exceed $250 million, whereas it is partly refundable when paid-up capital is between $250 million and $500 million. The portion of the tax credit that cannot be refunded or used to reduce the corporation’s income tax can be carried forward over 20 years and carried back three years.

### $75-Million Cumulative Limit

A maximum of $75 million of eligible investments made by a corporation over a three-year period can qualify for an increased rate, refundability or both of these benefits.

### Tax Credit for Job Creation

A refundable tax credit encouraging job creation in Gaspésie and certain maritime regions of Québec is available to corporations that are able to show that at least three full-time jobs will be created within a reasonable time on the territory of one or more eligible regions.

The rate of the tax credit for job creation is equal to 15% (30% for marine biotechnology, mariculture, and recreational and tourism activities) of the payroll attributable to eligible employees of an eligible corporation operating in a targeted region.

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21 A corporation’s consolidated paid-up capital refers to the paid-up capital of all the associated corporations within a single group. The determination of a corporation’s paid-up capital is a complex calculation that must be performed by a tax specialist. However, it is possible to establish its order of magnitude by first adding up the shareholders’ equity (share capital, surplus and retained earnings) and the corporation’s long-term debt, and then subtracting equity investments and loans to other corporations.

22 For assets acquired after August 15, 2018, and before 2020. For assets acquired as of 2020, the base rate will be reduced to 4% for the intermediate zone, the eastern portion of the Bas-Saint-Laurent region and the remote resource region, and the enhanced rates will be reduced to 8%, 16% and 24%, respectively, for these regions. No credit will be available in the other regions as of that date.

23 A corporation for which metal manufacturing activities represent more than 50% of its operations. Qualifying activities are primary metal manufacturing activities included under NAICS code 331 and fabricated metal product manufacturing included under NAICS code 332.

24 To qualify for this tax credit, the corporation must obtain an initial qualifying certificate from Investissement Québec. Then, each year, it must obtain a business qualification certificate and an employee certificate in respect of every employee for whom it is requesting the tax credit.

25 Only employees who spend at least 75% of their time on eligible activities are considered in the payroll calculation.
that carries on a recognized business. However, this credit only applies to annual salaries up to $83,333. Eligible corporations are entitled to this credit up to December 31, 2020. However, a corporation eligible for a tax holiday for large investment projects does not qualify for the tax credit for job creation.

The following table shows eligible activities for the tax credit and tax credit rates based on the region where the corporation carries on business:

<table>
<thead>
<tr>
<th>Eligible Activities</th>
<th>Eligible Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing activities 1</td>
<td>Gaspésie, Îles-de-la-Madeleine</td>
</tr>
<tr>
<td>Manufacturing or processing of finished or semi-finished products from slate or peat</td>
<td>Gaspésie, Îles-de-la-Madeleine, Côte-Nord, Bas-Saint-Laurent</td>
</tr>
<tr>
<td>Production of wind power and manufacturing of wind turbines</td>
<td>Gaspésie, Îles-de-la-Madeleine, La Matanie RCM</td>
</tr>
<tr>
<td>Processing of sea products</td>
<td>Gaspésie, Îles-de-la-Madeleine, Côte-Nord, La Matanie RCM</td>
</tr>
<tr>
<td>Marine biotechnology and mariculture</td>
<td>Gaspésie, Îles-de-la-Madeleine, Côte-Nord, Bas-Saint-Laurent</td>
</tr>
<tr>
<td>Recreational and tourism activities</td>
<td>Îles-de-la-Madeleine</td>
</tr>
</tbody>
</table>

1 For reference purposes, the activities listed under codes 31, 32 and 33 of the North American Industry Classification System (NAICS) are generally manufacturing activities covered by this tax credit.

Additional Deduction for Transportation Costs of Manufacturing SMBs

To provide additional assistance to all Québec SMBs and take account of the higher transportation costs due to the remote location of certain regions compared with the major urban centres, an additional deduction in the calculation of net income for transportation costs is granted to Canadian-controlled private corporations whose paid-up capital is less than $15 million.

The amount of the additional deduction that manufacturing SMBs may benefit from varies according to several criteria, such as the region where the corporation performs its manufacturing activities, the level of its manufacturing activities, the corporation’s size, its gross income for the taxation year and a regional cap.  This additional deduction can reach 10% of a corporation’s gross income for a taxation year for the most remote regions.

In addition, all SMBs in the most remote regions of Québec may receive an additional deduction for transportation costs. This additional deduction, which can reach 10% of a corporation’s gross income, is granted based on the scope of the corporation’s activities in the remote region and on its size. No ceiling applies to this additional deduction and it cannot be added to the additional deduction for transportation costs of manufacturing SMBs.

Tax Credit for Integrating Information Technologies in Designated SMBs

The tax credit for integrating information technologies (IT) allows manufacturing and primary sector SMBs and SMBs engaged in wholesale and retail trade to qualify for a refundable tax credit for expenditures relating to an IT integration contract for which Investissement Québec has issued a certificate.

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26 The regional cap is $50,000, $150,000, $350,000 or nil, depending on the region where the corporation carries out its activities. The regional cap must be shared between associated corporations.

27 The additional deduction rate varies between 1% and 10% depending on the region where the corporation carries out its activities. There are rules concerning situations in which a corporation carries out activities in more than one region.

28 Expenditures relating to a qualified IT integration contract correspond to 80% of the amount of the contract that can reasonably be attributed to the supply of a qualified management software package intended for use mainly in Québec.

29 Investissement Québec can issue such certificates until December 31, 2019.
The 20% tax credit rate is granted to corporations whose paid-up capital for the previous year does not exceed $35 million. In excess of this amount, the rates will be reduced linearly and will reach zero where the paid-up capital is $50 million or more. The cumulative ceiling on eligible expenditures for a taxation year corresponds to the excess of $250,000 (for a maximum credit of $50,000) over total expenditures for which the tax credit for integrating IT was claimed for a previous taxation year. This ceiling must be determined by including the expenditures of associated corporations.

**Deduction for Innovative Manufacturing Companies**

Manufacturing companies whose consolidated paid-up capital from the previous year is $15 million or more can claim a deduction allowing them to reduce to 4% the tax rate applicable to certain income attributable to the value of patented components incorporated into the assets that they sell or lease. For the purpose of this provision, a qualified patented component refers to a patented invention arising from R&D carried out in Québec as part of an ongoing innovation initiative. The patented invention must therefore result, in whole or in part, from R&D that was carried out in Québec and that qualified in that province for an R&D tax credit. A minimum of $500,000 must have been incurred as an expenditure eligible for the R&D tax credit over the five-year period preceding the year in which the patent application was filed.

**Investment Tax Credit (Federal)**

Corporations doing business in the Atlantic Provinces, the Gaspé peninsula or a prescribed offshore region are eligible for a 10% investment tax credit on the cost of new prescribed buildings\(^{30}\) or new prescribed machinery and equipment\(^{31}\) acquired primarily to be used in certain activities, including:

- Manufacturing or processing goods for sale or lease;
- Logging, farming or fishing; and
- Exploring for or developing certain natural resources.

**NATURAL RESOURCES**

To stimulate investments by businesses in the natural resources sector, the Québec government grants them various types of tax relief. In return, the mining tax enables the government to obtain fair compensation for the use of a non-renewable resource belonging to the public domain.

**Québec Mining Tax Act**

A mine operator is required to pay mining duties corresponding to the greater of its minimum mining tax or its mining tax on its annual profit calculated according to progressive rates. The tax base of Québec’s mining duties regime is generally based on the notion of mining profit and the “mine-by-mine” principle. Briefly, an operator’s annual profit for the purposes of the mining tax represents the gross value of its annual output from a mine, less certain expenses and allowances. The tax rate used to calculate the mining tax on annual profit is determined in accordance with the operator’s profit margin. The rates are the following, according to the profit margin segment:

\(^{30}\) A prescribed building includes a building or a grain elevator included in Class 1, 3, 6, 8 or 20 and erected on land owned or leased by the taxpayer.

\(^{31}\) The definition of “prescribed machinery and equipment” is very broad and includes the majority of capital expenditures included in Classes 8, 9, 10, 15, 21, 22, 24, 27, 28, 29, 34, 38, 39, 40, 43, 45, 50, 52 and 53, electrical generating equipment included in Classes 1 and 2 and vessels included in Class 7. The electricity generation equipment described in Classes 17 and 48 and the clean energy generation and energy conservation equipment described in Classes 43.1 and 43.2 are also eligible for the credit.
### Profit Margin Segment and Applicable Rate

<table>
<thead>
<tr>
<th>Profit Margin Segment</th>
<th>Applicable Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% to 35% segment</td>
<td>16%</td>
</tr>
<tr>
<td>35% to 50% segment</td>
<td>22%</td>
</tr>
<tr>
<td>50% to 100% segment</td>
<td>28%</td>
</tr>
</tbody>
</table>

The minimum mining tax is an ad valorem royalty calculated on the total output value at the mine shaft head for each mine operated. For a particular fiscal year, the operator’s minimum tax is:

• 1% of the first $80 million of the value of the production at the mine shaft head for all mines operated;
• 4% on the value at the mine shaft head in excess of $80 million for all mines operated.

An operator’s output value at the mine shaft head in respect of a mine it operates is calculated on the basis of the operator’s gross value of annual output from the mine. The aim of this calculation, by means of inclusions and deductions, will be to determine the value of the mineral substance from the mine once extracted from Québec soil but before it is processed by the operator. The output value at the mine shaft head may not be less than 10% of the operator’s gross value of annual output from that mine.

The minimum mining tax paid for a fiscal year may be carried forward to be applied against the mining tax on future profit as a non-refundable minimum mining tax credit. Lastly, when an operator sustains a loss, it may obtain a credit on duties refundable for losses in respect of exploration\(^2\) and pre-production development expenses. This tax credit is also deductible from the operator’s minimum mining tax payable.

### Resource Tax Credit

A corporation that carries on a business in Québec and incurs eligible expenses may benefit from a refundable tax credit relating to resources. The tax credit rate varies between 12% and 38.75% according to the type of resource, where the expenses are incurred and the type of corporation.

Eligible expenses\(^3\) include:

• Exploration expenses;
• Expenses relating to natural resources (cut stones: granite, sandstone, limestone, marble and slate) where the resources are used for the production of dimension stones, cemetery monuments, building stones, paving stones, curbing and roof tiles; and
• Canadian renewable energy and energy savings expenses incurred in Québec.

### Refundable Resource Tax Credit Rates

<table>
<thead>
<tr>
<th>Tax Credit for Eligible Expenses</th>
<th>Corporations Not Operating Any Mineral Resource or Oil and Gas Well(^1)</th>
<th>Other Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses relating to mining resources:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mid-North and Far North of Québec</td>
<td>38.75%</td>
<td>18.75%</td>
</tr>
<tr>
<td>• Elsewhere in Québec</td>
<td>28.00%</td>
<td>12.00%</td>
</tr>
<tr>
<td>Expenses relating to oil and gas:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mid-North and Far North of Québec</td>
<td>31.00%</td>
<td>15.00%</td>
</tr>
<tr>
<td>• Elsewhere in Québec</td>
<td>28.00%</td>
<td>12.00%</td>
</tr>
<tr>
<td>Expenses relating to renewable energy and energy savings</td>
<td>28.00%</td>
<td>24.00%</td>
</tr>
<tr>
<td>Expenses relating to other natural resources (cut stones)</td>
<td>12.00%</td>
<td>12.00%</td>
</tr>
</tbody>
</table>

\(^1\) These corporations must not be related to a corporation exploiting a mineral resource or operating an oil or gas well.

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\(^2\) 50% of the operator’s incurred exploration expenses are eligible for this credit.

\(^3\) The expenses which a corporation has relinquished with respect to a share in Québec’s flow-through share system are not eligible for this credit.
Accelerated Capital Cost Allowance for Liquefied Natural Gas

Equipment and structures used for natural gas liquefaction and acquired before 2025 are eligible for an additional 22% allowance that brings the CCA rate up to 30% for this kind of property. Non-residential buildings located at a facility that liquefies natural gas and acquired before 2025 are eligible for an additional 6% allowance that brings the CCA rate up to 10% for this kind of property. The additional 22% and 6% allowances are only granted for new property and can only be deducted from the income of the corporation that liquefies natural gas.

Production of Biofuels and Biodiesel

The Québec government also grants financial assistance to corporations that produce biofuels and biodiesel, by means of the following refundable tax credits:

- tax credit for the production of ethanol in Québec;
- tax credit for the production of cellulosic ethanol in Québec;
- tax credit for the production of biodiesel fuel in Québec;
- tax credit for the production of pyrolysis oil in Québec.

In general, these tax credits are available until March 31, 2023, and are calculated based on the number of litres of biofuel or biodiesel produced monthly.

DEVELOPMENT OF E-BUSINESS

In order to encourage the development and expansion of IT throughout Québec, the Québec government has created two tax credits for the development of e-business. The first refundable tax credit is equal to 24% of the eligible wages, up to an annual limit of $20,000 per employee. The second non-refundable tax credit is equal to 6% of the eligible wages, up to a maximum credit of $5,000 per employee. Any sample calculation of these credits is presented in Appendix 4.

To be entitled to these credits, a corporation must have an establishment in Québec where it carries on a business in the IT sector. Eligible activities for the qualification of an eligible employee include:

- Information technologies consulting services;
- Development, integration and maintenance of information systems and technology infrastructures;
- Design and development of e-commerce solutions; and
- Development of security and identification services related to e-commerce activities.

However, the following activities do not represent eligible activities:

- Operation of an e-business solution;
- Operation of a customer contact centre;
- Equipment installation and training activities;
• Activities not primarily related to e-business;
• Management or operation of information systems, applications or infrastructures stemming from e-business activities;
• Administrative duties;
• Activities related to a marketing information system; and
• Activities whose results are incorporated into property that is intended for sale or the purpose of which concerns the operation of such property.

CULTURAL INDUSTRY AND MULTIMEDIA

For several years now, the Québec government has striven to promote Québec’s cultural identity and the production of multimedia titles by granting several different tax credits. Moreover, Québec is recognized as one of the best locations in the world for video game and interactive content development. Due to its qualified labour, the numerous specialized companies in this field and major incentive programs, Québec is an essential hub for digital entertainment.

Cultural Industry Tax Credits

The government assumes a part of the cultural industry’s financing through grants, loans and loan guarantees. The government of Québec also grants financial assistance to corporations in this field by means of the following tax credits:

- Tax credit for Québec film or television productions;
- Tax credit for film production services;
- Tax credit for the production of sound recordings;
- Tax credit for the production of performances;
- Tax credit for the production of multimedia events or environments staged outside Québec;
- Tax credit for film dubbing; and
- Tax credit for book publishing.

Tax Credit for Multimedia Titles

A refundable tax credit of 26.25% to 37.5% is granted to corporations that produce eligible multimedia titles. A corporation can claim a credit for each of the titles it produces or for all of its activities when they essentially consist in eligible multimedia productions.

To be eligible, a multimedia title must be produced in an electronic medium, be run using software that supports interactivity, and present, in significant proportions, at least three of the following four types of data: text, sound, still images, moving images. The related titles tied to a principal multimedia title are also entitled to the tax credit for the production of multimedia titles.

The corporation’s labour expenditures determine the credit amount it can claim. The rate varies by category of production and whether a French version is available. A corporation that wishes to benefit from this credit must obtain an eligibility certificate from Investissement Québec.

For more information on these credits, visit the website of the Société de développement des entreprises culturelles (SODEC) at sodec.gouv.qc.ca.

The federal government also has a tax credit for Canadian film or video productions. The federal government also has a tax credit for film or video production services.

To qualify for the credit for all of its activities, the corporation must obtain a certificate from Investissement Québec certifying that 75% of its activities in Québec consist in producing eligible multimedia titles and, where applicable, in carrying out scientific research and experimental development related to such titles.

Generally, labour expenditures include:
- 100% of wages and salaries paid to eligible employees, subject to a $100,000 cap for certain employees;
- 100% of the amounts paid to a subcontractor at arm’s length, subject to a $100,000 cap for certain employees of the subcontractor;
- 50% of the amounts paid to a subcontractor at arm’s length.
### Categories

<table>
<thead>
<tr>
<th>Categories</th>
<th>Basic Credit</th>
<th>Enhanced Credit for French Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multimedia titles destined for commercial markets and that are not vocational training titles</td>
<td>30%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Other multimedia titles including vocational training titles</td>
<td>26.25%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### FINANCIAL SERVICES SECTOR

In this era of market globalization, corporations working in the financial services sector are faced with increasingly complex regulations. To support this industry, the Québec government has implemented tax measures to support international financial centres and encourage the creation of new financial services corporations.

#### International Financial Centres

The objective of International Financial Centres (IFCs) is to promote the implementation, development and retention in the City of Montréal of businesses specializing in Qualified International Financial Transactions (QIFT) or Qualified International Financial Operations (QIFO). Accordingly, a corporation recognized as an IFC can benefit from a tax credit of 24% of the salaries of eligible employees. Generally, this is a non-refundable credit. The maximum annual credit is $18,000 per employee for QIFT and $14,400 per employee for QIFO. Foreign specialists employed by an IFC are generally also eligible for the same tax holiday as foreign researchers and specialists.

#### Tax Measures Aiming to Encourage the Creation of New Financial Services Corporations

The Québec government has implemented three fiscal measures to encourage the creation of new financial services corporations:

- Refundable tax credit for new financial services corporations;
- Refundable tax credit for the hiring of employees by a new financial services corporation; and
- Tax holiday for foreign specialists employed by a new financial services corporation.

To be eligible for these measures, the corporation’s activities must include one or more of the following activities:

- Analysis, research, management, advisory or securities transactions or distribution services performed by certain types of securities dealers;
- Securities advisory or securities portfolio management services provided by certain types of securities advisers.

The corporation must obtain a qualification certificate from the Ministère des Finances, which will be valid for a period of five years.

#### Tax Credit for New Financial Services Corporations

A corporation can benefit from a refundable tax credit equivalent to 32% of certain eligible expenditures during the period of validity of the qualification certificate. Eligible expenditures include, among others, fees for the constitution of the initial file for participation in a stock exchange, fees and costs as a participant in a stock exchange, subscription fees for financial analysis or research tools or services, fees related to the creation of a prospectus and fees paid to a compliance consultant. The expenditures eligible for the credit are limited to $375,000 annually, for a maximum annual credit of $120,000.

#### Tax Credit for the Hiring of Employees by a New Financial Services Corporation

A corporation may claim a refundable tax credit equivalent to 24% of salaries paid during the period of validity of the qualification certificate, up to an annual maximum credit of $24,000 per employee. An employee’s salary is eligible for the tax credit.

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*[^43]: See the website of the International Financial Centre of Montréal at www.finance-montreal.com/en/ifc-tax-credit.*
*[^44]: Only the tax credit for back office activities qualifying as international financial transactions is refundable.*
*[^45]: Note that the exemption for the fifth year is equal to 37.5% of the salary received by specialists employed by an IFC.*
*[^46]: The corporation must submit its application for a qualification certificate before the end of its second fiscal year and before December 31, 2022, at the latest.*
*[^47]: The expenditure limit must be shared between associated corporations.*
credit if 75% of the employee’s duties are directly attributable to the transactional process specific to the carrying out of the activities stipulated in the corporation’s qualification certificate.

**Tax Holiday for Foreign Specialists Employed by a New Financial Services Corporation**

Foreign specialists employed by a new financial services corporation can also benefit from the tax holiday granted to foreign researchers and specialists.

### OTHER TAX MEASURES

This section describes the main features of other tax measures offered by the government to stimulate Québec’s economy.

**Large Investment Projects**

A tax holiday for large investment projects is offered to corporations in the manufacturing, wholesale, warehousing, data processing and storage, and digital platform development sectors.

For a project to qualify as a large investment project, corporations must first obtain an initial certificate as well as annual certificates from the Ministère des Finances. The application for initial certification should be submitted before January 1, 2021, and before the large investment project begins. The project must also involve activities described in one or more of the following NAICS codes:

- 31–33 – Manufacturing
- 41 – Wholesale Trade
- 4931 – Warehousing and Storage
- 518 – Data Processing, Hosting, and Related Services

**Investment Threshold**

The project must reach and maintain the $100-million minimum threshold for total investment expenditures. The minimum investment threshold is $50 million for projects in designated regions. The investment expenditures made for purposes of the minimum investment threshold include all capital expenditures incurred since the beginning of the project to obtain goods and services. The latter must be used in the set-up of the enterprise in which the eligible activities will be carried out in Québec; or for the purposes of expanding or modernizing such an enterprise.

**Tax Holiday Scope**

The 15-year tax holiday will include an income tax holiday and an HSF employer contribution holiday. The income tax holiday will be in the form of a deduction in the computation of the corporation’s taxable income, whereas the HSF employer contribution holiday will apply to the salaries paid by the employer for employee time dedicated to the corporation’s eligible activities.

**Tax Assistance Ceiling**

The total tax assistance that a corporation may receive cannot exceed the tax assistance ceiling of its investment project. This ceiling corresponds to 15% of the excess of the total eligible investment project expenditures over the total tax assistance that the corporation received in previous years.

Eligible investment expenditures correspond to capital expenditures attributable to the carrying out of the investment project that the corporation will have incurred as of the start of its holiday period.

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48 Processing activities for a mineral substance are excluded.

49 The $100-million threshold must be reached by the end of the 60-month period beginning on the date of issuance of the initial certificate.

50 The designated regions are: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie–Îles-de-la-Madeleine, Nord-du-Québec, Saguenay–Lac-Saint-Jean, Charlevoix–Est RCM, Granit RCM, Haut-Saint-François RCM, Antoine-Labelle RCM, Mekinac RCM, agglomeration of La Tuque, Pontiac RCM and Vallée-de-la-Gatineau RCM. Minimum investment threshold of $50 million applicable to projects started after March 21, 2019; before that date, the investment threshold is $75 million.

51 Expenditures relating to the purchase or use of land and those relating to the acquisition of a business already being carried on in Québec are not eligible.

52 Deduction in the computation of the taxable income and HSF contribution holiday.
**Technological Adaptation Services**

A tax credit is granted to businesses for the collection and processing of strategic information as well as for collaboration efforts, research and innovation with different partners.

The refundable tax credit is equal to 40% of:

- 80% of the fees for liaison and transfer services provided by a liaison and transfer centre or by a college centre for the transfer of technology; and
- the cost of training and information activities related to liaison and transfer services.

A credit can be claimed for the following eligible activities:

- locating and brokering research results;
- assessing the needs of businesses;
- bringing together stakeholders;
- carrying out technical feasibility studies and studies assessing the commercial potential of innovation projects; and
- supporting businesses through the various stages of innovation project execution.

Liaison and transfer centres are organizations that bring together numerous university, industry and government members whose mission is to enhance the value of enterprises through the transfer of expertise, knowledge, know-how and technologies. The activities of college centres for the transfer of technology focus on applied research, technical assistance, training, information monitoring and communication.

**On-the-Job Training and Workforce Training**

A number of businesses believe in the benefits of collaboration between the academic and business communities. These businesses complement the theoretical aspects of a student’s education with practical training. To encourage these initiatives, the tax system provides a tax credit with respect to student training within such businesses.

A corporation can claim a refundable tax credit equal to 24% of a student’s salary. The tax credit increases to 30% in the third year of recurring eligible on-the-job training.

Employers who hire an eligible apprentice can benefit from the federal apprenticeship job creation tax credit. This tax credit corresponds to 10% of the salary paid to an apprentice up to an annual maximum of $2,000 per apprentice.

Finally, the Québec government grants a refundable tax credit intended to encourage the training of workers in SMBs. This tax credit corresponds to 30% of the eligible salary expenditure incurred before January 1, 2023, to allow an employee to take an eligible training program. For this purpose, an SMB is a corporation whose total payroll (including those of associated corporations) is less than $5 million. When the total payroll is greater than $5 million, the tax credit is reduced linearly, becoming nil when the total payroll reaches $7 million.

**Design**

Tax incentives for design cover two areas and provide for a refundable tax credit ranging from 12% to 24%. The first area involves design activities related to goods made on an industrial basis under an external consulting contract. The second area involves payroll costs incurred by a corporation for fashion designers.

**Maritime Industry**

As part of its maritime strategy, Québec has implemented several measures to stimulate the economic development of many of its coastal regions. The first measure is an additional capital cost allowance granted for building or renovating a vessel in a Québec shipyard. The second is a refundable tax credit granted for building or renewing a vessel. Last, Québec...
shipowners may take advantage of a tax-free reserve to allow Québec shipyards to modernize or renew their fleet of vessels or build a new vessel.

**Digital Transformation of Print Media Corporations**

A tax credit is granted to print media corporations to help them launch or continue the digital transformation of their business models.

This refundable tax credit corresponds to 35% of the following amounts, paid by the corporation during the year, up to an annual expense limit of $20 million:

- salaries of eligible employees performing eligible activities;
- 80% of the amount paid under an eligible digital conversion contract.

Eligible activities for the purpose of qualifying an employee or a contract include development of information systems, integration of technology infrastructure, development of interactive decision aids (business modelling) and development of business imaging tools that show a corporation in its current state for the purpose of data analysis (business intelligence), but do not include the day-to-day operation of the aids and tools or the following activities:

- management or operation of computer systems, applications or technology infrastructures;
- operation of a customer relationship management service;
- management or operation of a marketing information system designed to raise the visibility of the medium and promote it to an existing or potential clientele.

To receive this tax credit, the corporation must have an establishment in Québec where it operates a print media business, and the eligible expenditures must be incurred before January 1, 2023.

**Retention of Experienced Workers**

A refundable tax credit is granted for employer contributions paid in a calendar year in respect of a worker aged 60 or over to encourage SMBs to hire or retain these workers.

This tax credit may reach $1,250 per employee aged 60 to 64 and $1,875 per employee aged 65 and over. It is offered for taxation years ended after December 31, 2018, regarding employer contributions paid after that date.

To qualify for this credit, the corporation must have a paid-up capital for the previous taxation year (including the paid-up capital of its associated corporations) of less than $15 million and a payroll (including the payroll of its associated corporations) of less than $6 million.

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61 This annual limit must be shared among associated corporations.
62 The corporation must obtain corporation, employee and contract eligibility certificates from Investissement Québec indicating the following:
   - that it has produced or distributed an eligible publication, namely a print or digital publication including original written informational content of general interest aimed specifically at the Québec public and covering at least three current event themes, and that is produced and distributed daily or periodically (at least 10 times a year);
   - that the employees work at least 26 hours a week for an anticipated minimum of 40 weeks and spend at least 75% of their time doing or directly supervising eligible digital conversion activities;
   - that the digital conversion contract concerns one or more of the following: the acquisition or lease of equipment and technologies required for the performance of eligible activities, the provision of services consisting of eligible activities, or a right of use or licence to perform eligible activities.
63 January 1, 2022, in the case of an expenditure for the acquisition of an asset.
64 Contributions to the HSF, Québec Pension Plan, Occupational Health and Safety, Labour Standards Commission and Québec Parental Insurance Plan.
65 A corporation cannot receive this credit in respect of employees for which it is enjoying an HSF contribution holiday under the tax holiday for large investment projects.
66 Payroll threshold increased to $6.5 million in 2021 and $7 million in 2022.
TAXATION AS A TOOL TO FIGHT CLIMATE CHANGE

The fight against climate change is now part of the growing concerns of business leaders; it is also a priority of the Québec and Canadian governments. Whether they want to enhance their image or increase profitability by improving their energy efficiency, businesses have no choice but to invest in the fight against climate change. Therefore, businesses must take advantage of any and all opportunities offered by the fight against climate change to position themselves and increase their competitiveness.

Our governments have traditionally used regulations to protect the environment and decrease pollution. Over the last few years, public authorities have recognized that the fight against climate change must involve business commitment. It is with this in mind that government authorities have started promoting renewable energy investments through tax measures.
Hydroelectricity provides businesses in Québec with a significant competitive advantage, one on which Québec’s new 2030 energy policy aims to build.

Generally, the carbon footprint of products manufactured in Québec is lower than that of products manufactured in the other provinces or the United States. Québec businesses going green can therefore compete very favourably when they use hydroelectricity.

This section provides a summary of the main measures that apply to businesses. Some of the measures are available on a voluntary basis, encouraging taxpayers to make “green” choices to benefit from tax relief, while others are mandatory. However, all of these measures have one common goal: the fight against global warming.

CLEAN ENERGY GENERATION

Equipment designed to produce clean energy (Classes 43.1 and 43.2) acquired after November 20, 2018, and available for use before 2028 may benefit from an enhanced capital cost allowance rate in the year in which it is commissioned. The allowance ranges from 55% to 100% of the cost of the equipment, depending on the year in which it is commissioned. In addition, costs incurred in developing and commissioning renewable energy or energy conservation projects receive favourable tax treatment. These measures represent a financial advantage for businesses that would like to go green and invest in new, more productive and less energy-consuming equipment.

GREENHOUSE GASES (GHG)

In 2013, Québec set up a cap-and-trade system for greenhouse gas emissions in which households, businesses and public institutions that emit greenhouse gases (GHG) have to pay for the pollution they produce. One year later, Québec linked its system to California’s under the Western Climate Initiative (WCI), creating the largest carbon market in North America.

The cap-and-trade system is based mainly on rigorous reporting of GHG emissions, governed by the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere, which requires Québec businesses to report emissions of contaminants from their activities, including GHG emissions.

Mandatory Reporting of Contaminant Emissions

Enterprises emitting over 10,000 tons of carbon dioxide equivalents (CO\textsubscript{2}e) annually are required to report their GHG emissions, as long as their emissions have not been lower than this level over four consecutive years. The reports must be filed by June 1 at the latest for GHG emissions for the previous calendar year. Every person or municipality operating an enterprise that distributes more than 200 litres of fuels and combustibles annually must report all these GHG emissions to the Minister of Sustainable Development, the Environment, and the Fight against Climate Change. The GHG emissions calculation and application of the reporting threshold are determined separately for each facility owned by an enterprise.

Also, enterprises that emit over 25,000 tons of CO\textsubscript{2}e are required to have their emissions report verified by an independent and ISO 14065–certified organization. These verification reports must be sent to the Minister by June 1, at the latest, following the end of the year in which the emissions were reported.

Cap-and-Trade System

The cap-and-trade system, officially in effect since January 2013, impacts enterprises that have reported annual emissions for a facility equal to or greater than 25,000 metric tons of CO\textsubscript{2}e. Since 2015, fuel distributors are also subject to Québec’s cap-and-trade system and must report their GHG emissions attributable to the combustion of all fuels produced in or imported to Québec for sale, except for those sold to large emitters, which already declare these emissions.

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67 The WCI is a group of U.S. states and Canadian provinces that wish to adopt a common approach to fighting climate change. Québec has been a member since 2008.

68 The calculation of the threshold excludes certain emissions which are listed in Section 6.6 of the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere.
Briefly, the terms and conditions of the system are as follows: each year, the government sets the total amount of GHG that reporting issuers can emit (this number decreases every year). Emitters have a similar number of emission rights. Emitters can receive emission allowances for free, buy them from the government when they are auctioned or acquire them from other businesses through the secondary market. The minimum price for emission rights, set by regulation, is increased by 5% every year and indexed as prescribed by section 83.3 of the *Financial Administration Act*.

In November 2014, Québec and California held the first joint auction. During the auction, the minimum price is aligned with the minimum price paid in California based on the exchange rate between the Canadian and U.S. dollars. In the February 2019 auction, the adjusted minimum price was $20.68, and the final selling price was $0.14 higher at $20.82.

At the end of each three-year period, emitters must provide the government with a compliance report. Emitters must therefore calculate their actual GHG emissions to determine whether they have sufficient emission rights in their compliance account to cover the period’s GHG emissions.

In order to be able to demonstrate to the government that they have sufficient emission rights, emitters may:

- Participate in credit auctions organized by the government. Four auctions are planned annually. The funds collected will be paid into the Green Fund, in accordance with the *Environment Quality Act*;
- Purchase unused emission rights from another regulated emitter;
- Purchase offset emission credits from unregulated enterprises that have voluntarily reduced their emissions through projects accepted in advance by the government;
- Participate in a government reserve sale, which can be held up to four times a year, to purchase emission rights at set prices.

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69 For 2019, the minimum price per emission right is $15.31 in Québec.
71 Despite the fact that an emitter can buy an unlimited number of offset credits, the emitter is limited to using credits for a maximum of 8% of its emissions to help comply during the period in question. Furthermore, only three project types may qualify as generating offset credits: destroying substances that weaken the ozone layer contained in insulating foam from refrigerating and freezing devices, destroying methane from landfill sites and destroying methane captured by covering a manure pit.
72 To be eligible for a reserve sale, emitters must not hold emission rights in their general account that can be used to cover GHG emissions for the current compliance period.
COMMODITY TAXES AND PERSONAL TAXATION

In Québec, most commercial transactions are subject to the 5% federal Goods and Services Tax (GST) and the 9.975% Québec Sales Tax (QST). The QST system was largely harmonized with the GST/HST system, and most transactions that are subject to the GST/HST are also subject to the QST.

GST registrants are required to collect the harmonized sales tax (HST) instead of GST when making supplies in certain provinces in Eastern Canada (Prince Edward Island, Newfoundland and Labrador, Nova Scotia, New Brunswick and Ontario, hereafter, the “Participating Provinces”). HST is a value-added tax, like GST and QST. The rules governing HST are identical to those for GST and the HST rate includes GST at 5%. If HST is collectible, QST would not be.

<table>
<thead>
<tr>
<th>Participating Provinces</th>
<th>HST Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>13%</td>
</tr>
<tr>
<td>Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island</td>
<td>15%</td>
</tr>
</tbody>
</table>
TAX BASE

GST/HST and QST apply on the supply or importing of tangible and intangible movable and immovable property, as well as services. There are some exceptions, however. For example, goods and services to be exported, basic food and prescription drugs are generally zero-rated, that is, they are taxable, but at a zero rate. Other supplies are tax-exempt, such as financial services and some goods and services supplied by public service or charitable organizations, used residential buildings and medical services.

VALUE-ADDED TAX – MECHANISM

As the GST/HST and QST are both value-added taxes, the cost is borne by the final consumer. Thus, if a corporation does business in Québec and is a GST/HST and QST registrant, it normally should not have to absorb any cost with respect to these taxes on its transactions. Input tax credits (ITCs) under the GST/HST regime and input tax refunds (ITRs) under the QST regime make it possible for GST/HST and QST registrants to obtain a refund of taxes paid or payable for supplies acquired in connection with their commercial activities. Suppliers of taxable goods and services (including zero-rated supplies) may claim an ITC/ITR, whereas suppliers of tax-exempt goods and services may not claim an ITC/ITR. ITCs and ITRs are applied against GST/HST and QST collected by a registrant. Registrants must remit the difference to the tax authorities and will receive a refund for negative amounts. GST/HST and QST (for Québec residents) remittances and claims are made on the same form either monthly, quarterly or annually, depending on the circumstances.

In some cases, tax-exempt supplies may entitle the supplier to specific partial refunds.

Registration

In general, a corporation must register for GST/HST and QST purposes if it operates a business in Canada (in Québec for QST purposes) and carries out taxable transactions in connection with a commercial activity. There is one exception. A person does not have to register if the person is a small supplier, i.e. a person who made less than $30,000 of taxable transactions and zero-rated transactions during the four previous calendar quarters.

Imports – GST/HST and QST

Imported commercial goods are subject to GST (5%) at customs. However, a corporation can generally recover (as an ITC) the GST paid on imports if it is a GST registrant. There is no QST when commercial goods clear customs; however, the importer is required to self-assess if the goods are used in tax-exempt activities. Imported personal use goods are subject to the GST/HST and QST.

Exports – GST/HST and QST

Exported goods are not subject to GST/HST and QST. The general principle for exports of services is that GST/HST will not be collected from a customer who is not a resident of Canada and QST will not be collected from a customer who is not a resident of Québec. Some exceptions apply, for example, when the service relates to tangible real property or immovable property in Québec/Canada.

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For non-residents of Québec, GST/HST and QST remittances are generally on separate forms.

Transactions of all corporations in the same group have to be considered in order to determine the amount of taxable transactions. Other rules apply.

Although a corporation may not be required to register, it can, in certain cases, do so voluntarily.
Specific Provisions Regarding Large Corporations

Before January 1, 2018, a large business\textsuperscript{76} for QST purposes could not claim a refund for QST paid with respect to certain restricted expenses, in particular, certain expenses for electricity, road vehicles, combustibles and fuel, telephone services and meals and entertainment. Since that date, the gradual elimination of restrictions on ITRs for large businesses enables them to recover an ITR in respect of goods and services currently covered by the restrictions at a rate of 50% for the period from January 1 to December 31, 2019, 75% for the period from January 1 to December 31, 2020, and 100% starting on January 1, 2021. Thus, as of January 1, 2021, no restrictions on ITRs will apply to these businesses. There are similar measures\textsuperscript{77} for expenses subject to HST in Ontario and Prince Edward Island.

OTHER TAXES

The provinces of Saskatchewan, Manitoba and British Columbia levy a provincial retail sales tax. This tax is over and above GST on the sale or leasing of tangible movable property or the provision of taxable services to the final consumer in these provinces. This tax is similar to the U.S. Sales & Use Tax. Individuals doing business in these provinces or carrying out solicitation activities to make taxable supplies may be required to register and collect the provincial sales tax as well as GST.

Certain products, including tobacco products, fuel and alcoholic beverages, are subject to Canada’s excise tax and certain specific provincial and Québec taxes.

PERSONAL TAXATION

Under Canada’s tax system, the income tax payable by individuals depends on whether they are residents or non-residents of Canada. Individuals who are resident in Canada during a taxation year are subject to Canadian income tax on their world income. Non-resident individuals only have to pay Canadian income tax on their income earned in Canada.

Individuals are subject to provincial income tax on their world income if they are resident in that province on December 31. In general, individuals are considered to be residents of the Canadian province where they have substantial residential ties, i.e. the place where their dwelling or home is located and where the individual’s spouse and children live. The facts of each situation have to be analyzed and a number of other criteria also have to be taken into consideration, including the tax treaties signed by Canada.\textsuperscript{78}

\textsuperscript{76} Generally, a corporation is considered to be a large business for QST purposes if the total of taxable sales from a permanent establishment in Canada and those of its associated corporations is more than $10 million for a given taxation year.

\textsuperscript{77} The mechanism is, however, different in the HST system, where a large corporation is generally entitled to ITCs for all HST paid in connection with its commercial activities, but must repay a portion of the tax collected to the State, for an amount equivalent to the provincial HST component. Since April 1, 2019, large corporations are required to repay only 50% of the provincial HST component paid in Prince Edward Island; this percentage will decrease to 25% on April 1, 2020. Repayment of the Prince Edward Island provincial component will not be required as of April 1, 2021.

\textsuperscript{78} For more details on tax treaty developments, consult the Department of Finance Canada’s website: fin.gc.ca.
ADDITIONAL INFORMATION

It is difficult to compare the tax systems of any two countries because of the many differences that may exist between the two systems. Therefore, it cannot be said that one system is superior to the other simply based on corporate tax rates. Managers of corporations have to evaluate a country’s tax system based on their own situation, taking into account the rules for computing taxable income, income tax rates, payroll taxes and commodity taxes, as well as the various tax measures.

Overall, Québec’s tax system is very competitive because of its low corporate tax rates, the rules for computing taxable income and the various credits and tax holidays available to corporations.

This brochure provides an overview of the taxation of corporations in Québec. It does not contain all of the often complex details of these measures. The authors and editors are not responsible for the consequences of any decision made based on the information herein, or for any error or omission. A tax specialist should be consulted for additional explanations.
Information about all of the measures discussed in this brochure can be obtained from Raymond Chabot Grant Thornton.

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1 844 474-6367

Canada Revenue Agency
cra-arc.gc.ca

Agence du Revenu du Québec
revenu.gouv.qc.ca
### APPENDIX 1

**Net Cost of R&D Expenditures – SMB\(^1\)**

#### Example

A corporation realizing profits incurs $100,000 of R&D expenditures, i.e. $90,000 for the salary of a researcher, $5,000 for subcontracting in Québec and $5,000 for materials. In this example, only the amount of R&D expenditures exceeding the corporation’s exclusion threshold is considered.\(^2\)

#### Table

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Salaries</td>
<td>$90,000</td>
</tr>
<tr>
<td>B Arm’s-length subcontractors</td>
<td>$5,000</td>
</tr>
<tr>
<td>C Materials</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total R&amp;D expenditures</strong></td>
<td><strong>$100,000</strong></td>
</tr>
<tr>
<td><strong>Québec tax credit</strong></td>
<td><strong>$27,750</strong></td>
</tr>
<tr>
<td><strong>Federal tax credit</strong></td>
<td></td>
</tr>
<tr>
<td>Total eligible expenditures (A + 0.8B + C)</td>
<td><strong>$99,000</strong></td>
</tr>
<tr>
<td>Overhead A x 55%(^3)</td>
<td><strong>$49,500</strong></td>
</tr>
<tr>
<td>Less Québec credit</td>
<td>(27,750)</td>
</tr>
<tr>
<td><strong>Expenditures eligible for credit</strong></td>
<td><strong>$120,750</strong></td>
</tr>
<tr>
<td><strong>Total tax credits (E + G)</strong></td>
<td><strong>$70,013</strong></td>
</tr>
<tr>
<td><strong>Net cost to corporation before income taxes (D − H)</strong></td>
<td><strong>$29,987</strong></td>
</tr>
<tr>
<td><strong>Tax savings</strong></td>
<td></td>
</tr>
<tr>
<td>Federal [(D − H) x 9%]</td>
<td><strong>$2,699</strong></td>
</tr>
<tr>
<td>Québec [(D − H) x 6%]</td>
<td><strong>$1,799</strong></td>
</tr>
<tr>
<td><strong>Total tax savings</strong></td>
<td><strong>$4,498</strong></td>
</tr>
<tr>
<td><strong>Net cost to corporation(^4) (D − H − I)</strong></td>
<td><strong>$25,489</strong></td>
</tr>
</tbody>
</table>

---

\(^1\) For the purposes of the Québec tax credit, an SMB is a Canadian-controlled private corporation whose assets in the financial statements of all the corporations in the group are less than $50 million.

For purposes of the federal tax credit, an SMB is a Canadian-controlled private corporation whose taxable capital for all the corporations in the group does not exceed $10 million for the preceding taxation year.

\(^2\) The first dollars that a taxpayer spends below the exclusion threshold are not eligible for the Québec R&D tax credits. The exclusion threshold is $50,000 for an SMB.

\(^3\) Proxy method used to calculate overhead. Under this method, actual overhead is replaced by 55% of R&D salaries.

\(^4\) The result would be slightly different for an SMB in the primary or manufacturing sector, whose tax rate in Québec would be less than 8%.
APPENDIX 2

Net Cost of R&D Expenditures – Large Corporation or Foreign-Controlled Corporation Realizing Profits

Example

A corporation realizing profits incurs $100,000 of R&D expenditures, i.e. $90,000 for the salary of a researcher, $5,000 for subcontracting in Québec and $5,000 for materials. In this example, only the amount of R&D expenditures exceeding the corporation’s exclusion threshold is considered.¹

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Salaries</td>
<td>$90,000</td>
</tr>
<tr>
<td>B  Arm’s-length subcontractors</td>
<td>$5,000</td>
</tr>
<tr>
<td>C  Materials</td>
<td>$5,000</td>
</tr>
<tr>
<td>D  Total R&amp;D expenditures</td>
<td>$100,000</td>
</tr>
<tr>
<td>Québec tax credit</td>
<td>($A + B/2) x 14%</td>
</tr>
<tr>
<td>Federal tax credit</td>
<td></td>
</tr>
<tr>
<td>Total eligible expenditures (A + 0.8B + C)</td>
<td>$99,000</td>
</tr>
<tr>
<td>Overhead A x 55%²</td>
<td>$49,500</td>
</tr>
<tr>
<td>Less Québec credit</td>
<td>($12,950)</td>
</tr>
<tr>
<td>E  Expenditures eligible for credit</td>
<td>$135,550</td>
</tr>
<tr>
<td>F  F x 15%</td>
<td>$20,333</td>
</tr>
<tr>
<td>H  Total tax credits (E + G)</td>
<td>$33,283</td>
</tr>
<tr>
<td>J  Net cost to corporation before income taxes (D – H)</td>
<td>$66,717</td>
</tr>
<tr>
<td>I  Total tax savings</td>
<td>$17,747</td>
</tr>
<tr>
<td>J  Net cost to corporation (D – H – I)</td>
<td>$48,970</td>
</tr>
</tbody>
</table>

¹ The first dollars that a taxpayer spends below the exclusion threshold are not eligible for the Québec R&D tax credits. The exclusion threshold is between $50,000 and $225,000, based on the size of the corporation.

² Proxy method used to calculate overhead. Under this method, actual overhead is replaced by 55% of R&D salaries.
APPENDIX 3

Net Cost of R&D Expenditures – Large Corporation or Foreign-Controlled Corporation Realizing Losses

Example
A corporation realizing losses incurs $100,000 of R&D expenditures, i.e. $90,000 for the salary of a researcher, $5,000 for subcontracting in Québec and $5,000 for materials. In this example, only the amount of R&D expenditures exceeding the corporation’s exclusion threshold is considered.¹

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Salaries</td>
<td>90,000</td>
</tr>
<tr>
<td>B Arm’s-length subcontractors</td>
<td>5,000</td>
</tr>
<tr>
<td>C Materials</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>D Total R&amp;D expenditures</strong></td>
<td><strong>100,000</strong></td>
</tr>
<tr>
<td><strong>Québec tax credit</strong></td>
<td><strong>12,950</strong></td>
</tr>
</tbody>
</table>
| E 
  \[\frac{(A + B/2) \times 14\%}{\}           |                   |
| **Federal tax credit**                      |                   |
| Total eligible expenditures \(A + 0.8B + C\) | 99,000            |
| Overhead \(A \times 55\%\)²                | 49,500            |
| Less Québec credit                         | (12,950)          |
| **F Expenditures eligible for credit**      | **135,550**       |
| **G F x 15\%³**                             | 0                 |
| **H Total tax savings \(E + G\)**           | **12,950**        |
| **Net cost to corporation before income taxes \(D – H\)** | **87,050**        |

¹ The first dollars that a taxpayer spends below the exclusion threshold are not eligible for the Québec R&D tax credits. The exclusion threshold is between $50,000 and $225,000, based on the size of the corporation.
² Proxy method used to calculate overhead. Under this method, actual overhead is replaced by 55% of R&D salaries.
³ Since the corporation is realizing losses and the credit is not refundable, the corporation can benefit from its federal credit only if it has realized profit within the three previous years or if it realizes profit in the next 20 years.
APPENDIX 4
Tax Credits for the Development of E-Business

Example
A large corporation incurs $100,000 of salary expenditures in respect of an employee who spends 25% of his time on R&D activities and 75% of his time on activities that are eligible for the tax credits for the development of e-business (CDAE).

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Employee’s salary</td>
<td>$100,000</td>
</tr>
<tr>
<td>B Percentage of salary eligible for R&amp;D tax credit</td>
<td>25%</td>
</tr>
<tr>
<td>C Percentage of salary eligible for CDAE tax credits</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Québec R&amp;D tax credit</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>E [ (A \times B \times 14% ]</td>
<td>$3,500</td>
</tr>
<tr>
<td><strong>Federal R&amp;D tax credit</strong></td>
<td></td>
</tr>
<tr>
<td>Total eligible expenditures ( A \times B )</td>
<td>$25,000</td>
</tr>
<tr>
<td>Overhead ( A \times B \times 55%^2 )</td>
<td>$13,750</td>
</tr>
<tr>
<td>Less Québec credit</td>
<td>($3,500)</td>
</tr>
<tr>
<td><strong>Expenditures eligible for credit</strong></td>
<td></td>
</tr>
<tr>
<td>F ( F \times 15% )</td>
<td>$5,288</td>
</tr>
<tr>
<td><strong>Total R&amp;D tax credits ( E + G )</strong></td>
<td>$8,788</td>
</tr>
</tbody>
</table>

| CDAE                                                                         |                   |
| I Annual ceiling \( 83,333 \times C \)                                      | $62,500           |
| J Employee’s salary \( A \times C \)                                         | $75,000           |
| K Salary eligible for credit (lesser of I and J)                             | $62,500           |
| L Refundable CDAE \( 24\% \times K \)                                        | $15,000           |
| M Non-refundable CDAE \( 6\% \times K \)                                     | $3,750            |
| N Total CDAE tax credits \( L + M \)                                          | $18,750           |
| O Total tax credits in respect of the employee’s salary \( H + N \)         | $27,538           |

<sup>1</sup> The first dollars that a taxpayer spends below the exclusion threshold are not eligible for the Québec R&D tax credits. The exclusion threshold is between $50,000 and $225,000, based on the size of the corporation. In this example, we are not considering the exclusion threshold.

<sup>2</sup> Proxy method used to calculate overhead. Under this method, actual overhead is replaced by 55% of R&D salaries.
APPENDIX 5

Entities Eligible for University R&D Credit

College technology transfer centres
Most of the college technology transfer centres (CTTC) in Appendix 6 are eligible for the university R&D credit. Contact the CTTC of your choice to ensure that it is eligible for the university R&D credit.

Government research centres
- CANMET Energy Technology Centre (CETC);
- Centre de recherche appliquée de l’Institut de tourisme et d’hôtellerie du Québec (CRIQ);
- Centre de recherche industrielle du Québec (CRIQ);
- Centre de santé et de services sociaux (CSSS) de Chicoutimi;
- Defence Research Establishment Valcartier (DREV);
- Health of Animals and Food Laboratory of the Canadian Food Inspection Agency;
- Institut de recherche d’Hydro-Québec (IREQ);
- Institut national de santé publique du Québec (INSPO);
- Laboratoire des technologies de l’énergie d’Hydro-Québec (LTE);
- Maurice Lamontagne Institute of the Ministry of Fisheries and Oceans, Canada;
- National Research Council Canada, Québec facilities:
  - Aerospace Manufacturing Technology Centre (AMTC);
  - Aquatic and Crop Resource Development Research Centre;
  - Automotive and Surface Transportation portfolio;
  - Energy, Mining and Environment Research Centre;
  - Human Health Therapeutics portfolio;
- One of the following research centres of the Department of Agriculture and Agri-Food of the Government of Canada:
  - Dairy and Swine Research and Development Centre (DSRDC);
  - Food Research and Development Centre (FRDC);
  - Horticulture Research and Development Centre (HRDC);
  - Soils and Crops Research and Development Centre (SCRDC).

SR&ED organizations
- Centre d’expérimentation et de transfert technologique en acériculture du Bas-Saint-Laurent (CETTA);
- Centre d’expertise en production ovine du Québec (CEPOQ);
- Centre de développement bioalimentaire du Québec (CDBQ);
- Centre de forêsterie des Laurentides (CFL);
- Centre de recherche Les Buissons (CRLB);
- Centre de recherche sur les biotechnologies marines (CRBM);
- Centre de recherche sur le vieillissement – Centre de santé et de services sociaux de l’Institut universitaire de gériatrie de Sherbrooke;
- Centre de valorisation des plantes du Carrefour industriel et expérimental de Lanaudière (CIEL);
- Centre interuniversitaire de recherche en analyse des organisations (CIRANO);
- Computer Research Institute of Montreal (CRIM);
- Institut de recherche et de développement en agroenvironnement (IRDA);
- Interdisciplinary Centre for the Development of Ocean Mapping (CIDCO);
- National Optics Institute (INO);
- Réseau d’informations scientifiques du Québec (RISQ);
- Société pour l’apprentissage à vie (SAVIE).
Eligible university entities

All universities in Québec
The following medical research university hospital centres:
- The following McGill University network centres:
  - Douglas Hospital;
  - Douglas Hospital's Research Centre;
  - McGill University Health Centre;
  - McGill University Health Centre Research Institute
  - Sir Mortimer B. Davis Jewish General Hospital;
- The following Université de Montréal network centres:
  - CHUM (including Hôpital Notre-Dame, Hôpital Saint-Luc and Hôtel-Dieu de Montréal);
  - CHU Sainte-Justine;
  - Hôpital du Sacré-Cœur de Montréal;
  - Hôpital Louis-H. Lafontaine;
  - Hôpital Maisonneuve-Rosemont;
  - Institut de réadaptation de Montréal;
  - Institut de recherches cliniques de Montréal;
  - Institut du cancer de Montréal;
  - Institut Philippe-Pinel de Montréal;
  - Institut universitaire de gériatrie de Montréal (IUGM);
  - Montréal Heart Institute;
- The following Université Laval network centres:
  - Centre hospitalier affilié universitaire de Québec (CHA);
  - Centre hospitalier universitaire de Québec (CHUQ);
  - Institut universitaire de cardiologie et de pneumologie du Québec;
- Centre hospitalier universitaire de Sherbrooke (CHUS);
- A wholly owned subsidiary of one of the centres mentioned above;
- A non-profit corporation under the authority of one of the centres mentioned above.

Research consortia

- Centre de recherche, de développement et de transfert technologique acéricole (ACER);
- Centre de recherche sur les grains (CEROM);
- Consortium de recherche appliquée en traitement et transformation des substances minérales (COREM);
- Consortium de recherche en exploration minérale (CONSOREM);
- FP Innovations.
APPENDIX 6

Entities Eligible for Technological Adaptation Services Credit

Eligible liaison and transfer centres

- Centre francophone d’informatisation des organisations (CEFRIQ);
- Centre interuniversitaire de recherche en analyse des organisations (CIRANO);
- Centre québécois de recherche et de développement de l’aluminium (CQRDA);
- Computer Research Institute of Montréal (CRIM).

Eligible college technology transfer centres

An eligible collegiate technology centre includes any affiliated prescribed research centres.

- Agrinova – Recherche et innovation en agriculture;
- Biopetite – Bioproducts Development Center;
- Centre collégial d’expertise en gérontologie (CCEG);
- Centre collégial de transfert de technologie en télécommunications (C2T3);
- Centre d’enseignement et de recherche en foresterie (CERFO);
- Centre d’étude en responsabilité sociale et écociotyenneté (CÉRÉ);
- Centre d’études des procédés chimiques du Québec (CEPROCQ);
- Centre d’expérimentation et de développement en forêt boréale (CEDFOB);
- Centre d’expertise et de recherche appliquée en sciences pharmaceutiques (CERASP);
- Centre d’expertise et de transfert en agriculture biologique et de proximité (CETAB+);
- Centre d’initiation à la recherche et d’aide au développement durable (CIRADD);
- Centre d’innovation en microélectronique du Québec (CIMEQ);
- Centre d’innovation sociale en agriculture (CISA);
- Centre de développement des composites du Québec (CDCQ);
- Centre de développement et de recherche en imagerie numérique (CDRIN);
- Centre de géomatique du Québec (CGQ);
- Centre de métallurgie du Québec (CMQ);
- Centre de production automatisée (CPA);
- Centre de recherche et d’innovation en sécurité civile (Centre RISC);
- Centre de recherche pour l’inclusion des personnes en situation de handicap;
- Centre de robotique et de vision industrielles (CRVI);
- Centre de technologie minérale et de plasturgie inc. (CTMP);
- Centre de transfert technologique en écologie industrielle (CTTEI);
- Centre des technologies de l’eau (CTE);
- Centre en imagerie numérique et médias interactifs (CIMMI);
- Centre for Circus Arts Research, Innovation and Knowledge Transfer (CRITAQ);
- Centre national en électrochimie et en technologies environnementales (CNETE);
- Centre technologique des résidus industriels (CTRI);
- Centre technologique en aérospatiale (CTA);
- Cintech agroalimentaire – Centre d’innovation technologique en agroalimentaire;
- ÉCOBES – Centre d’Étude des Conditions de vie et des Besoins de la population;
- Écofaune boréale;
- Expérisens;
- Groupe CTT – Centre d’excellence des technologies textiles, géosynthétiques et matériaux souples;
- INÉDI – Centre d’expertise et de recherche en design industriel;
- Innofibre – Centre d’innovation des produits cellulosiques;
- Innovation maritime – Centre de recherche appliquée en technologies maritimes;
- Innovative Vehicle Institute (IVI);
- INOVEM – Centre d’innovation en ébénisterie et meuble;
- Institut d’innovation en logistique de Québec (IILQ);
- Institut de recherche sur l’intégration professionnelle des immigrants (IRIPI);
- Institut de technologie des emballages et du génie alimentaire (ITEGA);
- Institut technologique de maintenance industrielle (ITMI);
- Living Lab en innovation ouverte (LLIO);
- MECANIUM – Centre d’innovation en mécanique industrielle;
- Merinov – Centre d’innovation de l’aquaculture et des pêches;
- Nergica;
- OLEOTEK – Chimie verte;
- OPTECH – Centre collégial de transfert technologique en optique-photonique;
- Printability and Graphic Communications Institute (ICI);
- Productique Québec;
- Service de recherche et d’expertise en transformation des produits forestiers (SEREX);
- Solutions Novika;
- TechnoCentre éolien;
- TOPMED – Centre collégial de transfert de technologie en orthèses, prothèses et équipements médicaux;
- Trans Bio Tech – Centre de recherché et de transfert en biotechnologies;
- VESTECHPRO – Apparel Research and Innovation Centre.
TAXATION IN QUÉBEC

FAVOURABLE MEASURES TO FOSTER INVESTMENT 2019

Written by Raymond Chabot Grant Thornton in collaboration with the Department of Strategic Intelligence, Sustainable Development and Corporate Social Responsibility of Investissement Québec.

Cette brochure est aussi disponible en français.

Legal deposit: 2nd quarter 2019
Bibliothèque et Archives nationales du Québec
ISBN: 978-2-550-84137-1
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