

# **QUÉBEC BUDGET 2010-2011**

## **EXTRAORDINARY MEASURES BY MINISTER BACHAND**

April 2010

- I. **Increase in taxes and fees** amounting, ultimately in 2013-14, to approximately \$3.5 billion from individuals. It is estimated that Québec households will see a decrease of approximately 1 per cent in their disposable income.
- II. To keep **home ownership** accessible to middle-class households, the rebate on the QST paid when buying a new home will be increased on January 1, 2011.

This measure will compensate households at the same time as the increase in QST.

- The QST will increase by 1% per year until 2012, jumping from 7.5% to 9.5%.
- The rate of the QST rebate will increase from 36% to 50%. The maximum rebate for a new residential property will increase from \$6,316 to \$8,772 in 2011.
- A rebate will be granted to buyers of a new home whose value is less than \$300,000, compared with \$225,000 currently.
- Approximately 12,500 buyers will benefit from this improvement, which will reduce the amount of QST payable by \$45 million.
- For homes with a value below \$248,000, the rise in the QST will be fully offset.
- For homes whose value is between \$248,000 and \$300,000, the compensation will be partial, representing:
  - ✓ 95% of the rise in the tax for \$250,000 homes;
  - ✓ 43% of the rise in the tax for \$275,000 homes.

- III. The **solidarity tax credit** has been introduced, and it replaces three measures:

- The refundable QST credit;
- The property tax refund;
- The refundable tax credit for individuals living in northern villages.
  - ✓ For a couple with two children, the maximum amount will be \$1,194 in 2011 and \$1,375 in 2012. In 2010, the maximum is \$958.

**IV. Continued investment in social housing construction,**

- 3,000 new units under the AccèsLogis program, a revised objective of 30,000 dwellings delivered since 2003;
- 340 new units in Northern Québec.

**V. Other factors that will affect behaviour:**

*Gradual increase in the electricity rate:*

- Rate increase of 3.7% per year until 2018;
- Consumers will prefer energy-efficient homes;
- This increase will encourage energy-efficient renovations.

*Transportation-Related Measures:*

- Ongoing promotion and improvement of public transportation networks;
- Additional tax contributing to an increase in gasoline prices: an increase of \$0.01 per litre in April 2010 and for the next three consecutive years;
- Some municipalities may choose to add an additional tax of \$0.01 per litre on gasoline prices in their respective areas;
- These measures may have an impact on households' decision regarding property location.