



FOR IMMEDIATE RELEASE
CNW CODE 01 + WEEKLIES

Indexing of the Personal Income System: Savings of \$514 Million for Québec Taxpayers

Québec, November 9, 2011 – The Minister of Finance of Québec, Minister of Revenue and Minister responsible for the Montréal region, Raymond Bachand, today announced that the indexing rate applicable to the personal tax system as well as user fees subject to indexing as of January 1, 2012 will be 2.66%. This indexing rate corresponds to the percentage change in the Québec consumer price index, excluding alcohol and tobacco. “For 2012, indexing of the personal income tax system will lead to tax savings of \$514 million for Québec taxpayers,” the Minister pointed out.

Indexing of the personal income tax system

Annual indexing of the personal income tax system helps adjust the tax payable by taxpayers as well as the assistance granted by means of many deductions and tax credits to take into account the increase in the prices of goods and services.

“Since 2003, indexing of the tax tables and other parameters of the personal tax system will result, by the end of 2012, in tax savings of more than \$2.7 billion for all Québec taxpayers. This is supplemented by income support measures, in particular Child Assistance and the Work Premium, which are also indexed annually. I want to mention that on their own, the income support measures introduced since 2003 have already increased the disposable income of Quebecers by \$6.1 billion,” the Minister said.

For example, between 2003 and 2011, the disposable income of a couple with two children has increased:

- by \$10 654 (36.8%) for income of \$30 000;
- by \$5 002 (12.9%) for income of \$50 000.

“Accordingly, the total cost of government financial support to families since 2003 has increased by 63.9%, amounting to \$6.7 billion in 2010. This support, which is among the most generous in the world, ensures that Québec’s rate of low-income families is among the lowest Canada, i.e. 5.9% in 2009, compared to an average rate of 8.1% among the Canadian provinces,” the Minister added.

Indexing of government fees

In accordance with the Financial Administration Act, the Minister of Finance must announce the indexing rate that will apply to fees that are not already subject to an annual indexing or rate-setting rule and that must be indexed on January 1, 2012.

Indexing of fees helps reflect the increase in the cost of fee-based services without increasing the share of the cost borne by the user of the fee-based service. It is part of good fee-setting practices established in the Policy for the Funding of Public Services designed to improve the funding of public services to maintain their quality and ensure their sustainability.

Over a full year, indexing of fees will generate additional revenue of \$30 million for the government that will be used to fund and maintain the quality of public services.

The document *Parameters of the Personal Income Tax System for Taxation Year 2012* is available on the website of the Ministère des Finances at:

- 30 -

Source: Catherine Poulin
Communications Director
Office of the Minister of Finance, Minister of
Revenue and Minister responsible for the Montréal region
418 643-5270
514 873-5363