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Indexation of the personal income tax system, last-resort financial assistance benefits and government user fees as of January 1, 2015

Québec City, November 26, 2014 – The Ministère des Finances and the Ministère de l'Emploi et de la Solidarité sociale today made public the annual indexation rate of the personal income tax system, which also applies to last-resort financial assistance benefits and to certain government user fees. In accordance with the Québec *Taxation Act*, the *Individual and Family Assistance Regulation* and the *Financial Administration Act*, the programs will be indexed at the rate of 1.06% as of January 1, 2015. The indexation rate reflects the percentage annual change in the Québec consumer price index, excluding the increase in alcohol and tobacco prices.

Tax relief totalling \$268 million

The indexation of the personal income tax system protects the purchasing power of taxpayers by offsetting the increase in the prices of goods and services overall. In practice, this means several deductions and tax credits at a level equivalent to the increase in the consumer price index observed in Québec in 2014.

Last-resort financial assistance increased by \$30 million

Moreover, last-resort financial assistance benefits will be indexed as of January 1, 2015 at the same rate as the personal income tax system.

Recognition of the increased cost of producing fee-based public services

Government user fees that are not yet subject to a specific indexation rule or set annually will be indexed in 2015 at the rate applicable to the Québec personal income tax system, which will reflect the increased cost of fee-based public services and respect users' ability to pay. It reflects the fee-related practices established in the policy for the funding of public services. Over a full year, the indexation of fees will generate an additional \$14 million for the government, to be used to fund and maintain the quality of public services.

A total gain of \$284 million in 2015 for Québec taxpayers

The combined impact of the indexation of the personal income tax system, last-resort financial assistance benefits and fee-based public services will generate a substantial gain of roughly \$284 million in 2015 for Québec taxpayers.

The document entitled *Paramètres du régime d'imposition des particuliers pour l'année d'imposition 2015* indicates the key changes stemming from the indexation of the personal income tax system. It is available on the Ministère des Finances website (www.finances.gouv.qc.ca).

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