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Minister Leitão Satisfied With the Federal-Provincial-Territorial Finance Ministers' Meeting

Québec, December 11, 2017 – Minister of Finance Carlos J. Leitão said he was satisfied with the federal-provincial-territorial finance ministers' meeting held today in Ottawa, during which he was able to promote Québec's positions on several important issues, including the taxation of cannabis.

Québec's economic situation

The Minister of Finance began by presenting Québec's economic situation to his counterparts, reminding them that, thanks to the strong performance of the economy and sound management of public finances, the budget had been balanced in 2016-2017, for a second consecutive year. He also reminded them of the investments provided for in the Québec Economic Plan update presented on November 21, which are aimed primarily at easing taxpayers' tax burden, reducing poverty, increasing educational success and improving health services.

Renewal of the equalization program

The Minister indicated that Québec agreed with the adjustment proposals relating to the renewal of the equalization program as of January 1, 2019, with the exception of the proposal concerning the assessment of fiscal capacity for the non-residential property tax sub-base. "We requested that this adjustment be postponed, in order to correctly assess the associated volatility and financial impacts," the Minister pointed out.

Legalization of cannabis

Moreover, Mr. Leitão reiterated the importance Québec places on an agreed formula for sharing revenue from the excise duty or tax, and from the various permits required by the federal government, that takes into account the needs of the provinces in covering the costs associated with the legalization of cannabis. In this regard, the agreement in principle discussed today, which provides for a revenue split in which a minimum of 75% of the excise duty will go to the provinces and territories, is considered acceptable. In the short term, this two-year agreement will enable market trends to be tracked and the necessary adjustments to be made rapidly.

“It was important to Québec to ensure that the provinces would be entitled to an adequate share of the tax revenue representative of the costs, the vast majority of which will be borne by the provinces, following the legalization of cannabis. It was therefore indispensable that Québec receive its fair share. I am satisfied with the talks we had today with the federal government and my provincial counterparts, which enabled a consensus and an agreement in principle to be reached.”

Carbon pricing

In regard to carbon pricing, the Minister of Finance indicated that Québec intended to remain a leader in the fight against climate change on the Canadian and international stage. He reiterated that Québec had recently enacted the post-2020 regulatory approach respecting the cap-and-trade system, a collective market linking Québec with California and, as of January 2018, Ontario.

Beneficial ownership transparency

The Minister endorsed Ottawa’s approach to the issue of beneficial ownership transparency respecting corporations incorporated in Canada, the goal of which is to prevent the abusive use of corporations for tax evasion, money laundering, corruption and terrorism financing activities.

Québec shares the federal government’s goal regarding this issue. In fact, work has already begun on various legislative amendments aimed at facilitating the achievement of this goal. This intention was stated in the Tax Fairness Action Plan, tabled by the Québec government on November 10.

The Minister took advantage of the occasion to restate the importance of a collaborative, multilateral approach, in order to combat tax evasion and tax avoidance more effectively. In particular, the Minister underscored the importance of adapting our fiscal framework to the tax challenges of the new economy.

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