

# PARAMETERS OF THE PERSONAL INCOME TAX SYSTEM FOR **2019**

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# 1. INDEXING OF THE PERSONAL INCOME TAX SYSTEM

Under the tax legislation, the main parameters of the personal income tax system are automatically indexed each year. Indexing applies to the taxable income bracket thresholds of the tax table and to the basic personal amount. It also applies to most parameters used to determine tax credits.

Indexing the personal income tax system helps keep the tax system up to date to reflect the annual rise in the price of goods and services. In practical terms, indexing the tax system increases the amount of many deductions and tax credits by a rate determined on the basis of the rise in consumer prices in Québec.

## ❑ Indexing rate for taxation year 2019

The indexing rate for 2019 corresponds to the percentage change in the consumer price index for Québec (CPI Quebec), excluding alcohol and tobacco, between the 12-month period ending September 30, 2018 and the 12-month period ending September 30, 2017.

According to the formula, the personal income tax system will be indexed by 1.71% for taxation year 2019.

<b>Indexing formula</b>
<p>The indexing formula set out in the <i>Taxation Act</i> is applied by multiplying the parameter to be indexed by the variation between A and B. The result obtained is rounded according to the applicable rule.</p> <ul style="list-style-type: none"><li>- “A” represents the average of the CPI Québec, excluding alcohol and tobacco, for the twelve months ending September 30 of the year preceding the one for which an amount is to be indexed.</li><li>- “B” represents the average of the CPI Québec, excluding alcohol and tobacco, for the twelve months ending September 30 of the year immediately before the year preceding the one for which an amount is to be indexed.</li></ul>



## 2. IMPACT OF INDEXING FOR THE GOVERNMENT

In 2019, the Québec government will index the personal income tax system at the cost of \$488 million. Over the period from 2011 to 2019, the cumulative impact will equal close to \$3.1 billion.

TABLE 1

### **Impact of indexing the personal income tax system – 2011 to 2019**

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Indexing rate as a percentage	1.27	2.66	2.48	0.97	1.06	1.09	0.74	0.82	1.71
Impact in millions of dollars	239	514	574	253	268	295	199	229	488
Cumulative impact in millions of dollars	239	753	1 327	1 580	1 848	2 143	2 341	2 570	3 058

Notes: Totals may not add due to rounding.





### **3. INCREASE IN THE WORK PREMIUM AND FAMILY ALLOWANCE**

The indexing of basic benefits of last resort financial assistance programs requires that a different method be applied to increase the reduction thresholds of the work premium and family allowance in order to maintain the harmonization of the tax system and income security programs.

#### **□ Work premium**

The general work premium is integrated with the last-resort assistance system. It reaches its maximum at the income threshold at which a household fit for work is no longer eligible for last resort assistance. Above that income level, the general work premium is reduced.

Moreover, the first dollars of earned income, up to \$2 400 for a household consisting of one adult and \$3 600 for a household consisting of two adults, are excluded from the calculation of the general work premium.

Like the general work premium, the adapted work premium for individuals with a severely limited capacity for employment is integrated with the last-resort assistance system. However, the parameters for calculating the adapted work premium are different from those used to determine the general work premium.

#### **□ Family allowance**

To integrate family allowance with the work premium, the income threshold at which the work premium becomes zero corresponds to the threshold at which family allowance begins to reduce with income.

The maximum and minimum amounts of family allowance are indexed at the indexing rate of the tax system.



## 4. COMPARISON OF INDEXING RATES OF THE QUÉBEC, FEDERAL AND PROVINCIAL TAX SYSTEMS

In 2019, the indexing rate of the Québec tax system (1.71%) will be lower than the indexing rates applied by the federal government and the governments of the six other provinces that index their tax system.

TABLE 2

### Indexing rates of the federal and provincial personal income tax systems (percentage)

	2011	2012	2013	2014	2015	2016	2017	2018	2019 <sup>(1)</sup>
Federal <sup>(2)</sup>	1.4	2.8	2.0	0.9	1.7	1.3	1.4	1.5	2.2
<b>Provinces</b>									
– Newfoundland and Labrador <sup>(3)</sup>	2.0	3.1	2.6	1.5	2.2	0.4	2.0	3.0	1.8
– Prince Edward Island	—	—	—	—	—	—	—	—	—
– Nova Scotia	—	—	—	—	—	—	—	—	—
– New Brunswick <sup>(2),(4)</sup>	2.0	2.8	2.0	0.9	1.7	1.3	1.4	1.5	2.2
– <b>Québec<sup>(5)</sup></b>	<b>1.27</b>	<b>2.66</b>	<b>2.48</b>	<b>0.97</b>	<b>1.06</b>	<b>1.09</b>	<b>0.74</b>	<b>0.82</b>	<b>1.71</b>
– Ontario <sup>(3)</sup>	1.8	3.3	1.8	1.0	2.0	1.5	1.6	1.8	2.2
– Manitoba <sup>(6)</sup>	—	—	—	—	—	—	1.5	1.2	2.6
– Saskatchewan <sup>(2),(7)</sup>	1.4	2.8	2.0	0.9	1.7	1.3	1.4	—	—
– Alberta <sup>(3)</sup>	0.9	1.8	1.8	1.1	2.4	1.3	1.3	1.2	2.4
– British Columbia <sup>(3)</sup>	0.8	2.4	1.5	0.1	0.7	0.9	1.8	2.0	2.6

Note: An em dash (—) means the tax system was not indexed.

(1) The federal and provincial, other than Québec, indexing rates are projected by the Ministère des Finances du Québec according to the method usually used in the jurisdiction.

(2) The indexing rate is calculated on the basis of Canada's consumer price index. It is rounded off to one decimal place.

(3) The indexing rate is calculated according to the consumer price index for the province.

(4) In December 2009, the Government of New Brunswick announced an indexing rate of 2% for the 2010 and 2011 taxation years.

(5) Since the 2005 taxation year, Québec's indexing rate has been based on the consumer price index for Québec, excluding alcohol and tobacco.

(6) Since the 2017 taxation year, Manitoba's indexing rate has been based on the Manitoba Consumer Price Index. The indexing rate is rounded to one decimal place.

(7) In Saskatchewan's 2017-18 Budget, the province announced the suspension of personal income tax indexation starting in 2018.



## 5. TABLES OF PARAMETERS

TABLE 3

### Parameters of the personal income tax system subject to indexing (dollars)

	2018	2019
<b>Tax table</b>		
– Maximum threshold of first taxable income bracket	43 055	43 790
– Maximum threshold of second taxable income bracket	86 105	87 575
– Maximum threshold of third taxable income bracket	104 765	106 555
– Basic personal amount	15 012	15 269
<b>Amount of recognized essential needs</b>		
– Amount for a person living alone		
▪ basic amount	1 721	1 750
▪ supplement for single-parent family	2 124	2 160
– Amount with respect to age	3 158	3 212
– Amount for retirement income	2 805	2 853
– Amount of transfer of the recognized parental contribution		
▪ maximum amount of recognized needs	10 306	10 482
▪ reduction where only one term of studies is completed	2 884	2 933
– Amount for a minor child engaged in vocational training or post-secondary studies (per term, maximum of two terms)	2 884	2 933
– Amount respecting other dependants	4 202	4 274
– Amount for severe and prolonged impairment in mental or physical functions	3 334	3 391
<b>Certain deductions and exemptions</b>		
– Maximum amount of the deduction for workers	1 150	1 170
– Amount of the personal contribution for the purposes of the deduction for tradespersons' tools	1 160	1 180
– Maximum amount of the exemption relating to amounts paid to emergency services volunteers	1 150	1 170
– Maximum monthly amount for the exemption of certain allowances for room and board paid to young athletes	360	365
<b>Reduction thresholds</b>		
– Reduction threshold of the tax credit for a person living alone, for age and for retirement income	34 030	34 610
– Reduction threshold of the tax credit for experienced workers	34 030	34 610
– Reduction threshold of the refundable tax credit for home-support services for seniors	57 400	58 380
– Reduction threshold of the refundable tax credit for respite expenses of informal caregivers	57 400	58 380

TABLE 3 (continued)

**Parameters of the personal income tax system subject to indexing**  
(dollars)

	2018	2019
<b>Maximum income to qualify for certain tax credits</b>		
– Maximum family income to qualify for the tax credit for youth activities	136 195	138 525
– Maximum net income to qualify for the tax credit for seniors' activities	41 505	42 215
– Maximum family income to qualify for the grant for seniors to offset a municipal tax increase	50 800	51 700
<b>Eligible expenses for the refundable tax credit for childcare expenses<sup>(1)</sup></b>		
– Limit in respect of children under 7 years of age	9 500	9 660
– Limit in respect of children with disabilities	13 000	13 220
– Limit in respect of a child under 16 years of age or who has an impairment	5 000	5 085
<b>Certain refundable tax credits</b>		
– Tax credit for medical expenses		
▪ maximum amount	1 185	1 205
▪ minimum amount of work income	3 030	3 080
▪ reduction threshold	22 910	23 300
– Tax credit for informal caregivers of adults		
▪ basic amount for an eligible relative	652	663
▪ supplement reducing with income	533	542
▪ reduction threshold	23 700	24 105
▪ amount for a spouse unable to live alone	1 015	1 032
– Québec education savings incentive		
▪ first income threshold for purposes of calculating the increase	43 055	43 790
▪ second income threshold for purposes of calculating the increase	86 105	87 575
– Tax credit for holders of a taxi driver's or taxi owner's permit	574	584
– Senior assistance amount		
▪ Maximum amount per senior	200	203
▪ Reduction threshold for a single senior	22 500	22 885
▪ Reduction threshold for a couple	36 600	37 225
<b>1% contribution by individuals to the Health Services Fund</b>		
– Maximum threshold of first income bracket	14 665	14 915
– Maximum threshold of second income bracket	50 985	51 855

(1) Indexing of family income thresholds for the refundable tax credit for childcare expenses are presented on page 13.

TABLE 3 (end)

**Parameters of the personal income tax system subject to indexing**  
(dollars)

	2018	2019
<b>Refundable tax credit granting an allowance to families</b>		
– Family allowance		
▪ Maximum amounts		
○ 1st child	2 430	2 472
○ 2nd and 3rd children	1 214	1 735
○ 4th and subsequent children	1 821	1 852
○ single-parent family	852	867
▪ Reduction threshold <sup>(2)</sup>		
○ single-parent family	35 096	35 680
○ couple	48 246	49 044
▪ Minimum amounts		
○ 1st child	682	694
○ 2nd and subsequent children	630	641
○ single-parent family	340	346
– Supplement for the purchase of school supplies	100	102
– Monthly amount of the supplement for handicapped children	192	195
– Monthly amount of the supplement for handicapped children with exceptional care needs	962	978
<b>General work premium<sup>(2)</sup></b>		
– Maximum amounts		
▪ person living alone	768.36	873.60
▪ couple without children	1 199.06	1 363.32
▪ single-parent family	2 452.20	2 496.00
▪ couple with children	3 189.00	3 246.00
– Reduction threshold		
▪ one adult	10 574	10 720
▪ couple	16 356	16 584
<b>Adapted work premium for persons with a severely limited capacity for employment<sup>(2)</sup></b>		
– Maximum amounts		
▪ person living alone	1 406.30	1 746.75
▪ couple without children	2 108.32	2 677.25
▪ single-parent family	3 084.00	3 493.50
▪ couple with children	3 698.80	4 283.60
– Reduction threshold		
▪ one adult	13 536	15 174
▪ couple	19 694	22 618

(2) The increase in the parameter values is based on a revaluation formula that considers, among other things, the indexing of last resort financial assistance benefits.

TABLE 4

**Parameters of the personal income tax system subject to indexing**  
(dollars)

	From July 2018 to June 2019	From July 2019 to June 2020
<b>Solidarity tax credit</b>		
– Amounts for the QST		
▪ basic amount	287	292
▪ amount for spouse	287	292
▪ additional amount for person living alone	137	139
– Amount for housing		
▪ amount for a couple	675	687
▪ amount for a person living alone or a single-parent family	557	567
▪ amount for each dependent child	119	121
– Amounts for individuals living in a northern village		
▪ amount per adult	1 690	1 719
▪ amount for each dependent child	366	372
– Solidarity tax credit reduction threshold	34 215	34 800

**Indexing period for the parameters of the solidarity tax credit**

The parameters of the solidarity tax credit are indexed each year on July 1 instead of on January 1. They do not change between July of a given year and June of the following year.



TABLE 5

**Parameters of the refundable tax credit for childcare expenses – 2018**

Family income (\$)			Family income (\$)			Family income (\$)		
Greater than	Without exceeding	Tax credit rate (%)	Greater than	Without exceeding	Tax credit rate (%)	Greater than	Without exceeding	Tax credit rate (%)
—	35 345	75	48 445	49 750	64	145 665	146 975	44
35 345	36 655	74	49 750	51 055	63	146 975	148 300	42
36 655	37 970	73	51 055	52 360	62	148 300	149 615	40
37 970	39 270	72	52 360	53 675	61	149 615	150 920	38
39 270	40 580	71	53 675	96 875	60	150 920	152 250	36
40 580	41 885	70	96 875	139 070	57	152 250	153 565	34
41 885	43 210	69	139 070	140 395	54	153 565	154 895	32
43 210	44 515	68	140 395	141 710	52	154 895	156 210	30
44 515	45 820	67	141 710	143 025	50	156 210	157 525	28
45 820	47 120	66	143 025	144 345	48	157 525	or more	26
47 120	48 445	65	144 345	145 665	46			

TABLE 6

**Parameters of the refundable tax credit for childcare expenses – 2019**

Family income (\$)			Family income (\$)			Family income (\$)		
Greater than	Without exceeding	Tax credit rate (%)	Greater than	Without exceeding	Tax credit rate (%)	Greater than	Without exceeding	Tax credit rate (%)
—	35 950	75	49 275	50 600	64	148 155	149 490	44
35 950	37 280	74	50 600	51 930	63	149 490	150 835	42
37 280	38 620	73	51 930	53 255	62	150 835	152 175	40
38 620	39 940	72	53 255	54 595	61	152 175	153 500	38
39 940	41 275	71	54 595	98 530	60	153 500	154 855	36
41 275	42 600	70	98 530	141 450	57	154 855	156 190	34
42 600	43 950	69	141 450	142 795	54	156 190	157 545	32
43 950	45 275	68	142 795	144 135	52	157 545	158 880	30
45 275	46 605	67	144 135	145 470	50	158 880	160 220	28
46 605	47 925	66	145 470	146 815	48	160 220	or more	26
47 925	49 275	65	146 815	148 155	46			

