

## CANCELLATION OF THE REFORM OF THE FARM PROPERTY TAX CREDIT PROGRAM

Introduced to take into account the substantial investments required by agricultural activities compared to other sectors of the economy, the farm property tax credit program eases the property tax burden in respect of immovables used for agricultural purposes and forming part of an agricultural operation registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

In its report presented in June 2015, the Ongoing Program Review Committee recommended that the government examine this program with a view to a complete overhaul.

The government's examination having shown that it was necessary to simplify a number of the terms of application of the assistance program, Budget 2016-2017, tabled on March 17, 2016,<sup>1</sup> announced that various changes would be made to the farm property tax credit program.

The principal elements of this reform may be summarized as follows:

- simplification of the conditions determining an agricultural operation's eligibility for the program, which were reduced from five to two and which refer solely to the agricultural operation's registration and location;
- elimination of the requirement under which the eligibility of an application for the tax credit is conditional on the applicant's having paid annual dues to the Union des producteurs agricoles;
- simplification of the calculation of the tax credit, with a single rate to be applicable to qualified property taxes and compensations for municipal services in respect of an immovable forming part of an agricultural operation;
- transfer of the administration of the program to Revenu Québec, with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation continuing, however, to play a key role in the program's application;
- the fact that the program is no longer a budgetary program, with the amounts required to pay farm property tax credits to be drawn from the tax revenues collected under the *Taxation Act*.

<sup>1</sup>

MINISTÈRE DES FINANCES DU QUÉBEC, *The Québec Economic Plan – Additional Information 2016-2017*, March 17, 2016, pp. A.100-A.105.

As announced by the Minister of Agriculture, Fisheries and Food on February 3, 2017, the reform of the farm property tax credit program has been cancelled. It follows that the program will remain a budgetary program and that none of the amendments that were to have been made to the *Act respecting municipal taxation*, the *Act respecting the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation* and the *Regulation respecting the registration of agricultural operations and the payment of property taxes and compensations*, in order to implement the reform, will be presented.

In addition, given that the farm property tax credit deducted by local municipalities from accounts of property taxes or compensations for municipal services for the fiscal year having begun on January 1, 2017 was calculated using a flat rate of 78%, corrections will be made in the coming months to restore the amount of the tax credit for that fiscal year to the amount payable under section 36.4 of the *Act respecting the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation*, provided the conditions in section 36.2 of the Act are met. These corrections may result in an increase or a decrease, as the cases may be, in the tax credit already granted.

Moreover, to take into account the fact that many persons may see their tax credit cancelled for the fiscal year having begun on January 1, 2017, because the agricultural operation does not meet all of the eligibility criteria provided for under the farm property tax credit program or they have not paid their annual dues to the Union des producteurs agricoles, the Minister of Agriculture, Fisheries and Food will introduce a budgetary program on a transitional basis, so that these persons may receive the property tax credit to which they would have been entitled had the reform announced on March 17, 2016 not been cancelled.

For information concerning the matters dealt with in this bulletin, contact the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation at 1 866 822-2140 (toll-free).

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