

FOR IMMEDIATE RELEASE
CNW CODE 01

Québec's Tax System Indexed for 2008 \$215 Million in Taxpayers' Pockets

Québec, December 12, 2007 – The Minister of Finance, Minister for Government Services, Minister responsible for Government Administration and Chair of the Conseil du trésor, Monique Jérôme-Forget, today announced that the personal income tax system will be indexed by 1.21% effective January 1, 2008. The indexing will apply to the tax table and to most tax credits.

Indexing the tax system protects taxpayers' purchasing power against rising prices of goods and services. In practical terms, indexing the tax system increases the amount of many deductions and tax credits by a rate equivalent to the rise in consumer prices in Québec in 2007. "The result will be a decline of \$215 million in personal income tax of Québec taxpayers in 2008," the Minister explained. All in all, since 2004, the indexation of Québec's tax system has meant tax savings of close to \$1.4 billion.

Ms. Jérôme-Forget noted that between 1994 and 2002, Québec's personal income tax system was not indexed. Consequently, the purchasing power of taxpayers fell each year during that period.

Tax burden reduced

The indexation of the tax burden is in addition to the tax reduction measures announced in the last four budget speeches. The 2007-2008 Budget alone included a general personal income tax reduction of \$950 million. Since 2003, individuals have benefited from personal tax relief of \$4.5 billion.

Since 2003, Québec's tax situation has improved spectacularly compared to the other provinces. The tax burden differential that existed with the other provinces with respect to personal income tax has been substantially reduced. The differential was \$2.1 billion in 2003, whereas it will be \$646 million in 2008, a decline of 70%. "That means that Québec has moved from ninth to fifth place among provinces with the lowest tax burden in Canada," Ms. Jérôme-Forget concluded.

- 30 -

Source: Catherine Poulin
Acting Press Relations Officer
Office of the Minister of Finance,
Minister for Government Services,
Minister responsible for Government Administration
and Chair of the Conseil du trésor
418 643-5270
514 873-5363

APPENDIX

MAIN PARAMETERS OF THE TAX SYSTEM SUBJECT TO INDEXATION (Dollars)

	2007	2008
Indexation rate, %	2,026516452566	1,21
Tax table		
Maximum threshold of first taxable income bracket ¹	29 290	37 500
Maximum threshold of second taxable income bracket ^{1,2}	58 595	75 000
Amount used to calculate the basic tax credit¹	9 745	10 215
Amount of recognized essential needs		
Amount for a person living alone		
- basic amount	1 180	1 195
- single-parent family supplement	1 465	1 485
Amount of the transfer of the recognized parental contribution		
- maximum amount of recognized needs	6 650	6 730
- reduction when only one study term is completed	1 860	1 885
Amount for other dependants	2 705	2 740
Amount for severe and prolonged mental or physical impairment	2 295	2 325
Reduction threshold for certain tax credits³	29 290	29 645
Parameters of certain refundable tax credits		
Refundable tax credit for child support		
- maximum basic amount for the 1st child	2 091	2 116
- maximum basic amount for the 2nd and 3rd children	1 045	1 058
- maximum basic amount for the 4th and subsequent children	1 567	1 586
- maximum amount for a single-parent family	732	741
- minimum basic amount for the 1st child	587	594
- minimum basic amount for the 2nd and subsequent children	541	548
- minimum amount for a single-parent family	293	297
- monthly amount for a handicapped child	165	167
QST credit		
- basic amount	172	174
- amount for spouse	172	174
- amount for a person living alone	117	118
Property tax refund		
- maximum allowable taxes	1 450	1 470
- taxes deducted per adult	480	485
Tax credit for medical expenses		
- maximum amount	1 020	1 032
- reduction threshold	19 715	19 955
- minimum amount of labour income	2 610	2 640
Tax credit for residents of a northern village		
- basic monthly amount	61	62
- monthly amount for spouse	61	62
- monthly amount for a dependant	26	26
Tax credit for an informal caregiver of an adult person		
- basic amount	561	568
- supplement reducing with income	459	465
- reduction threshold	20 405	20 650
Basic amount and amount for spouse for the purposes of tax withholdings at source	9 750	10 215
1% contribution by individuals to the HSF		
Maximum threshold of first taxable income bracket	12 620	12 775
Maximum threshold of second taxable income bracket	43 880	44 410

1. The amount for 2008 was set in the 2007-2008 Budget.
2. The last taxable income bracket includes all taxable income over the maximum threshold applicable to the second taxable income bracket.
3. Tax credit for a person living alone, for age and for retirement income, refundable tax credit for the QST, property tax refunds and refundable tax credit for individuals living in a northern village.