

BUDGET 2026-2027

A RESPONSIBLE BUDGET WITH TARGETED MEASURES FOR QUEBECERS

ADDITIONAL
INFORMATION



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1. MEASURES RELATING TO BUSINESSES

1.1 Amendments to the refundable tax credit to support print media

On October 2, 2019, the refundable tax credit to support print media was introduced.¹ The purpose of this refundable tax credit is to promote print media activities, which are essential to the production and dissemination of quality information of public interest throughout Québec and to support a diversity of ideas, which is needed in a democratic society.

Briefly, a corporation,² other than an excluded corporation, that, in a taxation year, carries on a business in Québec and has an establishment there and that, for that taxation year, holds a business certificate issued by Investissement Québec certifying that, in that year, it has produced and disseminated a print media that is recognized as eligible media, may benefit from the refundable tax credit to support print media. Corporations that are exempt from tax or hold a licence to carry on a broadcasting undertaking are excluded corporations for the purposes of the refundable tax credit.³

To be an eligible media, for the purposes of the refundable tax credit, a media must, in particular, consist in the daily or periodic production and dissemination, by means of a print publication, an information website or a mobile application dedicated to information, of original written information content that is specifically intended for the Québec public and pertains to general interest news covering at least three eligible themes.

The seven eligible themes for the refundable tax credit are business and the economy, culture, the international sector, municipal affairs, miscellaneous news items, local interest news, and politics.

This refundable tax credit is calculated at a rate of 35% on qualified wages incurred by a qualified corporation in respect of its eligible employees. As such, the qualified wages of an eligible employee are subject to an annual limit of \$75 000. The tax assistance granted may therefore reach a maximum annual amount of \$26 250 per eligible employee.

However, it appears that news agencies and news media broadcasting news programs on radio or television are now facing challenges similar to those that were faced by print media when the refundable tax credit to support print media was introduced.

¹ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2019-9*, October 2, 2019, pp. 3-8.

² A corporation that is a member of a qualified partnership may also, under certain conditions, claim this refundable tax credit for its share of qualified wages incurred by the qualified partnership.

³ However, corporations that are exempt from tax because they qualify as registered journalism organizations are not excluded corporations.

To better support the production and dissemination of quality information of public interest throughout Québec, amendments will be made to the refundable tax credit to support print media.

These changes consist in:

- expanding the eligibility criteria for the refundable tax credit to include news agencies and news media broadcasting news programs on radio and television;
- increasing the annual limit applicable to the qualified wages of an eligible employee to \$85 000;
- removing the carrying out of information technology activities from eligible activities for the purposes of the employee certificate.

□ Expanding the eligibility criteria for the refundable tax credit to support print media

■ Adjustments to the definitions of excluded corporation and qualified partnership

The tax legislation currently provides that, for a taxation year, an excluded corporation includes a corporation that, in the year, holds a licence to carry on a broadcasting undertaking.

Similarly, the definition of *qualified partnership* provides that, among other things, the partnership must not, in the fiscal period, hold a licence to carry on a broadcasting undertaking.

To expand the refundable tax credit to support print media to news agencies and news media broadcasting news programs on radio or television, the tax legislation will be amended so that the definition of an excluded corporation no longer refers to a corporation that, in the year, holds a licence to carry on a broadcasting undertaking.

The tax legislation will also be amended so that the definition of *qualified partnership* no longer requires that the partnership does not hold a licence to carry on a broadcasting undertaking in the fiscal period.

■ Amendments to the eligibility criteria for the purposes of the business certificate

The *Act respecting the sectoral parameters of certain fiscal measures* (hereinafter referred to as the “Sectoral Act”) will be amended to provide that the business certificate that must be obtained by a corporation will henceforth certify either that the corporation, in the year, produced and disseminated an information media recognized as eligible media, or has produced original information content as an eligible news agency in the year. The name of the eligible media or the eligible press agency and the address of the establishment in which its newsroom is located must be specified in the certificate.

- **Eligible media and eligible press agency**

The Sectoral Act will be amended so that, for a news media to be recognized as an eligible media or for a press agency to be recognized as an eligible press agency, the following conditions must be met:

- in the case of a print media, the media consists in the daily or periodic production and dissemination, by means of a print publication, an information website or a mobile application dedicated to information, of original information content that is specifically intended for the Québec public and pertains to general interest news covering at least three eligible themes;
- in the case of a media other than a print media, the media takes the form of a news bulletin or news segments and consists in the daily or periodic production and dissemination, by a corporation that holds a licence to carry on a broadcasting undertaking, of original information content that is specifically intended for the Québec public and pertains to general interest news covering at least three eligible themes;
- in the case of a press agency, the agency's activities must consist in the production of original information content that is made available under licence, provided that this content is intended for the Québec public and pertains to general interest news covering at least three eligible themes.

The newsroom of this media or press agency must also be located in an establishment situated in Canada of the corporation, which brings together journalists responsible for original information content.

- **Original information content**

The Sectoral Act currently provides that original information content includes a news report, profile, interview, analysis, column, investigative report or editorial, and that only written content may be recognized as original information content.

It also provides that none of the following contents are considered to be original information content:

- content from a press agency or another media;
- specialized content pertaining to a type of personal, recreational or professional activity and geared specifically towards a group, association or category of persons;
- content for which a compensation is paid by a third person or a partnership;
- content of an advertising or promotional nature, such as an advertorial;
- theme-based content on, for example, hunting and fishing, decoration or science.

A media that includes, on an incidental basis, excluded content may nevertheless be recognized as an eligible media.

The Sectoral Act will be amended to remove the reference to written content being the only type of content that may be recognized as original information content. The provision excluding content for which a compensation is paid by a third person or a partnership will also be removed.

The Sectoral Act will also be amended so that the exclusion of content from a press agency or another media is adjusted to cover content from another person or partnership, including another press agency or another media.

■ **Other adjustments**

For greater clarity, the amendments made to the eligibility criteria for the purposes of the business certificate will also apply, with the necessary adaptations, to the eligibility criteria that a partnership must meet to obtain a business certificate.

In addition, the Sectoral Act and the tax legislation will be amended so that consequential adjustments are made to adapt the terminology of the refundable tax credit, including to replace the concepts of print media business and print media.

■ **Amendments to the eligibility criteria for the purposes of the employee certificate**

Briefly, the Sectoral Act provides that, for an individual to be recognized as an eligible employee, the individual must work full-time and at least 75% of their duties must consist in undertaking or directly supervising certain eligible activities. These eligible activities currently include activities involving the production of original information content intended for publication in a print media.

The Sectoral Act will be amended so that activities involving the production of original information content intended for publication in a print media will be replaced by activities involving the production and presentation of original information content for an eligible media or for an eligible press agency.

In addition, the Sectoral Act will be amended so that these activities involving the production and presentation of content include researching, collecting information, verifying facts, image capture (photography or video), sound recording, writing, editing, designing, video or sound editing, postproduction, presentation of a news bulletin or a news segment, and any other activity related to the preparation or presentation of the content.

□ **Increasing the annual limit applicable to the qualified wages of an eligible employee to \$85 000**

For the purposes of applying the refundable tax credit, it is currently provided that the qualified wages of an eligible employee cannot exceed an annual amount of \$75 000.

The tax legislation will be amended to increase this \$75 000 limit to \$85 000. The refundable tax credit may therefore reach an annual amount of \$29 750 per eligible employee.

❑ Removal of the carrying out of information technology activities from eligible activities for the purposes of the employee certificate

The Sectoral Act provides that, for an individual to be recognized as an eligible employee, the individual must work full-time and at least 75% of their duties must consist in undertaking or directly supervising certain eligible activities. These eligible activities currently include the carrying out of information technology activities related to the production or dissemination of content.

The Sectoral Act will be amended so that the carrying out of information technology activities related to the production or dissemination of content will no longer be considered eligible activities.

❑ Application date

These amendments will apply to a taxation year or a fiscal period, as the case may be, ending after the day of the budget speech.

However, if the corporation or partnership files an election in writing to Investissement Québec, these amendments will not apply in respect of a taxation year or a fiscal period, as the case may be, beginning before the day of the budget speech.

However, such an election in writing must be filed by the corporation or partnership before the expiry of the 15th month following the end of the relevant taxation year or fiscal period, as the case may be. The business certificate for the relevant taxation year, or fiscal period, as applicable, will indicate that the corporation or partnership has made this election.

In addition, the refundable tax credit will be renamed, as of the effective date of these amendments, to “refundable tax credit to support Québec news media.”

1.2 Extension and phase-out of the refundable tax credit for the digital transformation of print media

Briefly, a qualified corporation⁴ that incurs eligible digital conversion costs may benefit from the refundable tax credit for the digital transformation of print media. This tax credit is calculated at a rate of 35%. A corporation may benefit from tax assistance of up to \$7 million for a taxation year.

⁴ A corporation that is a member of a qualified partnership may also, under certain conditions, benefit from the refundable tax credit for its share of the partnership's eligible digital conversion costs.

To be qualified, a corporation must, for a taxation year, carry on a business in Québec and have an establishment there, among other things. The corporation must also hold, for the taxation year, a qualified certificate issued by Investissement Québec certifying that it has produced and disseminated on a daily or periodic basis a print or digital information media including original written information content intended specifically for the Québec public, pertaining to general interest news and covering at least three eligible themes such as politics, business and the economy, and the international sector, culture or municipal affairs. The newsroom of the eligible media must also be situated in Québec.

The tax assistance is granted to a qualified corporation that carries out eligible digital conversion activities for an eligible media, that is, in particular, activities relating to the development of information systems or the integration of technology infrastructure that is directly linked to the initiation or continuation of the eligible media's digital conversion.

In general, eligible digital conversion costs of a qualified corporation correspond to the total of qualified wages incurred by the corporation in the year in respect of eligible employees and that relate to eligible digital conversion activities, and to all of the corporation's qualified expenditures for that year that are related to an eligible digital conversion contract. A qualified expenditure related to an eligible digital conversion contract means 80% of the costs provided for in the contract and which the corporation has incurred in the year for the acquisition or lease of qualified property, the supply of eligible services or an eligible right of use or licence.

In addition, the terms "qualified expenditure" and "qualified wages" refer, for a taxation year, only to costs and wages incurred in all or part of the year that is included in the eligibility period of the refundable tax credit for the digital transformation of print media.

This eligibility period started on March 28, 2018 and ended on December 31, 2025.

Consequently, only qualified expenditures and qualified wages incurred before January 1, 2026 are eligible for the refundable tax credit. In addition, where the qualified expenditure relates to the acquisition of a qualified property, it must have been acquired before January 1, 2025.

In order to give print media businesses a transition period to complete their digital transformation projects and thus ensure greater predictability, changes will be made to extend the assistance provided by three years while gradually reducing the applicable rates.

Therefore, the tax legislation will be amended so that the eligibility period for the refundable tax credit ends on December 31, 2028, and so that, to be a qualified property, the property must be acquired before January 1, 2028.

The tax legislation will also be amended to gradually reduce the rate of the refundable tax credit to 20% for eligible digital conversion costs incurred after December 31, 2026, and before January 1, 2028, and 10% for eligible digital conversion costs incurred after December 31, 2027, and before January 1, 2029.

1.3 Amendments to the refundable tax credit for Québec film or television productions

The refundable tax credit for Québec film or television productions is calculated based on the labour expenditure incurred by a corporation in respect of a property that is a Québec film production.

In summary, the labour expenditure of a corporation for a taxation year in respect of a property that is a Québec film production includes the aggregate of salaries or wages and remuneration incurred by the corporation to the extent that they relate to services rendered in relation to the stages of production of this property, from the script stage to the postproduction stage.

A Québec film production means a motion picture film, a video tape or a set of episodes or broadcasts that are part of a series in respect of which the Société de développement des entreprises culturelles (SODEC) has issued a favourable advance ruling or a certificate.

The base rate of this tax credit is generally 32%,⁵ but can reach 40%⁶ for the following productions:

- French-language feature-length, medium-length and short fiction films;
- French-language feature-length, medium-length and short animated films;
- French-language one-off documentaries;
- French-language productions intended for minors;
- giant-screen films.

In addition, these base rates may be increased by the following: the enhancement determined by reference to public financial assistance, the increase for computer-aided special effects and animation and the increase for regional productions.

The labour expenditure considered in calculating the basic tax credit may not exceed 65% of the production costs incurred and directly attributable to the film production.

⁵ In the case of a production adapted from a foreign format, the base rate is 28%.

⁶ In the case of a production adapted from a foreign format, it can reach 36%.

In order to better reflect the current reality of the industry, changes will be made to:

- add the funding from the Indigenous Screen Office to the list of excluded assistance amounts for the purposes of the tax credit;
- modify the eligibility criteria regarding the length and number of episodes for certain eligible classes of films.

Consequential amendments will also be made to the tax credit for film dubbing and the film production services tax credit with respect to eligible classes of films.

☐ Addition of an excluded assistance amount

Briefly, the amount of labour expenditures and production costs considered for calculating the tax credit must be reduced by the amount of any government assistance and non-government assistance, except an excluded assistance amount that a qualified corporation has received, is entitled to receive, or may reasonably expect to receive.

In general, financial assistance from a public organization in the cultural sector is an excluded assistance amount that does not reduce the amount of such costs or expenditures.

The Indigenous Screen Office supports the production of media content created and produced by members of Indigenous communities in Canada. In particular, it finances short and feature-length films, television series, and linear web series through its Story Fund.

To ensure the ongoing complementarity of the various sources of funding of the cultural sector, the tax legislation will be amended so that financial assistance granted by the Indigenous Screen Office is an excluded assistance amount for the purposes of the refundable tax credit for Québec film or television productions.

☐ Changes made to the eligible classes of films

In general, for the purposes of the refundable tax credit for Québec film or television productions, a film must, among other things, belong to an eligible class of films, in order to be considered an eligible Québec film or television production.

To this end, certain eligible classes of films have requirements regarding length or number of episodes.

More specifically, to belong to an eligible class of films, a documentary must comprise at least 30 minutes of programming or 20 minutes of audiovisual content, or, in the case of a series, at least 30 minutes of programming or 20 minutes of audiovisual content per episode, and documentaries intended for minors, which may comprise less.

Audiovisual magazine programs that are designed and arranged especially for television or online broadcasting and that meet certain requirements, including being part of a series of at least seven episodes, each program comprising at least 30 minutes of programming or 20 minutes of audiovisual content and containing programs that each consist of independent segments of comparable length, also constitute an eligible class of films.

However, the current reality of the industry, particularly online broadcasting, is changing the public's viewing and listening habits. Additionally, short-form productions are generally a better vehicle for reaching young audiences.

Consequently, the *Act respecting the sectoral parameters of certain fiscal measures* (hereinafter referred to as the "Sectoral Act") will be amended so that documentaries and audiovisual magazine programs are no longer subject to requirements regarding program length, or independent segments of comparable length, or number of episodes in order to constitute eligible classes of films for the purposes of the tax credit.

More specifically, provided that the other conditions are met, the following classes of films will be eligible classes of films for the purposes of the refundable tax credit for Québec film or television productions:

- documentaries;
- audiovisual magazine programs that are designed and arranged especially for television or online broadcasting, provided that they are neither fiction, nor a reconstruction of actual events, nor reality television, and that each program covers a number of subjects, whether or not they belong to the same field of knowledge.

Application date

These amendments will apply to a film or television production for which an application for an advance ruling, or an application for a certificate if no advance ruling was previously filed in respect of this production, is filed with SODEC after the day of the budget speech.

1.3.1 Consequential adjustments of certain fiscal measures

Tax credit for film dubbing

Briefly, the refundable tax credit for film dubbing applies to labour expenditures incurred and paid by a corporation in a taxation year for certain services provided in Québec that are inherent in the process of dubbing a qualified production.

The refundable tax credit for film dubbing corresponds to an amount equal to 35% of a qualified film dubbing expenditure of a corporation for a taxation year.

To be eligible for the tax credit, a corporation must obtain a certificate from SODEC certifying that the dubbed version of a film referred to in the qualification certificate is recognized as a qualified production of the corporation.

In order for the dubbed version of a film to be recognized as a qualified production of a corporation, the film must, among other things, belong to an eligible class of films.

In general, the classes of films eligible for the refundable tax credit for film dubbing are essentially the same as those eligible for the purposes of the refundable tax credit for Québec film or television productions.

Consequential amendments will therefore be made to the Sectoral Act so that documentaries and television magazine programs are no longer subject to requirements regarding program length, or independent segments of comparable length, or number of episodes in order to constitute eligible classes of films for the purposes of the tax credit.

More specifically, provided that the other conditions are met, the following classes of films will be eligible classes of films for the purposes of the tax credit for film dubbing:

- documentaries;
- television magazine programs, provided that they are neither fiction, nor a reconstruction of actual events, nor reality television, and that each program covers a number of subjects, whether or not they belong to the same field of knowledge.

■ **Application date**

This amendment will apply to qualified productions for which an application for a certificate is submitted to SODEC after the day of the budget speech.

□ **Tax credit for film production services**

In general, the refundable tax credit for film production services is calculated at a rate of 25% on the aggregate of eligible production costs incurred in Québec by a corporation and attributable to the various stages of a qualified production. Eligible production costs correspond to the total of the qualified labour cost and the cost of qualified property.

The increase for computer-aided special effects and animation, in respect of a qualified production, is calculated at a rate of 16% on the qualified labour cost, provided the cost is directly attributable to activities related to the creation of computer-aided special effects and animation for use in the qualified production.

Briefly, to be recognized as a qualified production, a film must, among other things, belong to an eligible class of films. One of the eligible classes of films consists of documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for minors and virtual reality documentaries, which may comprise less.

Consequential amendments will be made to the Sectoral Act so that documentaries are no longer subject to requirements regarding length in order to constitute an eligible class of films for the purposes of the refundable tax credit for film production services.

■ **Application date**

This amendment will apply to qualified productions for which an application for an approval certificate will be submitted to SODEC after the day of the budget speech.

1.4 Adjustments made to tax credits for the development of e-business integrating artificial intelligence functionalities

Québec tax assistance for the development of e-business consists of a refundable tax credit, introduced in the March 13, 2008 budget speech,⁷ and a non-refundable tax credit, introduced in the March 26, 2015 budget speech⁸ (hereinafter referred to as “TCEB”).

As part of the March 25, 2025 budget speech,⁹ the eligible activities of the TCEB were modernized to focus on more value-added activities, namely activities primarily related to e-business integrating artificial intelligence (AI) functionalities to a significant extent.

The TCEB was then renamed “refundable tax credit for the development of e-business integrating artificial intelligence functionalities” and “non-refundable tax credit for the development of e-business integrating artificial intelligence functionalities” (hereinafter referred to as the “TCEB^{AI}”).

Briefly, the TCEB^{AI} is calculated on an amount corresponding to the amount by which the qualified wages incurred and paid by the qualified corporation in the year for an eligible employee exceed the applicable exclusion threshold.

⁷ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2008-2009 – Additional Information on the Fiscal Measures*, March 13, 2008, pp. A.79-A.85.

⁸ Id., *Budget 2015-2016 – Additional Information 2015-2016*, March 26, 2015, pp. A.80-A.84.

⁹ Id., *Budget 2025-2026 – Additional Information*, March 25, 2025, pp. A.30-A.36.

For a qualified corporation whose taxation year begins in 2026, the applicable TCEB^{AI} rates are 22% for the refundable tax credit and 8% for the non-refundable tax credit. However, these rates are reduced by half when at least 50% of the qualified corporation's gross revenue comes from certain activities attributable to intercompany outsourcing services.

The following table shows the applicable TCEB^{AI} rates.

TABLE A.1

Applicable TCEB^{AI} rates
(per cent)

	2026	2027	2028 ⁽¹⁾
General rate			
Refundable tax credit	22.0	21.0	20.0
Non-refundable tax credit	8.0	9.0	10.0
TOTAL	30.0	30.0	30.0
Reduced rate – Intercompany outsourcing			
Refundable tax credit	11.0	10.5	10.0
Non-refundable tax credit	4.0	4.5	5.0
TOTAL	15.0	15.0	15.0

Note: A qualified corporation whose taxation year does not correspond to the calendar year must, in calculating its tax credits for a taxation year, take into account the rates in effect for the calendar year in which its taxation year begins.

(1) Rates applicable to the 2028 calendar year will apply to subsequent years.

A corporation that wants to benefit from the TCEB^{AI} for a taxation year must obtain from Investissement Québec a corporation certificate attesting that it meets, for the year, the criteria relating to activities, the criterion relating to services provided and the criterion relating to the maintenance of a minimum number of jobs.

An employee certificate must also be obtained for each employee for whom the corporation intends to claim the TCEB^{AI} for a taxation year.

Following Budget 2025-2026, it was determined that certain adjustments must be made in order to provide greater predictability to companies that will benefit from the TCEB^{AI} while ensuring the sound implementation of the measure.

These adjustments consist of:

- relaxing certain criteria relating to eligible activities for the purposes of the employee certificate, in order to clarify that certain preparatory work is eligible for the purposes of the TCEB^{AI};
- relaxing the conditions relating to the carry-forward of the unused balance of the non-refundable tax credit;
- clarifying the rate reduction for companies that carry out intercompany outsourcing.

❑ **Relaxation of certain criteria relating to eligible activities for employee certificate purposes**

The amendments made to the *Act respecting the sectoral parameters of certain fiscal measures* (hereinafter referred to as the “Sectoral Act”) as part of Budget 2025-2026 mean that, in order to be an eligible activity for the purposes of the employee certificate, an activity must be primarily related to e-business integrating AI functionalities to a significant extent.

In addition, an activity is considered to be primarily related to e-business integrating AI functionalities to a significant extent if the tasks an employee performs to carry it on are primarily related to e-business and relate to a mandate, project or product integrating AI functionalities to a significant extent.

However, such an activity generally takes several years to complete. In addition, it is carried out in several stages and usually includes a period of preparatory work. This is particularly true of work relating to feasibility analysis and data preparation.

To take this reality into account, eligible activities for the purposes of the employee certificate will be made more flexible.

■ **Addition of specialized AI consulting services to eligible activities for employee certificate purposes**

Briefly, for the purposes of the employee certificate, information technology consulting services relating to technology or systems development, or consulting services in e-business processes and solutions, may, subject to certain conditions, constitute an eligible activity, provided that such consulting services relate to the development or integration of information systems or technological infrastructure, or to the development of security identification services.

It is in particular necessary that the company providing the consulting service be the same as the one performing the development or integration of information systems or technological infrastructure or the development of identification security services to which the consulting service relates.

However, the stages involved in carrying out a mandate or project or developing a product integrating AI functionalities to a significant extent are sometimes performed by several separate companies.

To relax the application of these criteria for specialized AI consulting services, the Sectoral Act will be amended so that, for the purposes of the employee certificate, specialized AI consulting services will be added to the list of eligible activities.

For greater clarity, it will not be necessary for a specialized AI consulting activity carried out by a company to relate to the development or integration of information systems or technological infrastructure, or to the development of security identification services.

■ **Relaxation of eligibility requirements for certain preparatory work**

It has been found that it is sometimes difficult to conclude that certain preparatory work constitutes activities that are primarily related to e-business integrating AI functionalities to a significant extent, particularly when such work is done separately several months before the completion of a mandate or project or the development of a product integrating AI functionalities to a significant extent.

The Sectoral Act will therefore be amended so that, for the purposes of the employee certificate, where it is reasonable to consider that preparatory work is carried out within 12 months prior to the start of a mandate or project or the development of a product integrating AI functionalities to a significant extent, such work will constitute an activity primarily related to e-business integrating AI functionalities to a significant extent.

This preparatory work must be primarily related to e-business and be considered eligible activities under the other criteria of the Sectoral Act, but does not have to be primarily related to e-business integrating AI functionalities to a significant extent.

For greater clarity, it will not be necessary for the preparatory work and the mandate, project, or the development of a product integrating AI functionalities to a significant extent to which this work relates, to be carried out by the same company.

■ **Application date**

These amendments will apply to taxation years beginning after December 31, 2025.

These amendments will also apply to a taxation year that began after March 25, 2025, but before January 1, 2026, when the corporation has filed an election with Investissement Québec for the amendments made in Budget 2025-2026 to apply to that taxation year.¹⁰

¹⁰ However, such an election must be filed by the corporation before the expiry of the ninth month following the due date for filing its income tax return for the taxation year concerned.

❑ Relaxation of conditions relating to the carry-forward of the balance of the non-refundable tax credit

Generally speaking, a corporation that is eligible for the refundable tax credit for the development of e-business integrating AI functionalities is also eligible for the non-refundable tax credit under the same conditions.

The portion of the non-refundable tax credit that does not reduce the tax payable of a qualified corporation for the taxation year to which it applies may be carried back 3 taxation years and carried forward 20 taxation years.

However, tax legislation provides that this carry-over can be made only for a taxation year for which the corporation obtains the refundable tax credit.

As part of the transition from TCEB to TCEB^{AI}, the sector-specific parameters governing the conditions for obtaining corporation and employee certificates have been modified.

Consequently, a corporation with a non-refundable tax credit balance at the end of its taxation year that began before January 1, 2026, and which does not comply with the new TCEB^{AI} parameters for its taxation years beginning after December 31, 2025, would not be able to use that balance.

So as not to unduly disadvantage companies in this situation, the tax legislation will be amended so that the condition whereby the carry-over can only be made against a taxation year for which the corporation obtains the refundable tax credit will be removed for balances arising in a taxation year that began before January 1, 2026.

For greater clarity, the removal of this condition will not apply to a new non-refundable tax credit balance attributable to a taxation year beginning after December 31, 2025.

❑ Clarifications regarding the rate reduction for corporations that carry out intercompany outsourcing

In Budget 2025-2026, the tax legislation was amended to reduce the tax assistance granted to corporations that carry out intercompany outsourcing.

In summary, when at least 50% of a corporation's gross revenue from certain activities¹¹ for a taxation year is attributable to applications developed by the corporation for use exclusively outside Québec by an ultimate beneficiary who is a person or partnership with whom the corporation is not dealing at arm's length, the rates applicable to the TCEB^{AI} are half the rates otherwise applicable for that taxation year. This proportion must be indicated on the corporation certificate issued by Investissement Québec for the taxation year.

The Sectoral Act will be amended to specify that, when calculating the proportion of gross revenue for the purpose of applying the rate reduction, all revenue from services provided by a corporation to an ultimate beneficiary outside Québec who is a person or partnership with whom the corporation is not dealing at arm's length must be taken into account, including support or maintenance revenue.

In addition, the Sectoral Act will be amended so that when this proportion is at least 50%, the corporation certificate must indicate it. However, this disclosure will not be required to indicate the exact proportion of gross revenue derived from services rendered by a corporation to an ultimate beneficiary outside Québec who is a person or a partnership with whom the corporation is not dealing at arm's length.

■ **Application date**

These amendments will apply to taxation years beginning after December 31, 2025.

¹¹ These are activities included in the groups described under NAICS codes 51321 (software publishers), 51821 (computing infrastructure providers, data processing, web hosting and related services), and 54151 (computer systems design and related services) and, in some cases, activities included in the groups described under NAICS codes 561320 (temporary help services) and 561330 (professional employer organizations).

2. MEASURE RELATING TO INDIVIDUALS

2.1 Introduction of an automated income tax return filing process on behalf of certain low-income individuals

The Québec tax system is based on the principles of self-reporting and self-assessment. According to these principles, Québec taxpayers are responsible for reporting all of their income for each taxation year, calculating the tax and contributions payable for that year, and paying these amounts to Revenu Québec within the prescribed time limits.

However, it is currently estimated that approximately 3% to 5% of individuals residing in Québec do not file their income tax returns with Revenu Québec, even though it would be in their best interest to do so to receive some tax assistance measures, such as the refundable solidarity tax credit (hereinafter referred to as the “solidarity tax credit”) or the refundable tax credit granting a work premium (hereinafter referred to as the “work premium”).

□ History of measures introduced in recent years

In recent years, efforts have been made to simplify access to tax assistance for concerned individuals.

In this regard, it is worth mentioning the various initiatives that have been developed to reach certain low- and middle-income taxpayers.

■ Brief description of current initiatives

Since 2018, some tax assistance measures can be paid without individuals having to apply for them, but the requirement to file an income tax return remains in order to receive them. These are the following types of assistance:

- the basic amount and the spousal amount of the Québec sales tax (QST) component of the solidarity tax credit;¹²
- the work premium;¹³
- the refundable tax credit establishing a fiscal shield (hereinafter referred to as the “fiscal shield”);¹⁴
- the refundable tax credit for senior assistance (hereinafter referred to as “senior assistance”).¹⁵

¹² MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2017-11*, November 21, 2017, pp. 15-17.

¹³ Ibid.

¹⁴ Ibid. However, it should be noted that, in Budget 2025-2026, the fiscal shield was abolished as of the 2026 taxation year: MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2025-2026 – Additional Information*, March 25, 2025, pp. A.65-A.66.

¹⁵ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2018-9*, December 3, 2018, pp. 5-8.

In addition, since 2019, the amounts of the QST component of the solidarity tax credit may be paid to a social assistance recipient, without the obligation to file a tax return, when the following conditions are met:

- the taxpayer was a recipient of a social assistance program¹⁶ for the month of December of the reference year relating to a payment period;
- as at September 1 following the reference year, the taxpayer had not filed any income tax return for that reference year with Revenu Québec.¹⁷

■ Pilot project for simplified income tax returns

More recently, to facilitate the income tax return filing for some people with simple tax situations, Revenu Québec implemented a simplified income tax return pilot project available by invitation only. Since 2023, selected individuals have been receiving a personalized letter inviting them to use a simplified income tax return filing service via their online account available on the Revenu Québec website.¹⁸

This service allows Revenu Québec to pre-fill the income tax returns for selected individuals using information already provided about their situation. Individuals only have to answer a few questions. Revenu Québec then completes the preparation of their income tax returns, which individuals can then submit with a single click.

However, despite the efforts made with this new pilot project and the various flexible measures introduced in recent years, the government recognizes that vulnerable individuals continue to have trouble filing their income tax returns in certain circumstances. That is why a new initiative is being proposed in this budget to automate the filing of income tax returns for certain low-income Quebecers.

¹⁶ Due to the update of the *Individual and Family Assistance Act* (CQLR, chapter A-13.1.1), financial assistance programs are now called social assistance programs and include the Aim for Employment Program and the Basic Income Program.

¹⁷ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2019-10*, November 7, 2019, pp. 6-8.

¹⁸ REVENU QUÉBEC, Pilot Project: Simplified Income Tax Return Service, [Online], [\[https://justepourtous.revenuquebec.ca/en/subjects/income-tax-simply\]](https://justepourtous.revenuquebec.ca/en/subjects/income-tax-simply).

❑ Introduction of an automated income tax return filing process by Revenu Québec on behalf of certain low-income individuals starting in the 2026 taxation year

In order to provide Quebecers with the tax assistance to which they may be entitled but which they do not receive because they do not file their Québec income tax return, it is proposed to allow Revenu Québec to file income tax returns on behalf of certain individuals¹⁹ whom it may select based on certain criteria. A similar approach will also apply to the filing of federal income tax returns starting in the 2025 taxation year.²⁰

To ensure Quebecers can benefit from this new initiative for their Québec income tax returns, Québec tax legislation will be amended so that Revenu Québec can file such income tax returns on behalf of certain selected low-income individuals starting in the 2026 taxation year.

■ Conditions to be met by an eligible individual

To qualify for the automated income tax return filing process on behalf of a low-income individual by Revenu Québec for a taxation year, an eligible individual must meet the following conditions:

- the individual must reside in Québec at the end of December 31 of the taxation year;²¹
- the individual must not have filed an income tax return for the taxation year before the applicable filing-due date for that year or within a certain period of time after that date, this date to be determined later.

It should be noted that other selection criteria of eligible individuals, namely those with a simple and stable tax situation, will be determined by spring 2027.

■ Process leading to the issuance of a notice of assessment

Before filing an income tax return on behalf of an individual, Revenu Québec must have provided the individual with all the information relating to their tax return that it holds about their situation, and the individual must have had a reasonable period of time to be determined later to review the information provided and submit any changes.

¹⁹ This measure will not apply to trusts.

²⁰ DEPARTMENT OF FINANCE CANADA, *Budget 2025 – Tax Measures: Supplementary Information*, November 4, 2025, pp. 338-339, [Online], [\[https://budget.canada.ca/2025/report-rapport/pdf/budget-2025.pdf\]](https://budget.canada.ca/2025/report-rapport/pdf/budget-2025.pdf).

²¹ If the individual notifies Revenu Québec that they no longer resided in Québec at the end of the taxation year, Revenu Québec's automated income tax return filing process will not apply to them.

If the individual does not respond to the information sent by Revenu Québec by either confirming or submitting changes by the end of the reasonable period mentioned in the previous paragraph, Revenu Québec may then file an income tax return on behalf of that individual.

Following the filing of this income tax return, Revenu Québec, will issue a notice of assessment. In accordance with the usual process, this notice will be sent to the individual.²²

The filing of an income tax return on behalf of an individual by Revenu Québec for a given taxation year will make it possible to determine the individual's eligibility for certain refundable tax credits for that year and to issue a notice of assessment for that year. Consequently, the tax assistance granted by these refundable tax credits could be paid to the individual.²³

In this regard, more specifically, it should be recalled that the basic amount and the spousal amount of the QST component of the solidarity tax credit, the work premium and the senior assistance no longer require individuals to apply for payment since 2018, as long as an income tax return is filed for the taxation year giving rise to these measures. That is why these tax assistance measures may be paid to individuals benefiting from the new automated income tax return filing process on their behalf, provided that Revenu Québec has the information necessary to determine the individuals' eligibility for any of these tax assistance measures and the amounts to which they may be entitled.

■ Clarifications

In order to protect the rights of eligible individuals, the current assessment, objection, and appeal processes will apply to assessments made under the provisions relating to the automated income tax return filing process on behalf of an individual.²⁴

If, after Revenu Québec has filed an income tax return on behalf of an individual, it is determined that the individual did not meet the criteria for automated filing of their tax return for a given taxation year, the tax return will be deemed not to have been filed for that year.

²² For more information, visit the Revenu Québec website: [Online], [\[https://www.revenuquebec.ca/en/citizens/income-tax-return/paying-a-balance-due-or-receiving-a-refund/notice-of-assessment/\]](https://www.revenuquebec.ca/en/citizens/income-tax-return/paying-a-balance-due-or-receiving-a-refund/notice-of-assessment/).

²³ Some basic information, such as marital status, may need to be confirmed by the individual before Revenu Québec can determine and grant tax credits. When the concept of "family income" is required, Revenu Québec will determine whether it can also file the spouse's income tax return, if the spouse meets the criteria.

²⁴ At any time, individuals may ask Revenu Québec to provide them with a copy of the income tax return it filed on their behalf, as well as the notice of assessment issued.

Lastly, as long as a notice of assessment has not been issued, individuals may opt out of the automated income tax return filing process by Revenu Québec.²⁵

□ Application date

This measure will apply as of the 2026 taxation year, provided that the bill implementing it has been assented to.

²⁵ If an individual files an income tax return for a taxation year before Revenu Québec issues a notice of assessment, the automated income tax return filing process will not apply to that individual for that taxation year. Furthermore, the withdrawal procedures from the automated income tax return filing process will be established at a later date.

3. OTHER MEASURES

3.1 Adjustments to certain disclosure mechanisms

In 2009, the Ministère des Finances introduced a new mandatory disclosure mechanism for certain transactions to allow tax authorities to quickly identify certain behaviours for which the risk of non-compliance with the purpose and spirit of tax legislation was deemed to be high.^{26,27}

In order to expand its scope and improve its effectiveness, this mechanism was subject to legislative amendments in 2015²⁸ to make transactions involving contractual coverage subject to the mandatory disclosure mechanism.

Three types of transactions were covered by this mandatory disclosure mechanism: transactions for which the adviser requires confidentiality from the client, transactions for which the adviser's remuneration is conditional on the occurrence of certain events and transactions involving contractual coverage to protect the client from certain events.

More recently,²⁹ as part of the Tax Fairness Action Plan, additional measures were put in place to better protect the integrity and fairness of the Québec tax system. These measures were part of the ongoing joint approach by the Ministère des Finances and Revenu Québec to fight aggressive tax planning.

Among these measures, the Ministère des Finances announced that the tax legislation would be amended to extend the scope of the mandatory disclosure mechanism to certain transactions involving a nominee agreement and to allow the Minister of Revenue to prescribe transactions or series of transactions that would be subject to mandatory disclosure.

In 2009,³⁰ a preventive disclosure mechanism was also introduced. If the general anti-avoidance rule (GAAR) applies to a transaction, this mechanism allows a taxpayer to avoid the extension of the limitation period, the imposition of a penalty for the transaction, and the listing of their business in the register of enterprises ineligible for public contracts (RENA), provided that the transaction (or series of transactions that includes the transaction) has been subject to preventive disclosure in accordance with the rules and within the prescribed time limit.

²⁶ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2009-5*, October 15, 2009, pp. 6-16.

²⁷ *Taxation Act*, ss. 1079.8.1 to 1079.8.15.

²⁸ MINISTÈRE DES FINANCES DU QUÉBEC, *Budget 2015-2016 – Additional Information 2015-2016*, March 26, 2015, pp. A.117-A.119.

²⁹ Id., *Information Bulletin 2019-5*, May 17, 2019, pp. 5-8.

³⁰ Id., *Information Bulletin 2009-5*, October 15, 2009, pp. 46-47.

Under the current provisions of the mandatory disclosure and preventive disclosure mechanisms, an information return must be sent to the Minister under separate cover by registered mail, using a prescribed form.

The information return must include a description of the facts and a statement of the tax consequences with sufficient detail to allow the Minister to analyze the transaction or series of transactions covered by the disclosure and to have a fair understanding of the tax consequences.

The Minister must also acknowledge receipt of the information return and, if additional information is required, contact the taxpayer within 120 days of the return being sent. Otherwise, the information return will be considered to be in compliance.

Given the significant increase in the number of information returns submitted and the desire to eventually make it possible for these returns to be sent electronically, as well as to enable tax authorities to analyze them thoroughly, adjustments will be made to certain aspects of the mandatory disclosure and preventive disclosure mechanisms.

More specifically, these adjustments consist of:

- removing the reference to the method of transmission of information returns;
- removing the reference to the proof of receipt of information returns;
- removing the presumption regarding the 120-day period granted to tax authorities to request additional information concerning an information return.

□ Removal of the reference to the method of transmission of information returns

The tax legislation provides that information returns filed under the mandatory disclosure and preventive disclosure mechanisms must be sent to the Minister under separate cover, by registered mail.

To allow these information returns to eventually be sent electronically, the tax legislation will be amended to remove the requirement that information returns submitted under the mandatory disclosure and preventive disclosure mechanisms be sent to the Minister under separate cover, by registered mail.

Removal of the reference to the proof of receipt of information returns

The tax legislation provides that the Minister must confirm receipt of information returns.

To simplify the mandatory disclosure and preventive disclosure mechanisms, the tax legislation will be amended to remove the requirement for the Minister to confirm receipt of information returns submitted under these mechanisms.

Removal of the presumption regarding the 120-day period granted to tax authorities to request additional information

The tax legislation provides that an information return sent to the Minister and submitted under the mandatory disclosure mechanism or preventive disclosure mechanism is deemed to be in compliance, unless the Minister contacts the person who submitted the information return within 120 days from the date of its submission, to obtain additional information about the transaction described in the information return or its tax consequences.

However, because of the complexity and significant volume of information returns submitted, this 120-day period is no longer desirable.

To enable tax authorities to thoroughly analyze all information returns and, when necessary, request additional information from the taxpayer, tax legislation will be amended to remove the presumption regarding the 120-day period.

Application date

These amendments will apply in respect of a transaction or series of transactions that begin to be carried out after the day of the budget speech.

3.2 Harmonization with immediate expensing for greenhouse buildings

On January 26, 2026, the Prime Minister of Canada issued a news release³¹ announcing the implementation of an immediate expensing measure for greenhouse buildings.

This measure allows producers to fully write off the total cost of greenhouses acquired on or after November 4, 2025, and that become available for use before 2030. It is aimed at increasing supply and investment in food production over the medium term.

The Ministère des Finances du Québec now wishes to announce that Québec tax legislation and regulations will be amended by adapting them based on their general principles to integrate them into the measure relating to the immediate expensing of greenhouses.

The amendments to the Québec tax system will be adopted only after the assent of any federal legislation or the adoption of any federal regulation giving effect to this measure, taking into account the technical amendments that may be made prior to the assent or adoption. For greater clarity, these amendments will be applicable on the same dates as those of the federal measure with which they are harmonized.

³¹ GOVERNMENT OF CANADA, *Prime Minister Carney announces new measures to make groceries and other essentials more affordable for Canadians*, [Online], January 26, 2026, [<https://www.pm.gc.ca/en/news/news-releases/2026/01/26/prime-minister-carney-announces-new-measures-make-groceries-and-other>].

Section B

ENSURING TAX FAIRNESS

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1. ENSURING TAX FAIRNESS

The government ensures that tax fairness is maintained in Québec so that all Quebecers contribute their fair share to the funding of public services.

To that end, in Budget 2026-2027, the government is planning to:

- optimize and expand compensation to improve government debt collection;
- improve oversight of the residential construction sector.

1.1 Optimizing government debt collection

As part of the process of recovering sums owed to the government, nine public bodies¹ can currently use the Revenu Québec compensation service.

If a person is entitled to a tax refund but owes sums to these bodies, this mechanism allows Revenu Québec to apply the refund to the payment of the debt owed to these bodies, preventing public funds from being paid out when there is an overdue financial obligation.

The government is announcing that it will introduce legislative amendments and regulatory changes to enable all public bodies to participate in Revenu Québec's compensation service and to optimize the service.

¹ Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, Ministère des Ressources naturelles et des Forêts, Commission d'accès à l'information du Québec, Ministère des Affaires municipales et de l'Habitation, Ministère de l'Emploi et de la Solidarité sociale, Ministère de la Famille, Ministère de l'Enseignement supérieur, Retraite Québec and the Régie de l'assurance maladie du Québec.

1.2 Improving oversight of the residential construction sector

The government is ensuring that it effectively combats tax evasion and unreported work in the construction sector. It is through the concerted actions of ACCES² construction,³ in particular, that the departments and bodies concerned uphold compliance throughout the entire construction industry.

In order to improve compliance in the residential construction sector, where tax losses are significant, several initiatives will be undertaken by Revenu Québec and other ACCES construction partners, namely:

- establishing a multidisciplinary team tasked with creating and testing new, innovative and concerted intervention strategies in the residential construction sector to promote tax compliance;
- enabling ACCES construction partners to exchange information more effectively to optimize their interventions. To this end, work will be done to determine what information could be exchanged and, where appropriate, justify any exceptions that could be made to the rules on protecting the privacy of tax information with a view to increasing the amount of information that Revenu Québec can share;
- providing a more sustained presence on residential construction sites, particularly in the renovation of private residences, with occupants' consent, by conducting targeted and personalized awareness activities and taking the necessary measures to apply or enforce a fiscal law;
- streamlining the client pathway for contractors and making support services available to prevent common mistakes and technical issues in returns and payments, which will promote tax compliance.

² Actions concertées pour contrer les économies souterraines (concerted actions to counter the underground economy).

³ ACCES construction brings together the Commission de la construction du Québec, the Régie du bâtiment du Québec, the Commission des normes, de l'équité, de la santé et de la sécurité du travail, the Registraire des entreprises du Québec, the Autorité des marchés publics, Revenu Québec, the Ministère du Travail, the Director of Criminal and Penal Prosecutions, and the Ministère des Finances du Québec.

Tax loss arising from the underground economy

Although the vast majority of taxpayers comply with laws and regulations currently in effect, tax evasion remains a significant issue that results in tax losses and reduces the government's ability to provide services to citizens.

Estimating tax losses resulting from the underground economy allows the government to focus its efforts to combat tax evasion by targeting high-risk sectors of economic activity.

The underground economy in Québec is estimated at \$18.4 billion in 2022¹ (3.4% of nominal GDP) and the resulting tax losses at \$3.5 billion.

Estimated tax losses arising from the underground economy

(billions of dollars, unless otherwise indicated)

	Underground economy (% of GDP)	Underground economy	Tax losses
2019	3.6	16.8	2.8
2022	3.4	18.4	3.5

Sources: Statistics Canada, Revenu Québec and Ministère des Finances du Québec.

Growth in the underground economy and tax losses between 2019 and 2022 is not due to an increase in the tax evasion rate, but rather to growth in the nominal GDP.

– In fact, the size of the underground economy as a percentage of GDP decreased between 2019 and 2022, falling from 3.6% to 3.4%.

The construction sector has the highest underground economy, with tax losses estimated at \$1.3 billion in 2022.

Tax losses in Québec for the year 2022

(billions of dollars, unless otherwise indicated)

	Underground economy (% of GDP)	Underground economy	Tax losses
Construction	1.7	9.2	1.3
Food services	0.4	2.0	0.3
Alcoholic beverages	0.1	0.7	0.3
Tobacco	0.1	0.3	0.1
Cannabis	0.1	0.5	0.2
Other sectors ⁽¹⁾	1.0	5.7	1.3
TOTAL	3.4	18.4	3.5

(1) Other sectors include, for example, remunerated passenger transportation, accommodation services and personal care services.

Sources: Statistics Canada, Revenu Québec and Ministère des Finances du Québec.

1 This is the most recent year for which complete data are available to estimate tax losses.

2. FOLLOWING UP ON ACTIONS TAKEN TO COMBAT TAX EVASION AND FRAUD AGAINST THE GOVERNMENT

The government has implemented various initiatives to promote the integrity of the tax system, foster healthy competition and combat fraud against the government. These initiatives are based on concerted actions by various government departments and bodies.

In 2025-2026, the government funded concerted actions to combat:

- unreported work in the construction sector;
- tobacco, cannabis and alcohol smuggling;
- economic and financial crime and fraud against the government.

In addition, the government has implemented various measures to increase the recovery of criminal assets and civil forfeiture.

These large-scale initiatives targeting at-risk sectors are effectively helping to combat the underground economy and tax losses.

Concerted actions to combat tax evasion and fraud against the government

The effectiveness of the government's interventions to combat tax evasion and fraud against the government depends on the concerted actions of partners, particularly within the framework of the ACCES¹ (tobacco, cannabis, alcohol, construction) and ACCEF² committees.

These committees' partners benefit from the expertise of the other members, which varies according to their assigned roles, responsibilities and powers. Their coordinated work also makes it possible to:

- establish policy directions in the fight against crime and offences, and identify key areas for investigative unit interventions;
- analyze the legal aspects of investigations and propose legislative amendments as needed;
- improve information sharing among the partners;
- help develop and improve the training offered to partners.

Role of the Ministère de la Sécurité publique

The Ministère de la Sécurité publique plays a central and structuring role in efforts involving Québec police forces to combat smuggling, economic and financial crimes, and fraud against the government.

As a pillar of the government's response with regard to public safety, it is responsible for:

- monitoring developments in the illicit trade in tobacco, cannabis and alcoholic beverages, documenting new schemes used by smugglers and coordinating an appropriate police response to these tactics;
- capturing the full picture of economic and financial crime and supporting Québec police forces so that they can collaborate on combatting tax crimes, money laundering and crimes committed on financial markets;
- facilitating the implementation of legislative and regulatory measures and the development of police intervention models tailored to the realities observed in the field;
- providing high-level police training through the École nationale de police du Québec;
- evaluating the results of each police force within the framework of the ACCES and ACCEF committees and making recommendations regarding the funding allocated to them by the Québec government to ensure the optimal and strategic use of funds invested.

1 Actions concertées pour contrer les économies souterraines (concerted actions to counter the underground economy).

2 Actions concertées contre les crimes économiques et financiers (concerted actions against economic and financial crime).

Sources: Ministère de la Sécurité publique and Ministère des Finances du Québec.

2.1 **Combatting unreported work in the construction sector (ACCES construction)**

The construction industry is a vital sector of Québec's economy that is particularly exposed to tax evasion schemes and unreported work.

ACCES construction enables member government departments and bodies to work jointly to combat tax evasion, unreported work and non-compliance with the obligations incumbent upon employers and workers in the construction industry. Its members carry out their mission by conducting joint site visits and exchanging information with each other, in particular.

The partners' actions make it possible to recover money owed to the government, which can then be invested in services offered to the population.

Example of an intervention by ACCES construction

From October 14 to 16, 2025, certain partners of the ACCES construction committee, namely the Commission de la construction du Québec, Revenu Québec, the Régie du bâtiment du Québec, and the Commission des normes, de l'équité, de la santé et de la sécurité du travail, conducted joint visits in the Québec, Montréal and Gatineau regions.

During this operation, they visited more than 50 construction sites and six establishments. Several violations were uncovered, thanks to the participation of more than 70 staff members from partner bodies. These individuals have helped strengthen prevention on construction sites, increase the joint visibility of law enforcement bodies in the construction industry, and improve employer and worker compliance.

This operation is part of the bodies' joint efforts to ensure compliance with Québec laws.

Source: Commission de la construction du Québec.

2.2 Combatting smuggling

Smuggling activities are the result of, in particular, the illegal production, transportation and sale of goods on the black market in order to avoid paying the applicable taxes.

To address this practice, the government has taken concerted actions that have seen police forces and government departments and bodies band together in combatting tobacco, cannabis and alcohol smuggling.

□ **Combatting the illicit tobacco trade (ACCES tobacco)**

The mission of ACCES tobacco⁴ is to dismantle smuggling networks, recover the tax losses linked to the illicit trade in tobacco and thus increase revenue from the specific tax on tobacco products.

This committee's actions target all smuggling activities, from the supply of raw materials to the sale of tobacco products to consumers. These actions are mainly aimed at:

- supporting police interventions in the fight against smuggling networks, including neighbourhood smuggling networks;
- implementing police surveillance of the main contraband tobacco supply and transportation channels;
- adapting interventions to the schemes used by smugglers;
- improving information sharing among the partners.

⁴ ACCES tobacco brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, Québec's other police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Ministère de la Santé et des Services sociaux and the Ministère des Finances du Québec, plus the Royal Canadian Mounted Police, the Canada Revenue Agency and the Canada Border Services Agency.

Examples of interventions by ACCES tobacco

Between April 1 and December 31, 2025, police forces on the ACCES tobacco committee completed more than 1 100 investigations, leading to the prosecution or charging of more than 6 000 individuals. These investigations led to the seizure of \$4.6 million in cash and the equivalent of 46 million cigarettes.

Investigations by the Sûreté du Québec

In 2025-2026, five investigations conducted by the Sûreté du Québec concerning the transportation of contraband tobacco revealed that trucks and vehicles had been carrying significant loads of contraband cigarettes from a factory to various destinations, particularly in Ontario.

Searches carried out during these investigations led to the seizure of a total of nearly six million cigarettes and six vehicles.

Investigation by the Service de police de Laval

The Service de police de Laval investigated a recidivist involved in the storage, distribution, transportation and sale of illicit shisha from a supplier in Ontario.

The individual was selling to various establishments in Laval and the surrounding area, particularly to lounge restaurants for on-site consumption. In May 2025, four searches led to the seizure of nearly 270 kg of shisha, two vehicles and several vapes containing flavours other than tobacco.

Sources: Sûreté du Québec, Service de police de Laval and Ministère de la Sécurité publique.

❑ **Combatting the illicit cannabis trade (ACCES cannabis)**

ACCES cannabis⁵ was set up following the legalization of cannabis to combat the illicit production and trade of cannabis.

This committee's actions help detect and counter the schemes used by smugglers. The actions are aimed, in particular, at:

- reducing the availability of illegal cannabis, especially to young people under 21;
- disrupting the illicit cannabis supply chain.

Examples of interventions by ACCES cannabis

Between April 1 and December 31, 2025, operations carried out by ACCES cannabis led to the completion of more than 780 investigations, the charging of approximately 650 individuals, and the seizure of nearly 6 000 kg of cannabis and more than \$2.7 million in cash.

Investigation by the Service de police de la Ville de Montréal

In May 2025, the Service de police de la Ville de Montréal investigated an organization involved in cannabis smuggling. A search of a commercial warehouse led to the seizure of nearly 25 kg of cannabis, 25 kg of hashish, 8 500 cannabis-infused candies, 50 kg of cannabis-infused chocolate, 1 200 vaping devices, multiple other narcotics, and two luxury watches worth more than \$90 000.

Investigations in partnership with Hydro-Québec

Several police investigations were launched following reports from Hydro-Québec regarding abnormal electricity consumption patterns pointing to the possible presence of a cannabis grow-op.

After being alerted by Hydro-Québec about two homes in the Lanaudière region, the Sûreté du Québec conducted an investigation that led to six searches and the seizure of 52 kg of cannabis, more than 430 cannabis plants, a firearm and equipment for growing cannabis.

The Service de police de Terrebonne also conducted an investigation after receiving a report from Hydro-Québec, which led to the identification of three illegal cannabis grow-ops and two suspects. In May 2025, a large-scale raid targeting eight buildings and three vehicles resulted in the seizure of more than 60 kg of cannabis in various forms, 7 630 cannabis plants, three vehicles and cannabis production and distribution equipment.

Sources: Sûreté du Québec, Service de police de la Ville de Montréal, Service de police de Terrebonne and Ministère de la Sécurité publique.

⁵ ACCES cannabis brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, the Service de police de la Ville de Québec, Québec's other police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Ministère de la Santé et des Services sociaux, the Société québécoise du cannabis, and the Ministère des Finances du Québec.

❑ **Combatting the illicit trade in alcoholic beverages (ACCES alcohol)**

ACCES alcohol⁶ allows for targeted actions to combat the illegal procurement of alcoholic beverages and their illicit trade.

These actions, carried out by various police forces across Québec, target the entire supply chain and are divided into two main types of intervention, namely:

- inspection of establishments holding a liquor permit for consumption on the premises, which allows the detection of any offences involving the trade in alcoholic beverages;
- investigations targeting illegal schemes for the production, distribution and sale of alcoholic beverages.

These interventions ensure public safety, guarantee fair and healthy competition in the alcoholic beverage trade and reduce revenue losses for the government.

Example of an intervention by ACCES alcohol

Every year, police forces that are members of ACCES alcohol systematically inspect 50% of establishments holding a liquor permit for consumption on the premises within their jurisdiction. They also conduct investigations when they receive information about the illicit trade in alcoholic beverages.

Between April 1 and December 31, 2025, nearly 3 000 of these establishments were inspected, some 60 investigations were carried out and more than 7 000 litres of alcoholic beverages were seized.

Investigation by the Service de police de la Ville de Montréal

After receiving information about a grocery store selling alcoholic beverages without a permit, the Service de police de la Ville de Montréal launched an investigation. An undercover agent purchased alcoholic beverages, which led to a search warrant being issued.

The search, which took place in December 2025, led to the seizure of bottles of spirits and cash for a total value of more than \$50 000. Charges for offences under the *Act respecting offences relating to alcoholic beverages*¹ were filed against three individuals.

¹ CQLR, chapter I-8.1.

Sources: Service de police de la Ville de Montréal and Ministère de la Sécurité publique.

⁶ ACCES alcohol brings together the Sûreté du Québec, the Service de police de la Ville de Montréal, Québec's other police forces represented by the Association des directeurs de police du Québec, the École nationale de police du Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Régie des alcools, des courses et des jeux, the Société des alcools du Québec and the Ministère des Finances du Québec.

2.3 **Combatting economic and financial crime, and fraud against the government**

Investigations concerning economic and financial crime, fraud against the government and organized networks of unreported work are complex. They require a high level of expertise and close collaboration between various partners.

To carry out these investigations, the government relies on the concerted actions of ACCEF committee⁷ partners and the Forum contre la fraude envers l'État.⁸

These partners pool their complementary expertise to effectively combat these crimes that cause significant losses for the government.

□ Combatting economic and financial crime (ACCEF)

The ACCEF committee was set up in 2004. Its mission involves improving the circulation of information among the main partners as well as detecting and repressing:

- complex tax evasion schemes;
- crimes committed on financial markets, whose victims are usually investors;
- money laundering schemes.

⁷ Actions concertées contre les crimes économiques et financiers (concerted actions against economic and financial crime). The members of this committee are the Sûreté du Québec, the Service de police de la Ville de Montréal, the Service de police de la Ville de Québec, the Ministère de la Sécurité publique, Revenu Québec, the Director of Criminal and Penal Prosecutions, the Autorité des marchés financiers, and the Ministère des Finances du Québec.

⁸ This forum, coordinated by the Ministère de la Sécurité publique, brings together some 15 departments and bodies.

Examples of interventions by ACCEF

Under ACCEF, the Autorité des marchés financiers conducts investigations into crimes committed on financial markets. In 2025, it conducted several major investigations that confirmed its international recognition in this field.

Investigation into a pump-and-dump scheme

An investigation by the Autorité revealed that four individuals had set up a pump-and-dump scheme targeting the securities of RYAH Group Inc. and PEAK Fintech Group.

These individuals purchased shares at low prices, launched a misleading promotional campaign to artificially inflate the price and trading volume of the shares, manipulated the market by simulating high trading activity through fictitious orders and transactions between themselves, and then resold their shares at a profit.

Penalties totalling \$21 million are being sought in this case.

Investigation into a fraud and market manipulation scheme

Criminal proceedings have been brought against two individuals who face several charges, including fraud and influencing the price of three securities through abusive practices.

This scheme is believed to have generated profits of at least US\$15 million. The statements of offence provide for fines totalling just over \$90 million, in addition to a prison sentence.

In April 2022, the Financial Markets Administrative Tribunal issued cease trade and freeze orders to put an end to the apparent breaches and protect the amounts in question.

Source: Autorité des marchés financiers.

❑ **Combatting fraud against the government**

Fraud against the government results in significant losses for the state. The government has therefore set up a team at the Sûreté du Québec to conduct investigations in cooperation with government departments and bodies that are victims of this type of crime. This unit is responsible for:

- coordinating criminal and penal investigations;
- supporting the training of investigators within the departments and bodies;
- providing the necessary technological support to conduct complex investigations.

In addition, since fraud against the government often involves the use of falsified or counterfeit documents, the departments and bodies that are victims of fraud can count on the expertise of the Laboratoire de sciences judiciaires et de médecine légale to:

- obtain training to quickly detect fake IDs;
- examine disputed documents to determine their authenticity or to determine whether they are falsified or counterfeit.

Examples of interventions in combatting fraud against the government

SUPERPOSER project

The Sûreté du Québec conducted a search of a clandestine laboratory producing false documents in March 2025. This enabled the seizure of:

- nearly 1 000 falsified documents, including many IDs;
- sophisticated equipment used to manufacture false documents, such as driver's licences and Régie de l'assurance maladie du Québec cards.

The expertise of the Laboratoire de sciences judiciaires et de médecine légale also enabled matches with fake IDs reported by police authorities since 2019.

The seized forged documents were of very high quality, making them especially difficult to detect without specialized equipment. This investigation will accordingly have a major impact on preventing future fraud against the government.

ELEKTRIK project

This investigation concerns crypto mining activities carried out fraudulently in order to avoid paying for the electricity used. Hydro-Québec requested assistance from the Sûreté du Québec as part of its investigation.

The search, which aimed to put an end to a \$725 000 fraud, resulted in the seizure of more than 80 powerful computers with an estimated unit value of several thousand dollars.

Sources: Sûreté du Québec and Ministère de la Sécurité publique.

❑ **Combatting organized networks of unreported work**

The Ministère de l'Emploi et de la Solidarité sociale and its partners⁹ work together to combat criminal networks linked to employment agencies.

- These networks exploit vulnerable workers, often newcomers, generally by paying them in cash, thereby depriving them of the protections and employee benefits provided for in Québec.
- Fraudulent employment agencies also neglect to report their income, which generates significant tax losses for the Québec government.

The concerted actions help identify these networks, recover sums owed to the government, take deterrent action and support the entry into the legal labour market of people who have performed unreported work.

Interventions by the Ministère de l'Emploi et de la Solidarité sociale

Since 2020, the Ministère de l'Emploi et de la Solidarité sociale has investigated:

- 16 cases concerning 39 employment agencies involved in schemes for unreported work;
- 12 cases concerning fraud against the government.

These investigations and 36 searches resulted in the following:

- administrative claims and asset seizures totalling more than \$4.1 million;
- claims filed against 778 recipients of last-resort financial assistance;
- eight cases submitted to the Director of Criminal and Penal Prosecutions for applications to initiate criminal proceedings;
- nine sentences, including imprisonment, probation, fines or community service.

Source: Ministère de l'Emploi et de la Solidarité sociale.

⁹ These include, in particular, the Commission des normes, de l'équité, de la santé et de la sécurité du travail, Revenu Québec and the Sûreté du Québec.

2.4 Recovering criminal assets and civil forfeiture

The recovery of criminal assets and civil forfeiture are steps that contribute significantly to the fight against crime. They deprive offenders and criminals of assets acquired unlawfully or used to carry out unlawful activities, which restricts their pursuit and funding of these activities, in particular.

❑ Recovery of criminal assets

To make police investigations related to the recovery of criminal assets more efficient, the government has allocated funding to the École nationale de police du Québec since 2024-2025. In January 2026, this measure had already enabled nearly 200 police officers to receive training in this area.

In addition, the government has been providing additional funding to the Director of Criminal and Penal Prosecutions since 2023-2024 so that 15 members of its staff can be assigned to the recovery of criminal assets.

Through these measures, the recovery of criminal assets reached \$15.3 million in 2024-2025. Between April 1 and December 31, 2025, nearly \$11.2 million has already been forfeited.

❑ Civil forfeiture

The *Act respecting the forfeiture, administration and appropriation of proceeds and instruments of unlawful activity*¹⁰ allows the Attorney General of Québec to forfeit property derived from unlawful activity or used or intended to be used to engage in such activity.

Since 2024, the civil forfeiture process can be carried out according to the rules of the administrative forfeiture regime for movable property valued at \$100 000 or less, without recourse to the courts.

— This method of forfeiture is therefore faster and allows a greater number of cases to be processed.

In addition, in order to maximize civil forfeiture, the government increased funding for the Ministère de la Justice in 2024-2025 to efficiently process the increase in the number of cases referred by police forces.

Through these two measures, the number of forfeiture cases analyzed by the Attorney General of Québec rose from 99 in 2023-2024 to 250 in 2024-2025.

Between April 1 and December 31, 2025, 225 cases were opened. The forfeiture potential in connection with these cases is \$7.4 million, and nearly \$3.2 million has already been forfeited.

¹⁰ CQLR, chapter C-52.2.

2.5 Return on and funding for concerted actions

To enable government departments and bodies to carry out their concerted activities to combat tax evasion and fraud against the government, the Ministère des Finances grants them funding from the Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government and from the Fund to Combat Addiction.¹¹

Results of concerted actions to combat tax evasion and fraud against the government

In 2024-2025, the concerted actions to combat tax evasion and fraud against the government yielded a total return¹² of over \$590 million.

— The return per dollar invested in projects funded was \$6.04.

TABLE B.1

Total return on concerted actions

(millions of dollars, unless otherwise indicated)

	2024-2025
ACCES construction	241.5
ACCES tobacco	163.2
ACCES cannabis	22.8
ACCES alcohol	97.4
ACCEF and combatting fraud against the government ⁽¹⁾	64.6
Recovery of criminal assets ⁽²⁾	2.5
Civil forfeiture	2.4
TOTAL	594.4
Funding granted to partners ⁽³⁾	98.4
RETURN PER DOLLAR INVESTED (IN DOLLARS)	6.04

(1) This includes the fight against organized networks of unreported work.

(2) This includes only returns from the Director of Criminal and Penal Prosecutions and thus does not include returns from police forces, which are instead included in those from ACCEF.

(3) Some projects have objectives that do not translate into a financial return. The funding of these projects is excluded from the amount used to calculate the return per dollar invested.

¹¹ The Fund to Combat Addiction finances initiatives to prevent the use of psychoactive substances, pathological gambling and other forms of addiction, as well as to combat their harmful effects.

¹² The returns shown are those attributable to funding granted through the Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government and through the Fund to Combat Addiction.

□ Funding for concerted actions

In 2025-2026, the Ministère des Finances du Québec allocated \$101.7 million to fund concerted actions to combat tax evasion and fraud against the government.

TABLE B.2

Funding for concerted actions to combat tax evasion and fraud against the government in 2025-2026

(millions of dollars)

	Provision ⁽¹⁾	Fund ⁽²⁾	Total
ACCES construction	13.4	—	13.4
ACCES tobacco	10.6	9.6	20.2
ACCES cannabis	0.0	28.4	28.4
ACCES alcohol	0.0	10.0	10.0
ACCEF and combatting fraud against the government ⁽³⁾	24.7	—	24.7
Recovery of criminal assets ⁽⁴⁾ and civil forfeiture	2.9	—	2.9
Other initiatives	2.1	—	2.1
TOTAL	53.8	48.0	101.7

Note: Totals may not add due to rounding.

(1) Provision to increase any appropriation for initiatives concerning revenues of and fraud against the government.

(2) Fund to Combat Addiction.

(3) This includes the fight against organized networks of unreported work.

(4) This amount represents the funding granted to the Director of Criminal and Penal Prosecutions and the École nationale de police du Québec. It does not include the funding granted to police forces under ACCEF.

Section C

MEASURES REQUIRING LEGISLATIVE OR REGULATORY AMENDMENTS

- 1. Measures Requiring Legislative or Regulatory Amendments C.3**
 - 1.1 Making Québec a leader in the production and processing of critical and strategic minerals..... C.3
 - 1.2 Encouraging the financial participation of Indigenous communities in economic projects C.3
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 - 1.4 Optimizing government debt collection..... C.4

1. MEASURES REQUIRING LEGISLATIVE OR REGULATORY AMENDMENTS

Certain measures presented in the 2026-2027 budget documents require legislative or regulatory amendments that are not of a fiscal nature.

These amendments will be presented by the Minister of Finance in a bill aimed mainly at implementing certain provisions of the Budget Speech of March 18, 2026, or by the ministers responsible for the laws or regulations requiring amendments.

1.1 Making Québec a leader in the production and processing of critical and strategic minerals

To promote the mining and processing of critical and strategic minerals (CSMs) in Québec, amendments to the *Act respecting Investissement Québec* (CQLR, chapter I-16.0.1) will be proposed to create the Fonds pour les minéraux critiques et stratégiques (FMCS).

- The new fund will include the investments already made by the Natural Resources and Energy Capital Fund, which are mainly in CSMs.
- It will facilitate intervention methods tailored to this promising sector, particularly in the form of long-term supply agreements.

Details of this measure are presented in Section B, “Accelerating Québec’s Economic Transformation,” of the *Québec Budget Plan – March 2026*.

1.2 Encouraging the financial participation of Indigenous communities in economic projects

Access to financing is essential to Indigenous communities’ participation in investment projects in Québec and to their economic autonomy.

To create a fund that will provide loan guarantees to enable Indigenous communities to participate financially in economic projects, amendments to the *Act respecting the Ministère des Finances* (CQLR, chapter M-24.01) will be proposed.

Details of this measure are presented in Section B, “Accelerating Québec’s Economic Transformation,” of the *Québec Budget Plan – March 2026*.

1.3 Improving the Voluntary Retirement Savings Plan

To maintain the Voluntary Retirement Savings Plan (VRSP) as a low-cost retirement savings tool and to continue making it available to all Quebecers, amendments will be made to, in particular, establish a minimum contribution rate of 2% of salary, simplify the administration of contributions and introduce new investment options with employer contributions.

Amendments to the *Voluntary Retirement Savings Plans Act* (CQLR, chapter R-17.0.1) and the *Regulation respecting voluntary retirement savings plans* (CQLR, chapter R-17.0.1, r. 3) will be proposed to implement this initiative.

Details of this measure are presented in Section D, “Supporting Quebecers and Communities with Targeted Action,” of the *Québec Budget Plan – March 2026*.

1.4 Optimizing government debt collection

As part of the process of recovering sums owed to the government, nine public bodies¹ can currently use the Revenu Québec compensation service.

If a person is entitled to a tax refund but owes sums to one of these bodies, this mechanism allows Revenu Québec to apply the refund to the payment of the debt owed to the body, preventing public funds from being paid out when there is an overdue financial obligation.

Amendments to the *Tax Administration Act* (CQLR, chapter A-6.002) and the *Regulation respecting fiscal administration* (CQLR, chapter A-6.002, r. 1) will be proposed to enable all public bodies to participate in Revenu Québec’s compensation service and to optimize the service.

Details of this measure are presented in Section B of *Additional Information*, “Ensuring Tax Fairness,” of the *Québec Budget Plan – March 2026*.

¹ Ministère de l’Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, Ministère des Ressources naturelles et des Forêts, Commission d’accès à l’information du Québec, Ministère des Affaires municipales et de l’Habitation, Ministère de l’Emploi et de la Solidarité sociale, Ministère de la Famille, Ministère de l’Enseignement supérieur, Retraite Québec and the Régie de l’assurance maladie du Québec.

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