

FALL 2025

Protecting our purchasing power and our economy

As Québec continues to face the challenges of an uncertain global economic environment and strained trade relations with the United States, the government must exercise caution and make responsible choices.

The choice we are making in this update is to protect the purchasing power of Quebecers, who are coping on a daily basis with a significant increase in the cost of living, as well as to support businesses undergoing the major impacts of tariff barriers and changes that are transforming our economy.

In concrete terms, we are returning \$1.8 billion to Quebecers by reducing their social security contributions and we are acting to ensure the well-being of more vulnerable individuals. These choices are in line with our work since 2018 and will allow us to return nearly \$7.0 billion to Quebecers in 2026-2027, for an average of \$952 per individual.

We are also taking action, to the tune of \$2.5 billion, to increase Québec businesses' economic resilience, realize the full potential of our regions and support economic sectors affected by tariffs, like forestry.

All these initiatives are rooted in a long-term vision of public finances and the economy. Encouraged by the upturn we are seeing thanks to our disciplined management, we are thus continuing on the path towards a balanced budget by 2029-2030 and we are keeping up our work to reduce the debt burden.

With this economic update, we are protecting the financial situation of citizens, businesses and Québec. During this period of major economic upheaval, we are shouldering our responsibilities to ensure that Québec remains resilient and confident.

Eric Girard
Minister of Finance

More than \$8.3B over five years to protect our purchasing power and our economy

\$5.9B for individuals

\$2.5B for businesses



Returning nearly \$5.9B to Quebecers over the next five years

- Reducing workers' social security contributions (\$1.8B)
- Indexing the tax system and social assistance benefits (\$4.1B)
- Ensuring the well-being of more vulnerable individuals (\$59M)

Overall, these measures represent annual gains of up to:



\$245

for a worker living alone
with employment income
of \$50 000



\$440

for a couple with two children
under age 4 and employment
income of \$50 000 for each
spouse

\$2.5B to increase Québec's economic resilience

- Stimulating business investment
- Reducing employers' social security contributions
- Promoting economic development in the regions
- Creating research chairs in strategic areas

Returning \$5.9B to Quebecers

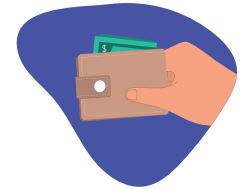
Reducing workers' social security contributions

- **0.20 percentage point reduction in the Québec Pension Plan (QPP) contribution rate as of January 1, 2026**
 - Shared equally between employers and employees
- **13% reduction in Québec Parental Insurance Plan (QPIP) premium rates as of January 1, 2026**
- **Total savings of \$378M for workers in 2026:**
 - Up to \$137 for an employee
 - Up to \$259 for a self-employed worker



Indexing the tax system for the benefit of all Quebecers (2.05% as of January 1, 2026)

- **Total savings of \$4.1B over five years for approximately 5.2 million households**
- **Gain of \$931M in 2026**



The reduction in contribution and premium rates and the indexation of the tax system represent an average gain of \$182 per individual in 2026-2027

\$59M to ensure the well-being of more vulnerable individuals

- **Increasing funding for the Residential Adaptation Assistance Program and the RénoRégion program**
- **Increasing emergency assistance to address homelessness**
- **Enhancing mixed psychosocial intervention practices**



The government is cancelling the increase in the capital gains inclusion rate, in line with the federal government's decision

A gain of more than \$2B over five years for citizens and businesses

\$2.5B to increase Québec's economic resilience

Stimulating business investment

- Enhancing accelerated depreciation measures in coordination with the federal government



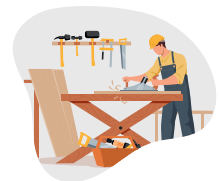
Reducing employers' social security contributions

- Reducing mandatory QPP contribution rates and QPIP premium rates as of January 1, 2026
- Savings of \$421M for about 280 000 employers in 2026

Overall, the recent measures announced by the government will reduce the tax burden on businesses by \$5.7 billion by 2029-2030

Promoting economic development in the regions

- **Supporting the agriculture, forestry and fishing sectors**
 - Offering businesses a two-year holiday from contributions to the Health Services Fund
 - Supporting the competitiveness of the agricultural sector
 - Extending the patronage dividend tax deferral mechanism to support agricultural cooperatives
 - Extending the income-averaging mechanism for forest producers
- **Extending the tax credit for Gaspésie and certain maritime regions of Québec**
- **Renewing the funding granted to Réseau accès PME**

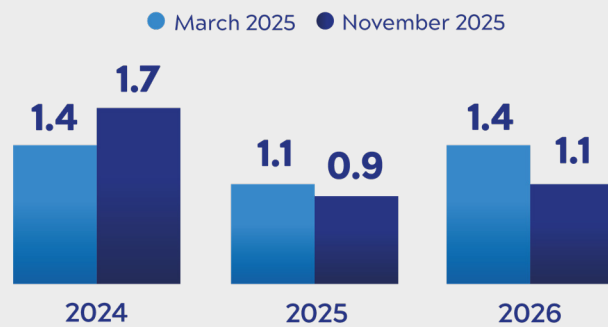


To support its new economic vision, the government will introduce a bill to accelerate the authorization of projects of national scope so as to facilitate their realization

The Québec economy is well positioned thanks to its resilience

Economic activity continues to grow, despite the impact of the trade dispute with the United States

Economic growth in Québec (real GDP, percentage change)

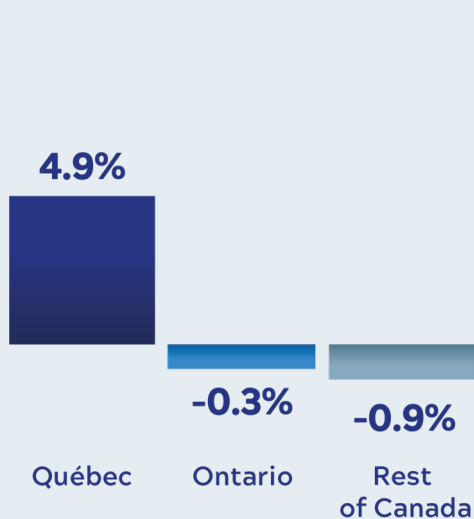


GDP growth will reach 0.9% in 2025 and 1.1% in 2026

Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

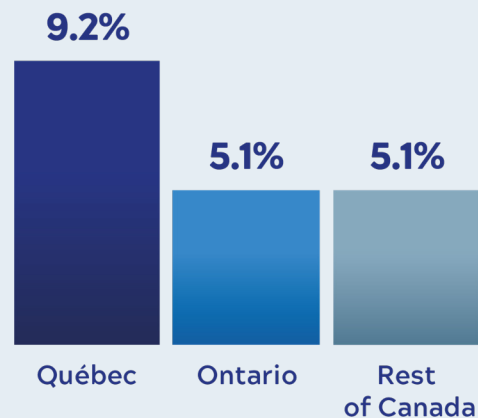
In Canada as a whole, Québec has done a better job of protecting citizens' wallets in recent years

Change in standard of living between 2018 and 2024



Note: Measured by real GDP per capita.

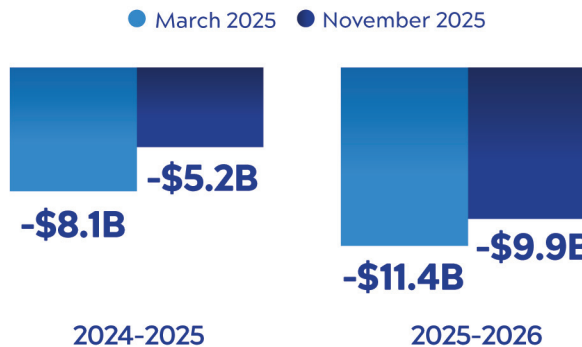
Change in household purchasing power between 2018 and 2024



Note: Measured by real disposable income per capita.

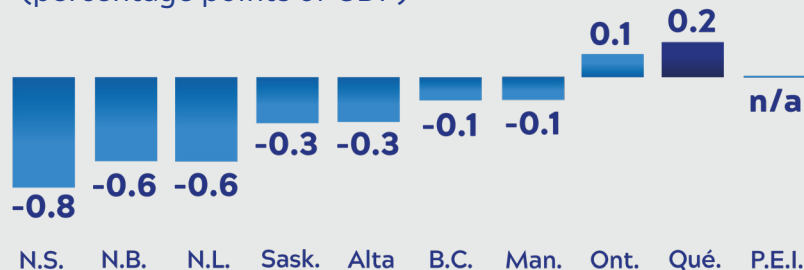
Encouraging signs for Québec's public finances

Accounting deficits are lower than budget forecasts



Québec is the province with the greatest improvement in its budgetary balance

Adjustment to the 2025-2026 budgetary balance (percentage points of GDP)

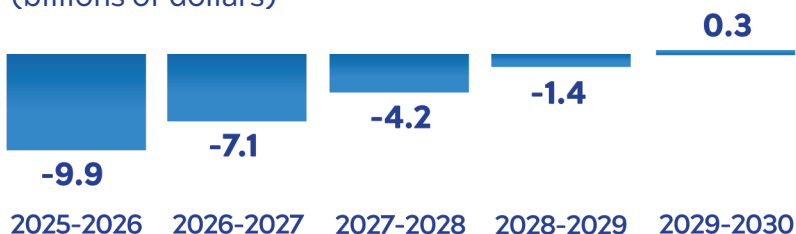


Notes: Amounts for Québec correspond to the accounting deficit. Information is based on data available as at November 14, 2025.

Sources: Data from 2025-2026 budgets as well as updates for the first or second quarter of the Canadian provinces.

The plan to restore fiscal balance is underway, and budgetary balance will be achieved as planned by 2029-2030

Changes to the accounting balance (billions of dollars)



Source: Ministère des Finances du Québec.

The debt reduction objective is maintained

- The net debt burden will stand at 39.7% of GDP as at March 31, 2026, which is lower than before the pandemic
- The objective is to reduce this burden to 35.5% by 2032-2033 and 32.5% by 2037-2038





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