Ministère des Finances
Québec

Press release

Update on Québec's Economic and Financial Situation

Protecting our purchasing power and our economy

Québec city, November 25, 2025. – As part of the fall 2025 economic and financial update, the Minister of Finance, Eric Girard, is introducing today additional initiatives amounting to $8.3 billion for protecting our purchasing power and our economy in the particular context facing Québec. These new measures will notably make it possible to return $5.9 billion to Quebecers, including $4.1 billion related to the indexing of the tax system. With this update, the government is also staying on course to gradually return to a balanced budget by 2029-2030.

The government is prioritizing the protection of Quebecers' purchasing power and is also planning to cancel the increase in the capital gains inclusion rate, in addition to providing for measures totalling $2.5 billion to increase Québec's economic resilience, particularly by enhancing the accelerated depreciation measures.

Savings of $1.8B over five years for workers thanks to the reduction in the contribution rates to the QPP and the QPIP

Given the financial pressure faced by many households, the government is acting swiftly to help workers by returning $1.8 billion to them over the next five years through a reduction, beginning January 1, 2026, in contribution rates to the Québec Pension Plan (QPP) and the Québec Parental Insurance Plan (QPIP). This reduction will provide maximum savings of $137 for an employee and $259 for a self-employed worker.

Indexing the parameters of the personal income tax system

Quebecers will also benefit, as of January 1, 2026, from a 2.05% indexation of the parameters of the personal income tax system and social assistance benefits. This indexation will represent tax relief of $4.1 billion over five years for households.

Cancelling the increase in the capital gains inclusion rate

The government is cancelling the increase in the capital gains inclusion rate, following the decision of the federal government on this matter. This cancellation represents a gain of more than $2 billion for Québec citizens and businesses.

$59M for acting now to protect the well-being of more vulnerable individuals

The government is also maintaining its efforts to ensure the well-being of more vulnerable populations by investing more than $59 million over five years, notably to improve their housing conditions, through increased funding for the Residential Adaptation Assistance Program and the RénoRégion program. These investments will also make it possible to strengthen emergency assistance to address homelessness, as well as enhance mixed psychosocial and police intervention practices and the special benefit for infant formula as part of social assistance.

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Votre gouvernement

$2.5B for increasing Québec's economic resilience

The government is continuing its efforts to make sure that Québec is equipped to deal with the current global economic context, which is fraught with uncertainty, while relations with our main trading partner have become increasingly complex.

In this regard, initiatives totalling $2.5 billion are planned to stimulate business investment, reduce employers' social security contributions, promote economic development in the regions, and create research chairs in areas of strategic importance to Québec.

In concrete terms, the accelerated depreciation measures implemented in 2018 will be extended for a further five years, in coordination with the federal government. By enabling businesses to write off the cost of their investment, the government is improving the business environment for companies and making new investment opportunities more attractive.

In addition, the government is announcing a reduction in employers' social security contribution rates to the QPP and the QPIP as of January 1, 2026, which will have the effect of reducing business payroll costs. This measure corresponds to total annual savings of more than $400 million for close to 280 000 employers.

The fall 2025 update also includes more than $400 million over five years for promoting economic development in the regions, which face a number of challenges, particularly related to tariffs. Of this amount, more than $290 million will be invested to support the agriculture, forestry and fishing sectors, notably by providing businesses with a $255-million temporary payroll tax holiday. In addition, the government is allocating $65 million to extend the tax credit for Gaspésie and certain maritime regions of Québec.

A sum of $10 million is also earmarked to create 10 research chairs in areas of strategic importance. This initiative will help attract international talent working in priority sectors for Québec's development.

To support its new economic vision, the government will also introduce, in the coming weeks, a bill to accelerate the approval of priority projects of national scope.

The Québec economy is well positioned to meet challenges

The global context is profoundly marked by geopolitical, economic and technological upheavals. Québec is entering this turbulent period in an excellent position to meet the challenges and seize new favourable opportunities.

Despite the impact of the trade dispute, economic activity in Québec continues to grow. Following a 1.7% increase in 2024, which was higher than anticipated in the budget (+1.4%), real GDP is expected to post gains of 0.9% in 2025 and 1.1% in 2026.

Between 2018 and 2024, Quebecers saw their standard of living and purchasing power increase more than that of other Canadians, thanks in part to major initiatives implemented by the Québec government. During this period, the standard of living as defined by real GDP per capita rose by 4.9% in Québec, while it fell 0.3% in Ontario and 0.9% in the rest of Canada. Meanwhile, household purchasing power, measured by disposable income in real terms per capita, improved by 9.2% in Québec compared to 5.1% in Ontario and in the rest of Canada.

Encouraging signs for Québec's public finances

Despite the uncertainty surrounding U.S. economic policies, the government is reaffirming its commitment to responsible management of public finances and confirms that it is staying on course to return to a balanced budget by 2029-2030 as established in the last budget.

On a comparable basis to the budgetary balances of other Canadian provinces and the federal government, the Québec government has reduced its accounting deficit by $2.9 billion in 2024-2025, bringing it to $5.2 billion, which represents 0.8% of GDP, whereas in the last budget, the expected deficit represented 1.3% of GDP.

The government is also reducing its accounting deficit forecast by $1.5 billion in 2025-2026, which now stands at $9.9 billion, or 1.5% of GDP, compared to 1.8% in March 2025. After deposits of dedicated revenues in the Generations Fund, the budgetary balance within the meaning of the *Balanced Budget Act* shows a deficit of $12.4 billion, or 1.9% of GDP.

It should be noted that at the time of writing this economic and financial update, Québec is the province with the greatest improvement in its budgetary balance for 2025-2026.

Maintaining the objective of reducing the debt burden in the long term

The government is maintaining its objective of reducing the debt burden in the long term. Reducing the debt burden contributes to economic growth by creating a climate of confidence conducive to private investment and higher productivity.

The net debt burden will stand at 39.7% of GDP as at March 31, 2026. This is lower than the pre-pandemic level, which was 42.9% of GDP as at March 31, 2019. The objective is to reduce the debt burden to 32.5% of GDP by 2037-2038.

This update provides for an additional deposit in the Generations Fund in 2026-2027 that will correspond to the cumulative surplus of the Electrification and Climate Change Fund as at March 31, 2026, estimated at $1.8 billion. The decrease in the gross debt resulting from this deposit will contribute to intergenerational fairness with a view to ensuring the sustainability of public finances.

Quotation:

"Since 2018, despite a difficult economic context and the shock of the pandemic, Québec has outperformed the rest of Canada. Today, in the current context of economic uncertainty, we are not only making the responsible choice to protect Quebecers' purchasing power, who must cope on a daily basis with the rising cost of living, but also to protect businesses that are affected by tariffs and changes transforming our economy."

Eric Girard, Minister of Finance

Highlights:

- A 0.20-percentage-point decrease in the Québec Pension Plan contribution rate and a 13% reduction in the QPIP contribution rate as of January 1, 2026.
- A 2.05% indexation of the tax system and social assistance benefits as of January 1, 2026, representing savings of $4.1 billion over five years for all Quebecers.
- Cancellation of the increase in the capital gains inclusion rate.
- Increased funding for the Residential Adaptation Assistance Program and the RénoRégion program.
- Strengthened emergency assistance to address homelessness and enhanced mixed psychosocial and police intervention practices.
- Extension for a further 5 years and enhancement of the accelerated depreciation measures implemented in 2018.
- Temporary payroll tax holiday for businesses in the agriculture, forestry and fishing sectors.
- Economic growth that will reach 0.9% in 2025 and 1.1% in 2026.
- Reduction in the accounting deficit of $2.9 billion in 2024-2025 and $1.5 billion in 2025-2026.
- Maintaining the path established in Budget 2025-2026 to restore budgetary balance by 2029-2030.
- Objective of reducing net debt burden to 32.5% of GDP by 2037-2038.

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Update on Québec's Economic and Financial Situation: www.quebec.ca/update.

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