



# TaxNewsFlash

Canada

## Highlights of the 2024 Quebec Fall Economic Update

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Quebec's Finance Minister delivered the province's 2024 Fall Economic Update on November 21, 2024. The Update anticipates a deficit of \$8.8 billion for 2024-25 before deposits in the Generations Fund of \$2.2 billion, bringing the budgetary balance to negative \$11 billion. Although the Update does not include any new changes to the corporate or personal tax rates, it announces several changes to the tax credit for career extension and introduces certain changes related to Quebec's increase to the capital gains inclusion rate, among others.

The Update also confirms that the personal income tax system and social assistance payments will be indexed at 2.85% as at January 1, 2025, among other changes.

### Personal tax measures

#### *Changes to the tax credit for career extension*

The Update makes changes to the tax credit for career extension, effective for the 2025 taxation year, including to:

- Raise the age of eligibility to 65 years (from 60 years)
- Increase the exclusion threshold for eligible work income to \$7,500 (from \$5,000) and index it as of the 2026 taxation year
- Increase the maximum amount of eligible work income on which the tax credit is calculated to \$12,500 (from \$11,000) and index it as of the 2026 taxation year

- Increase the amount of the reduction threshold to \$56,500 (from \$40,925) and index it as of the 2026 taxation year
- Calculate the reduction based on net individual income
- Raise the reduction rate to 7% (from 5%)
- Repeal a rule applicable to workers born before January 1, 1951.

### Changes related to capital gains

#### *Increase to the withholding rate applicable to dispositions by a non-resident of certain taxable Quebec property*

The Update increases the withholding rate applicable to dispositions by a non-resident of certain taxable Quebec property to 17.167% (from 12.875%). This change will apply to a proposed or completed disposition occurring after December 31, 2024.

#### *Increase to the withholding rate applicable for acquisitions of certain specified immovables*

The Update increases the withholding rate applicable to acquisitions of specified immovables held by an *inter vivos* trust that becomes resident in Canada to 17.167% (from 12.875%). This change will apply to an acquisition made after December 31, 2024.

#### *Changes to Quebec's additional capital gains exemption in respect of certain resource properties*

The Update introduces changes to Quebec's additional capital gains exemption on the disposition of certain resource properties to take into account Quebec's increase to 2/3 (from 1/2) of the capital gains inclusion rate on the portion of capital gains realized in a given year that exceeds \$250,000 for individuals, for capital gains realized starting June 25, 2024. For 2024, the Update announces that transitional rules will be provided.

### Other measures

#### *Public prescription drug insurance plan premium*

In the Update, Quebec adjusts the exemptions allowed for the purpose of calculating the premium payable under the public prescription drug insurance plan. The annual premium payable by an adult is determined on the basis of family income, from which an exemption amount is subtracted. The amount of each of the allowable exemptions for 2024 varies depending on household composition.

### We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Quebec Fall Economic Update on your personal finances or business affairs, and point out

ways to realize any tax savings. We can also keep you abreast of the progress of these proposals as they make their way into law.

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