



TaxNewsFlash

Canada

Highlights of the 2025 Quebec Fall Economic Update

November 25, 2025
No. 2025-45

Quebec's Finance Minister delivered the province's 2025 Fall Economic Update on November 25, 2025. The Update anticipates a deficit of \$12.4 billion for 2025-26. The Update announces changes to certain tax measures applicable to certain businesses in the mining, agriculture, forestry and fishing sectors. In addition, the Update introduces contribution rate reductions to the Quebec Pension Plan and Quebec Parental Insurance Plan starting in 2026. In its Update, Quebec also announces it will harmonize with several measures from the 2025 Federal Budget. Note that the Update does not include changes to the province's corporate or personal income tax rates.

The Update also confirms that Quebec's personal income taxes and social assistance payments will be indexed at 2.05% as at January 1, 2026, among other changes.

Corporate tax measures

Temporary contribution holiday to the Health Services Fund

The Update introduces a temporary two-year contribution holiday to the Health Services Fund to certain employers in the agriculture, forestry and fishing sectors. Under this change, no contributions would be payable for the years 2026 and 2027.

Extension and adjustment of the refundable tax credit for Gaspésie and certain maritime regions of Quebec

The Update extends the eligibility period for the refundable tax credit for Gaspésie and certain maritime regions of Quebec by five years, until December 31, 2030. The Update also extends the territorial reach of activities in the marine products processing sector to

the regional county municipalities of La Matapédia, La Mitis and Rimouski-Neigette as of the 2025 calendar year.

New extension of the income-averaging mechanism for certified forest producers

The Update extends the income-averaging mechanism for certified forest producers in respect of a private forest for two years. As a result, income from non-retail timber sales that is realized by a forest producer in respect of a private forest in a year or fiscal period ending before January 1, 2028 will continue to be eligible for the averaging mechanism. The Update does not make changes to the other terms and conditions of the income-averaging mechanism for certified forest producers in respect of a private forest.

Adjustment to the refundable tax credit relating to mining or other resources

The Update enhances the refundable tax credit relating to mining or other resources. Specifically, this change adjusts the calculation of the cumulative eligible expense limit of \$100 million per five-year period to take into account only half of certain eligible expenses related to mining resources incurred in Quebec's Far North. These expenses must be mainly attributable to one or more critical or strategic minerals. This change will apply for a taxation year or a fiscal year that begins after March 25, 2025.

Personal tax measures

Reduction in the contribution rate to the Quebec Pension Plan and Quebec Parental Insurance Plan

The Update reduces the Quebec Pension Plan base contribution rate to 10.6% (from 10.8%). This reduction in the base contribution rate for 2026 will be shared equally between employees and their employers, so that the base contribution rate applicable to employees will be set at 5.3%.

The Update also reduces the Quebec Parental Insurance Plan premium rates to 1.032% (from 1.186%). This decrease will be shared between employees and their employers.

These rate reductions would apply as of January 1, 2026.

Harmonization measures

The Update announces that Quebec will harmonize with tax measures from the 2025 Federal Budget relating to:

- Immediate expensing for manufacturing and processing buildings
- The cancellation of the Canadian Entrepreneur Incentive and the increase in the lifetime capital gains exemption, following the cancellation of the increase in the capital gains inclusion rate

- Eligible activities under the Canadian Exploration Expense
- Transfer pricing, with respect to transfer pricing application standards
- Investment income derived from assets supporting Canadian insurance risks
- Certain changes to qualified investments for registered plans
- Patronage dividends paid in shares by agricultural cooperatives.

For further details on the 2025 Federal Budget, see *TaxNewsFlash-Canada* 2025-41, "[2025 Federal Budget Highlights](#)".

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.

kpmg.com/ca



[Contact Us](#) | [KPMG in Canada Privacy Policy](#) | [Legal](#)

Information is current to November 25, 2025. The information contained in this *TaxNewsFlash-Canada* is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.