



# TaxNewsFlash

Canada

## Highlights of the 2026 Quebec Budget

March 19, 2026

No. 2026-18

Quebec's Finance Minister delivered the province's 2026 budget on March 18, 2026. The budget anticipates a deficit of \$8.6 billion for 2026-27 and projects deficits of \$5.7 billion for 2027-28 and \$1.5 billion for 2028-29. The budget does not include any new changes to the corporate or personal income tax rates, but does make changes to several corporate tax credits. Specifically, the budget relaxes the eligibility criteria for the tax credit for the development of e-business integrating artificial intelligence functionalities, and expands access to the refundable tax credit to support print media.

### Corporate tax changes

#### *Corporate income tax rates*

The budget does not announce changes to the province's corporate income tax rates. As a result, Quebec's corporate income tax rates remain as follows:

Corporate Income Tax Rates — As of January 1, 2026		
	Quebec	Combined Federal and Quebec
General	11.5%	26.5%
M&P	11.5%	26.5%
Small business <sup>1</sup>	3.2%	12.2%

<sup>1</sup> On first \$500,000 of active business income.

#### *Tax credit for the development of e-business integrating artificial intelligence functionalities*

The budget makes certain changes to the tax credit for the development of e-business integrating artificial intelligence functionalities (TCEB<sup>A</sup>). Specifically, the budget:

- Adds specialized AI consulting services to eligible activities for employee certificate purposes
- Allows certain preparatory work to constitute an activity primarily related to e-business that significantly integrates AI functionalities, where the work is carried out within 12 months prior to the start of a mandate or project or the development of a product that significantly integrates AI functionalities
- Specifies that, when calculating the proportion of gross revenue for the purpose of applying the rate reduction for corporations that carry out intercompany outsourcing, this calculation must account for all revenue from services provided by a corporation to an ultimate beneficiary outside Quebec who is a person or partnership with whom the corporation is not dealing at arm's length, including support or maintenance revenue.

These changes generally apply to taxation years beginning after December 31, 2025.

The budget also announced that it is no longer a requirement that the carry-forward of the balance of the non-refundable tax credit be made only against a taxation year for which the corporation claims the refundable tax credit. This measure is effective for balances arising in a taxation year that began before January 1, 2026.

#### *Refundable tax credit to support print media*

The budget enhances the refundable tax credit to support print media to:

- Expand eligibility to news agencies and news media broadcasting news programs on radio and television (previously, only print media were eligible for this credit)
- Increase the annual limit applicable to the qualified wages of an eligible employee to \$85,000 (from \$75,000)
- Remove information technology activities from eligible activities for the purposes of the employee certificate.

These amendments apply to taxation years or fiscal periods ending after March 18, 2026.

#### *Refundable tax credit for the digital transformation of print media*

The budget extends the eligibility deadline that applies to the refundable tax credit for the digital transformation of print media to December 31, 2028 (from December 31, 2025). Therefore, only qualified expenditures and qualified wages incurred before January 1, 2029 are eligible for the credit. In addition, where the qualified expenditure relates to the acquisition of a qualified property, the budget extends the period during which a qualified

property can be acquired so that it must now be acquired before January 1, 2028 (instead of January 1, 2025).

The budget also gradually decreases the 35% current credit rate as follows:

- The credit rate will decrease to 20% for eligible digital conversion costs incurred after December 31, 2026, and before January 1, 2028,
- The credit rate will decrease to 10% for eligible digital conversion costs incurred after December 31, 2027, and before January 1, 2029.

### *Refundable tax credit for Quebec film or television productions*

The budget provides that financial assistance granted by the Indigenous Screen Office is considered an excluded assistance amount for the purposes of the refundable tax credit for Quebec film or television productions.

The budget also announces that documentaries and audiovisual magazine programs no longer need to meet certain requirements to constitute eligible classes of films for the purposes of the tax credit, including for program length, independent segments of comparable length, or number of episodes.

These changes 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 March 18, 2026.

The budget also introduces consequential changes to the tax credit for film dubbing and the tax credit for film production services.

## **Personal tax changes**

### *Personal income tax rates*

The budget does not announce changes to personal income tax rates. As a result, Quebec's personal income tax rates effective January 1, 2026 are as follows:

<b>Personal Combined Federal/Quebec Top Marginal Rates</b>	
	<b>2026</b>
Interest and regular income	53.31%
Capital gains	26.65%
Eligible dividends	40.11%
Non-eligible dividends	48.70%

### *Automated income tax return filing*

The budget allows Revenu Quebec to file income tax returns on behalf of certain low-income individuals based on certain criteria effective for the 2026 taxation year.

### *Changes to the VRSP*

The budget adjusts the Voluntary Retirement Savings Plan (VRSP) to establish a minimum contribution rate of 2% of salary, simplifies the administration of contributions and introduces new investment options with employer contributions.

### **Other tax changes**

#### *Adjustments to certain disclosure mechanisms*

The budget makes certain changes to the mandatory and preventive disclosure mechanisms. Specifically, these changes:

- 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, to allow these information returns to eventually be sent electronically
- Remove the requirement for the Minister to confirm receipt of information returns submitted under these mechanisms
- Remove the compliance presumption of information returns, where the Minister does not contact 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.

These changes will apply to a transaction or series of transactions that are carried out beginning after March 18, 2026.

### **Harmonization measures**

#### *Harmonization with federal immediate expensing for greenhouse buildings*

The budget announces that Quebec will harmonize with the proposed federal immediate expensing for greenhouse buildings acquired on or after November 4, 2025, and that become available for use before 2030.

### **We can help**

Your KPMG adviser can help you assess the effect of the tax changes in this year's Quebec budget 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](https://kpmg.com/ca)



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

Information is current to March 18, 2026. 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.

© 2026 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.