

Update on the economic
and financial situation
of Quebec



November 4, 2008

Le point sur la situation économique et financière du Québec

Le 4 novembre 2008



The Minister of Finance, Minister of Government Services, Minister responsible for Government Administration and President of the Treasury, Monique Jérôme-Forget announced measures to allow the people and businesses of Quebec to better cope with the impacts of the financial crisis. Here are those measures:

1. Support household income

1.1 Increase from 71 to 73 years the age limit for the expiration of RPPs and RRSPs

The Quebec government proposes that beginning with the 2009 taxation year, the age limit for the conversion of RPPs and RRSPs increase from 71 to 73 years. However, it is essential that the federal government responds to the Government of Quebec proposal for this measure to take effect.

1.2 One year deferral for reimbursements of the Home Buyers Plan

The Quebec government proposes to defer for the 2009 taxation year, the obligation to reimburse the amounts withdrawn from an RRSP under a HBP. However, it is essential that the federal government responds to the Government of Quebec proposal for this measure to take effect.

1.3 Hausse de 1 500 \$ à 2 000 \$ en 2009 du montant du crédit d'impôt pour revenus de retraite

Le gouvernement annonce que le montant maximal des revenus de retraite admissibles au crédit d'impôt sera porté de 1 500 \$ à 2 000 \$ en 2009. De plus, ce montant sera indexé au taux d'indexation du régime d'imposition des particuliers à compter de 2010.

1.3 In 2009, increase from \$1,500 to \$2,000 the amount of tax credit for retirement income

The government announced that the maximum amount of retirement income eligible for the tax credit will be increased from \$1,500 to \$2,000 in 2009. In addition, this amount will be indexed at the indexation rate of the personal tax system as of 2010.

2. Protect the purchasing power of households

2.1 Increase the indexation rate of the personal tax system from 1.58% to 2.36% for 2009

For the 2009 taxation year, due to higher consumer prices, the indexation rate will reach 2.36%. This indexation applies to taxable income thresholds of the tax table as well as most tax credits.

2.2 Full indexation of last-resort assistance benefits for 2009, including those of households able to work

The government announced that the benefits of Social Assistance Program, for households able to work, will now be fully indexed according to the rising cost of living. This measure will take effect from January 1, 2009 and will apply for the following years.

3. Increase the liquidity of enterprises, including those in the manufacturing sector

3.1 Additional funding of \$ 1 billion to enterprises, mainly SMEs

The government will set up an assistance program for the financing of successful companies experiencing financial difficulties due to the economy. This program will provide up to \$ 1 billion of additional liquidity to Quebec enterprises by the end of 2010.

The financial assistance will consist of direct funding to businesses or a refund guarantee in the case of a loan from a recognized financial institution.

The details of this new program will be announced shortly by the Minister of Economic Development, Innovation and Exportation.