

Quebec Budget 2025: belt-tightening measures in the context of a tariff “war”

Tax Bulletin

March 25, 2025

The seventh budget tabled by Éric Girard, the Quebec Minister of Finance, was drafted under different circumstances compared to last year. The protectionist measures already adopted by our U.S. “allies” combined with those of China and the new volley of tariff measures expected as of April 2 from our neighbors south of the border led the Quebec government to unveil a budget plan that focuses on innovation and assistance for businesses. At the same time, this budget revealed limited financial leeway as a result of the uncertain economic environment. This budget announces belt-tightening measures with a widespread freeze on spending over five years in order to balance the budget.

Public finances in the red for at least five years

When it comes to public finances, we should bear in mind that the plan to return to a balanced budget was delayed in the 2024 Budget, with a view to being tabled in the current budget. Accordingly, the 2025 Budget forecasts a return to a balanced budget within five years, by 2029–2030. However, achieving this objective may be difficult in light of the economic upheaval, particularly since the baseline scenario hinges on the assumption that 25% U.S. tariffs will not apply over the long term and the budget forecasts reflect revenues that take into account a capital gains inclusion rate of 66.66% as of 2026.

For the 2024–2025 financial year which will come to an end in a few days, the anticipated deficit is now \$10.4B which is lower than the previous record of \$10.9B anticipated in both the 2024 Budget and last November’s economic update. However, this deficit will increase further in 2025–2026 to a **record total of \$13.6B**, after payment to the Generations Fund, whereas it was forecast at \$9.2B in November 2024 for the same period. Ultimately, a surplus of \$101M is forecast by 2029–2030 under the baseline scenario.

A focus on innovation and supporting businesses...

This budget is primarily focused on measures aimed at promoting wealth creation in Quebec. This approach is intended as a response to a slower economy resulting from the economic uncertainty that worries business leaders and tariff measures that will hinder the growth of many economic drivers, including our SMEs.

Among the measures announced, a total of **\$5.4B over five years** has been earmarked to support and boost the Quebec economy, increase the ability to innovate and consolidate regional contributions to wealth creation. This includes:

- **\$4.1B** for supporting and revitalizing Quebec’s economy by providing transitional assistance to businesses affected by U.S. tariffs (including a \$400M envelope over two years to offer businesses liquidity support), supporting investment projects (\$3.5B), fostering market diversification (\$195.8M) and making it easier to identify Quebec products (\$4.5M);
- **\$604.1M** for increasing Quebec’s capacity to innovate:
 - by stimulating innovation and its commercialization through an updated tax assistance system (\$271.5M which includes a new simplified and enhanced tax credit for research, innovation and commercialization that will replace eight tax measures currently in effect);
 - by boosting innovation in strategic sectors (\$194M), modernizing public services for greater efficiency (\$96.3M) and helping SMEs with strong potential (\$42.3M);

- **\$759M** for encouraging regional contributions to wealth creation by revitalizing regional economies (\$217.4M), leveraging our critical and strategic minerals (\$106.6M), supporting the forestry industry (\$94.7M), continuing to support the tourism industry (\$138M) and fostering the development of the bio-food sector (\$202.3M).

... while continuing to improve health and education services

In this budget, the government is devoting more than **\$6.8B** over six years to health and education services. A sum of \$3.9B will be earmarked for **health and social services**; \$2.2B of this amount will be used for funding new pharmaceutical treatments in hospitals, for deploying new health care and social services facilities and for training more doctors. This is supplemented by a sum of \$1B, allocated to the following purposes:

- meeting the growing needs in youth protection;
- providing additional accommodation support to vulnerable individuals who require special support;
- providing assistance to young people leaving youth protection centers and to people experiencing homelessness who benefit from the Rent Supplement Program;
- increasing funding for community organizations;
- consolidating the mixed practice of psychosocial interventions and community policing, and
- entrenching support for Indigenous clientele by supporting the implementation of cultural safety in the health services network.

The government is setting aside close to **\$1.1B** for the **education** and development of young people. More than \$368M of this envelope will, among other things, go toward supporting academic success, training a greater number of qualified teachers and encouraging retirees to return to the education network. A sum of \$279M will also be used to strengthen support for youth and students by funding, in particular, the Student Financial Assistance program and maintaining services offered to support young people in their journey to self-sufficiency.

For more information on the tax measures announced in this budget, please continue reading.

BUSINESSES

	Current measures	Proposed measures
Overhaul of tax assistance for scientific research and experimental development (R&D) and innovation		
Introduction of the tax credit for research, innovation and commercialization (CRIC)	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ Refundable tax credit rates: <ul style="list-style-type: none"> – 30% on the first \$1M of eligible expenditures in excess of the exclusion threshold – 20% on the excess of eligible expenditures ▪ Exclusion threshold equal to the higher of: <ul style="list-style-type: none"> – \$50,000 – The total of the “R&D employee threshold” which represents the basic personal amount under the personal income tax system adjusted to the proportion of the time spent carrying out eligible activities ▪ Eligible expenditures related to R&D or pre-commercialization activities: <ul style="list-style-type: none"> – Salaries – 50% of subcontracts – Capital expenditures for assets used 90% or more for R&D activities ▪ Applicable to taxation years beginning after March 25, 2025
Elimination of various current tax credits	<ul style="list-style-type: none"> ▪ Various tax credits available: <ul style="list-style-type: none"> – Refundable tax credit for R&D – Refundable tax credit for university research and for research carried out by a public research center or a research consortium – Refundable tax credit for private partnership pre-competitive research – Tax credit for fees or dues paid to a research consortium – Refundable tax credit for technological adaptation services – Refundable tax credit for design (industrial design component) 	<ul style="list-style-type: none"> ▪ Tax credits eliminated <ul style="list-style-type: none"> – Expenditures eligible under these tax credits will now give entitlement to the CRIC, within applicable limits and parameters, except for the tax credit for fees or dues paid to a research consortium that has no equivalent in the CRIC ▪ Applicable to taxation years beginning after March 25, 2025.
Adjustment of the incentive deduction for the commercialization of innovations (IDCI)	<ul style="list-style-type: none"> ▪ Deduction of 2% on qualified taxable income ▪ The taxpayer must have incurred expenditures eligible for one of the existing R&D credits 	<ul style="list-style-type: none"> ▪ Corresponding adjustments to replace the requirement for incurring expenditures eligible for one of the existing R&D credits with the new CRIC ▪ Applicable to taxation years beginning after March 25, 2025
Corresponding adjustment for the employee stock option deduction	<ul style="list-style-type: none"> ▪ Enhanced deduction of 50% where the stock option issuing corporation meets the following criteria in the current year or the three previous years: <ul style="list-style-type: none"> – Assets under \$50M and – Eligible for one of the existing R&D credits 	<ul style="list-style-type: none"> ▪ Criteria replaced with: <ul style="list-style-type: none"> – Eligible for the CRIC or – Assets under \$50M and eligible for one of the previous R&D tax credits

BUSINESSES

	Current measures	Proposed measures
Tax credit for the development of e-business (TCEB)		
Refocusing the tax credit	<ul style="list-style-type: none"> The activities must be primarily related to e-business 	<ul style="list-style-type: none"> The activities must be primarily related to e-business that incorporates artificial intelligence (AI) functionalities in a significant way
Easing of criteria relating to activities and services provided	<ul style="list-style-type: none"> Criteria relating to the corporation's activities: <ul style="list-style-type: none"> At least 50% of the corporation's gross revenue comes from activities in the group activities designated by certain NAICS codes Criterion relating to services provided by the corporation: <ul style="list-style-type: none"> At least 75% of services designated by certain NAICS codes must be provided to persons who are at arm's length or outside Quebec 	<ul style="list-style-type: none"> Addition of related data processing and hosting activities (NAICS code 51821) for the purpose of the criteria relating to activities and the services provided criterion
Removal of recognized activities for the application of employee eligibility	<ul style="list-style-type: none"> For employee eligibility, activities relating to the maintenance and evolution of information systems or technology infrastructures constitute eligible activities, under certain conditions 	<ul style="list-style-type: none"> Activities no longer eligible
Reduction of the tax credit for corporations that conduct intercompany outsourcing	<ul style="list-style-type: none"> Flat tax credit rate of 30% including a refundable portion and a non-refundable portion: <ul style="list-style-type: none"> 23% refundable and 7% non-refundable in 2025 Refundable portion gradually reduced to 20% in 2028 	<ul style="list-style-type: none"> Credit rate reduced by half where more than 50% of the corporation's gross revenue is attributable to services related to the corporation's development of an application for exclusive use outside of Quebec by a beneficial owner not at arm's length with the corporation
<i>Application of measures</i>		<ul style="list-style-type: none"> Applicable to taxation years beginning after December 31, 2025. <ul style="list-style-type: none"> Businesses may make an election for earlier application of these measures
Refundable tax credit for the digital transformation of print media		
Extension of the tax credit	<ul style="list-style-type: none"> Refundable tax credit of 35% for corporations that hold a certificate from Investissement Québec <ul style="list-style-type: none"> Maximum tax assistance of \$7M per taxation year Eligibility period for expenditures: <ul style="list-style-type: none"> March 28, 2018 to December 31, 2024 Where the eligible expense is related to the acquisition of an eligible property, it must have been acquired before January 1, 2024 	<ul style="list-style-type: none"> Eligibility period extended to December 31, 2025 for eligible expenditures Where the eligible expenditure is related to the acquisition of property, it must have been acquired before January 1, 2025

BUSINESSES

	Current measures	Proposed measures
Refundable tax credit relating to mining or other resources		
Expansion of eligible expenses	<ul style="list-style-type: none"> ▪ Three categories of eligible expenses: <ul style="list-style-type: none"> – Exploration expenses incurred in Quebec with respect to mining resources – Expenses incurred in Quebec relating to renewable energy and energy savings – Expenses related to other natural resources in Quebec 	<ul style="list-style-type: none"> ▪ Addition of development expenses as eligible expenses relating to mining resources ▪ Applicable to expenses incurred after March 25, 2025
Reduction in the tax credit rates regarding eligible expenses relating to mining resources	<ul style="list-style-type: none"> ▪ Credit tax rate applicable to eligible expenses relating to mining resources: <ul style="list-style-type: none"> – Expenses incurred in the Near North or Far North: 38.75% for a specified qualified corporation and 18.75% for other qualified corporations – Expenses incurred elsewhere in Quebec: 28% for a specified qualified corporation and 12% for other qualified corporations 	<ul style="list-style-type: none"> ▪ Tax credit rate applicable to these expenses reduced to: <ul style="list-style-type: none"> – 22.5% for a specified qualified corporation – 10% for other qualified corporations ▪ Rate applicable regardless of where the expenses were incurred ▪ Applicable to expenses incurred after March 25, 2025
Temporary enhancement of the tax credit rates regarding expenses attributable to critical and strategic minerals	<ul style="list-style-type: none"> ▪ No specific tax rate applicable to eligible expenses mainly attributable to critical and strategic minerals 	<ul style="list-style-type: none"> ▪ Introduction of an enhanced tax credit rate for expenses attributable to one or more critical or strategic minerals: <ul style="list-style-type: none"> – 45% for a specified qualified corporation – 20% for other qualified corporations ▪ Applicable to expenses incurred after March 25, 2025 and before January 1, 2030 (if paid before January 1, 2030)
Introduction of an eligible expenses limit	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ Introduction of a cumulative limit on eligible expenses of \$100M per five-year period <ul style="list-style-type: none"> – To be shared among associated corporations. ▪ Applicable to taxation years beginning after March 25, 2025 <ul style="list-style-type: none"> – Expenses incurred before March 26, 2025 will not be taken into account for the purpose of calculating the cumulative limit

BUSINESSES

	Current measures	Proposed measures
Tax credit to foster synergy between Quebec businesses		
Elimination of the tax credit	<ul style="list-style-type: none"> ▪ Non-refundable tax credit of 30% of the amount paid to acquire shares of an eligible corporation <ul style="list-style-type: none"> – Maximum annual investment of \$750,000 (maximum annual credit of \$225,000) ▪ Eligible corporation with activities in the following sectors: <ul style="list-style-type: none"> – Life sciences – Manufacturing or processing – Artificial intelligence – Information technology ▪ Minimum investment holding period of five years and certificate from Investissement Québec required 	<ul style="list-style-type: none"> ▪ Tax credit eliminated as of March 26, 2025 <ul style="list-style-type: none"> – Does not affect the eligibility of corporations that hold a certificate from Investissement Québec or submitted an application for a certificate no later than March 25, 2025
Additional deductions and taxable benefits related to public transit and collective transportation		
Introduction of a deadline for the additional deductions	<ul style="list-style-type: none"> ▪ Additional deduction of 100% available for the following amounts (amount deductible at 200%): <ul style="list-style-type: none"> – Amount refunded to the employee for the purchase of an eligible public transit pass or paratransit pass – The cost of an eligible public transit pass or paratransit pass provided to an employee – The cost of introducing or maintaining an intercity public transit service provided by the employer 	<ul style="list-style-type: none"> ▪ Additional deductions eliminated for amounts paid after December 31, 2027
Taxation of a benefit received from the employer	<ul style="list-style-type: none"> ▪ No taxable benefit for an employee resulting from: <ul style="list-style-type: none"> – The reimbursement or provision by an employer of an eligible transit pass or paratransit pass – The use of an intercity public transit service provided by the employer 	<ul style="list-style-type: none"> ▪ Inclusion of an employer-provided taxable benefit as of January 1, 2028

BUSINESSES

	Current measures	Proposed measures
Designation of educational institutions recognized for the purpose of the tuition tax credit		
Introduction of new criteria for the recognition of recognized educational institutions	<ul style="list-style-type: none"> ▪ Revenu Québec has the authority to certify educational institutions located in Canada as eligible for the tuition tax credit. <ul style="list-style-type: none"> – An institution that provides courses to individuals aged 16 or older at the end of the year that allow them to acquire or enhance the skills required for an occupation ▪ Recognized educational institutions can issue receipts for tuition fees, which allow individuals to claim a tax credit for their tuition 	<ul style="list-style-type: none"> ▪ An educational institution will only be able to get recognition if belongs to one of the following categories and if it is not covered by the health services sector exclusion: <ul style="list-style-type: none"> – Educational institutions that receive government funding (e.g. arts academy) – Private educational institutions that provides training equivalent to that provided by public educational institutions (e.g. trade school) – Private educational institutions that provides training for professions or trades which require certificates or licenses issued by government authorities (e.g. flight school or truck driving school) – Educational institutions that offer training leading to a professional status recognized under the Quebec Professional Code
<i>Exclusion criteria related to the health services sector</i>		<ul style="list-style-type: none"> ▪ Institutions that provide training in the health services sector may not be certified unless the training is for authorized “practitioners” recognized under the Quebec <i>Taxation Act</i> <ul style="list-style-type: none"> – Schools of massage therapy, yoga, hypnosis, personal growth, homeopathy, osteopathy, phytotherapy and naturopathy may no longer be certified
<i>Application date and certification renewal</i>		<ul style="list-style-type: none"> ▪ Applicable as of 2026 ▪ Renewal required based on new criteria for currently recognized educational institutions <ul style="list-style-type: none"> – Recognized educational institutions that fail to provide the new prescribed form by December 31, 2025, will automatically lose their recognition as of January 1, 2026

INDIVIDUALS

	Current measures	Proposed measures
Refundable tax credit for childcare expenses		
Reducing the age limit for the tax credit for childcare expenses	<ul style="list-style-type: none"> ▪ Eligibility determined based on criteria relating to the child's age or condition at any time during the year: <ul style="list-style-type: none"> – Child under the age of 16 or – Child with an impairment in mental or physical functions and who is a dependant of the individual or the individual's spouse 	<ul style="list-style-type: none"> ▪ Age limit reduced to 14 <ul style="list-style-type: none"> – No change for a child with an impairment in mental or physical functions ▪ Applicable as of the 2026 taxation year
Refundable tax credit granting an allowance to families ("Family Allowance")		
Enhancement in the event of the death of an eligible dependent child	<ul style="list-style-type: none"> ▪ Payments determined on a quarterly basis (with the exception of the supplement for the purchase of school supplies) <ul style="list-style-type: none"> – Payments maintained for the quarter during which the child's death occurred 	<ul style="list-style-type: none"> ▪ Payments extended for a period of 12 months following the death of a child: <ul style="list-style-type: none"> – Until the month during which the child would have reached the age of majority, where applicable – No reduction of the allowance where the death of a child gives rise to other government death benefits ▪ Applicable to deaths occurring after June 30, 2025
Flow-through share regime		
Elimination of additional deductions for exploration expenses	<ul style="list-style-type: none"> ▪ Base deduction offered for flow-through shares: <ul style="list-style-type: none"> – 100% of exploration expenses – 30% of development expenses ▪ Additional deductions of 10% for: <ul style="list-style-type: none"> – Exploration expenses incurred in Quebec – Surface mining exploration expenses incurred in Quebec 	<ul style="list-style-type: none"> ▪ Elimination of the two additional deductions of 10% ▪ Applicable to flow-through shares issued after March 25, 2025
Elimination of capital gain exemption relating to certain resource assets	<ul style="list-style-type: none"> ▪ Subject to certain limits, exemption applicable to capital gain arising from the disposition of the following assets: <ul style="list-style-type: none"> – Flow-through shares – Interest in a partnership that holds flow-through shares 	<ul style="list-style-type: none"> ▪ Elimination of the capital gain exemption ▪ Applicable to dispositions made after March 25, 2025
Tax shield		
Elimination of the tax shield	<ul style="list-style-type: none"> ▪ Refundable tax credit calculated on the increase in eligible work income compared to the previous year, up to a maximum of \$4,000 income increase 	<ul style="list-style-type: none"> ▪ Tax credit eliminated as of the 2026 taxation year

INDIVIDUALS

	Current measures	Proposed measures
Tax credit for medical expenses and health services provided by practitioners		
Tightening of recognized practitioners for measures relating to medical care	<ul style="list-style-type: none"> ▪ Individuals who practice homeopathy, naturopathy, osteopathy and phytotherapy are recognized as practitioners under the <i>Quebec Taxation Act</i> <ul style="list-style-type: none"> – These services are not recognized for the purpose of the federal tax credit for medical expenses 	<ul style="list-style-type: none"> ▪ The following services will no longer be recognized for the purposes of the medical expense tax credit and other measures requiring the services of a practitioner: <ul style="list-style-type: none"> – Homeopathy – Naturopathy – Osteopathy – Phytotherapy ▪ Applicable as of January 1, 2026
Deduction under the Cooperative Investment Plan (CIP)		
Deduction reduced	<ul style="list-style-type: none"> ▪ Deduction equal to 125% of the acquisition cost of the eligible securities in certain cooperatives <ul style="list-style-type: none"> – Deduction limited to 30% of the individual's total income for the year – The unused portion of the deduction may be carried forward over five years 	<ul style="list-style-type: none"> ▪ Deduction reduced to 100% of the acquisition cost <ul style="list-style-type: none"> – Other criteria unchanged ▪ Applicable to securities acquired after March 25, 2025
Non-refundable tax credit for political contributions		
Elimination of the tax credit	<ul style="list-style-type: none"> ▪ Tax credit granted on a maximum of \$200 of municipal political contributions for one year: <ul style="list-style-type: none"> – 85% of the first \$50 portion – 75% of the additional \$150 portion <ul style="list-style-type: none"> • Maximum value of the credit: \$155 	<ul style="list-style-type: none"> ▪ Tax credit eliminated for contributions made as of the 2026 taxation year
Tax holiday for sailors engaged in international goods transportation		
Elimination of the tax holiday	<ul style="list-style-type: none"> ▪ Deduction from the taxable income of an eligible sailor who resides in Quebec equal to: <ul style="list-style-type: none"> – 75% of the amount of salaries and wages received from an eligible shipowner during the year 	<ul style="list-style-type: none"> ▪ Measure eliminated as of March 26, 2025 <ul style="list-style-type: none"> – No new requests for certificates for sailors or vessels accepted as of March 26, 2025 ▪ Does not affect the eligibility of individuals whose employers already hold a certificate or where requests for certificates were submitted by the employer no later than March 25, 2025 <ul style="list-style-type: none"> – Tax holiday under the current rules maintained for these individuals

INDIVIDUALS

	Current measures	Proposed measures
Tax holiday for foreign researchers, experts and specialists		
Elimination of the tax holiday	<ul style="list-style-type: none"> ▪ Tax holiday over a five-year period in the form of a deduction in the calculation of the taxable income of the following individuals where their employer holds a qualification certificate: <ul style="list-style-type: none"> – Foreign researcher – Foreign expert – Foreign specialist assigned to the operations of an international financial center (IFC) – Foreign specialist working in the financial services sector ▪ Deduction equal to: <ul style="list-style-type: none"> – 100% of the eligible income of the researcher, expert or specialist for the first two years – 75% of the income for the third year – 50% of the income for the fourth year – 25% of the income for the fifth year (37.5% for a specialist in an IFC) 	<ul style="list-style-type: none"> ▪ Tax holiday eliminated as of March 26, 2025 <ul style="list-style-type: none"> – No new requests for eligibility certificates accepted as of March 26, 2025 ▪ Does not affect the eligibility of individuals whose employers already hold a certificate or where requests for certificates were submitted by the employer no later than March 25, 2025 <ul style="list-style-type: none"> – Tax holiday under the current rules maintained for these individuals
Tax credit for patronage gifts		
Elimination of the tax credit	<ul style="list-style-type: none"> ▪ Non-refundable tax credit of 30% for charitable donations to an eligible cultural donee ▪ Eligible donations: <ul style="list-style-type: none"> – A donation of at least \$250,000 in money – A donation of at least \$25,000 in money with a promise of donation of at least \$250,000 over a maximum period of 10 years and minimum of \$25,000 per year ▪ The tax credit can be carried forward over five years <ul style="list-style-type: none"> – Where a donation is made in the year of death, the unused portion can be claimed in the preceding taxation year 	<ul style="list-style-type: none"> ▪ Tax credit eliminated as of March 26, 2025 ▪ An individual (or estate) that registered a pledge with the Minister of Culture and Communications no later than March 25, 2025, may benefit from a tax credit under the current terms and carry-forward period
Deduction for the purchase of an income-averaging annuity for artists		
Elimination of the deduction	<ul style="list-style-type: none"> ▪ Recognized artists who acquire an eligible income-averaging annuity may spread, over a maximum period of seven years, the tax applicable to the portion of their income derived from artistic activities that exceeds a certain amount 	<ul style="list-style-type: none"> ▪ Measure eliminated for new income-averaging annuities acquired after 2025

INDIVIDUALS

	Current measures	Proposed measures
Residence deduction for a member of the clergy or a religious order		
Deduction transformed into a non-refundable tax credit	<ul style="list-style-type: none"> ▪ Deduction from income in respect of an office or employment of a member of the clergy or a religious order <ul style="list-style-type: none"> – Equal to the amounts included in respect of a residence or lodgings occupied for their office or employment duties 	<ul style="list-style-type: none"> ▪ Deduction replaced with a 14% tax credit ▪ Applicable as of the 2026 taxation year
Financial assistance for the payment of tuition fees for adult basic education programs		
Deduction transformed into a non-refundable tax credit	<ul style="list-style-type: none"> ▪ Deduction offered for an amount received under certain government employment assistance programs in the form of financial assistance for the payment of tuition fees <ul style="list-style-type: none"> – Limited to expenses that do not entitle the taxpayer to the tax credit for tuition or examination fees and that are not deductible when calculating income for the year (primary and secondary levels, for example) 	<ul style="list-style-type: none"> ▪ Deduction replaced with a 14% tax credit ▪ Applicable as of the 2026 taxation year

OTHER MEASURES

	Current measures	Proposed measures
Reporting of foreign property		
New requirement to report foreign property held outside of Canada	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ Introduction of a new prescribed form similar to the federal T1135 form <ul style="list-style-type: none"> – Mandatory reporting where the cost of the specified foreign property exceeds \$100,000 at any time during the year – Essentially targets the same properties as those provided for in federal legislation ▪ Applicable filers include: <ul style="list-style-type: none"> – Quebec resident individuals and trusts – Corporations resident in Canada with an establishment in Quebec – Partnerships, subject to certain conditions ▪ To be filed on the same date as income tax returns and information returns of the filer ▪ Penalties equivalent to those provided for at the federal level ▪ Applicable as of the date determined by the government once the bill is assented to
Capital régional et coopératif Desjardins		
Introduction of a maximum cumulative limit	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ Introduction of a maximum cumulative limit of \$45,000 per shareholder. ▪ Applicable to current and future shareholders as of March 26, 2025 <ul style="list-style-type: none"> – Shares and tax credits maintained for shareholders who paid more than \$45,000 by March 25, 2025
Introduction of a new class of shares	<ul style="list-style-type: none"> ▪ Tax credit of 30% of the amount paid for Class A shares <ul style="list-style-type: none"> – Maximum credit of \$900 per year (max. eligible expenditures of \$3,000) – Redeemable at the request of the shareholder where acquired at least seven years prior – No maximum holding period 	<ul style="list-style-type: none"> ▪ Tax credit of 25% of the amount paid for new Class C shares <ul style="list-style-type: none"> – Maximum credit of \$750 per year (max. eligible expenditures of \$3,000) – Redeemable at the request of the shareholder where acquired at least seven years prior – Maximum holding period of 14 years ▪ Applicable to shares issued as of March 1, 2025 <ul style="list-style-type: none"> – No Class A shares issued as of this date

OTHER MEASURES

	Current measures	Proposed measures
Health Services Fund (HSF)		
Withdrawal of indexation of the payroll threshold used to calculate the HSF contribution	<ul style="list-style-type: none"> Maximum contribution rate of 4.26% applicable when the total payroll threshold is reached, indexed annually <ul style="list-style-type: none"> – Threshold of \$7.8M in 2025 	<ul style="list-style-type: none"> Automatic annual indexation eliminated as of 2026 <ul style="list-style-type: none"> – Threshold remains unchanged at \$7.8M for 2026 and subsequent years
Tax on insurance premiums		
Uniformization with the QST	<ul style="list-style-type: none"> Rate of 9% 	<ul style="list-style-type: none"> Rate increased to 9.975% Applicable to insurance premiums paid after December 31, 2026
Rebate on the tax paid on biodiesel fuel		
Elimination of the rebate	<ul style="list-style-type: none"> Refund of the tax paid on biodiesel fuel not mixed with another type of fuel 	<ul style="list-style-type: none"> Rebate eliminated Applicable to biodiesel purchased after March 25, 2025