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Tax Alert — Canada

Québec budget 2021-22

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

"The government was forced to urgently mobilize its resources to protect health and education services, support Quebecers and assist businesses. The resulting expenditures were necessary.

The repercussions of this shock on public finances will be felt for several years to come. Vaccination will allow us to resume near-normal life, but the deficits will not go away as quickly as the pandemic.

We will restore fiscal balance, but we will not begin the process until after we have beaten the pandemic, returned to full employment and resumed economic growth."

Éric Girard, Québec's Minister of Finance
2021-22 Budget Speech

On 25 March 2021, Québec Finance Minister Éric Girard tabled the province's fiscal 2021-22 budget. The budget contains tax measures affecting individuals and corporations. The budget contains no new taxes and no tax increases; however, it includes a reduction in the small business tax rate and a change in the rate of the tax credit for non-eligible dividends.

The minister anticipates a deficit of $15.0 billion for fiscal 2020-21 and $12.3 billion for fiscal 2021-22, with reduced deficits for each of the next five fiscal years. The government's objective is to restore fiscal balance by fiscal 2027-28.

Following is a brief summary of the key tax measures introduced.

Travailler ensemble
pour un monde meilleur

Business tax measures

Corporate tax rates

No changes to the general corporate tax rate are proposed. However, effective 26 March 2021, the small-business tax rate will decrease to 3.2% from 4.0%, while the maximum small business deduction ("SBD") rate will increase to 8.3% from 7.5%. The $500,000 business limit remains unchanged.

For taxation years straddling 26 March 2021, the applicable SBD rate will be calculated based on the number of days in the taxation year before 26 March 2021 and after 25 March 2021. Instalment payments may be adjusted as of the first instalment following 25 March 2021.

Québec's 2021 corporate tax rates are summarized in Table A.

Table A – 2021 Québec corporate tax rates

	2021 (1 January to 25 March)		2021 (26 March to 31 December)	
	QC	Federal and QC combined	QC	Federal and QC combined
Primary sector and M&P small-business tax rate* **	4.00%	13.00%	3.20%	12.20%
Small-business tax rate* ***	4.00%	13.00%	3.20%	12.20%
General corporate tax rate*	11.50%	26.50%	11.50%	26.50%

** Rates represent calendar-year rates unless otherwise indicated.*
*** Effective for taxation years beginning on or after 31 December 2016, a Canadian-controlled private corporation (CCPC) must meet certain qualification criteria concerning the minimum number of hours paid or be a CCPC in either the primary (i.e., agriculture, forestry, fishing, hunting and certain resource-based sectors) or M&P sector to benefit from the small-business tax rate. The minimum number of hours paid criterion requires that an eligible corporation's employees work at least 5,500 hours annually, and the amount of the deduction is reduced linearly when the hours are between 5,500 and 5,000 hours. A maximum of 40 hours per week per employee is considered. Special conversion rules apply to take into consideration hours worked (but not necessarily paid in the form of wages) by actively engaged shareholders who hold, directly or indirectly, shares of the corporation that carry more than 50% of the voting rights. Québec has adjusted the calculation of a corporation's remunerated hours for purposes of meeting the minimum 5,000/5,500 hours threshold for claiming the small business deduction. This adjustment limits the impact of any temporary suspension of a corporation's activities between 15 March and 29 June 2020 due to the COVID-19 pandemic. Further details may be found in Québec Information Bulletin 2020-9. An option for the number of remunerated hours for taxation years ending after 30 June 2020 but before 1 July 2021 is also available —see below.*

CCPCs engaged in M&P activities in Québec (and CCPCs in the primary sector effective for taxation years beginning after 31 December 2016) may be eligible for an additional reduction in the small business rate of up to 4.00% where the proportion of activities in the primary or M&P sector was 50% or more. The rate was reduced linearly where the proportion was between 50% and 25%. However, Québec has phased out the additional deduction for CCPCs in the primary and M&P sectors to maintain an effective small-business rate of 4.00% for CCPCs in these sectors.

**** Québec reduced the small-business rate for sectors other than the primary and M&P sectors to 4.00% on 1 January 2021.*

Addition of an option for the number of remunerated hours for SBD purposes

To fully benefit from the SBD, a corporation must be a primary and manufacturing sectors corporation, or meet a criterion pertaining to the number of remunerated hours.

In order to limit the negative impact of a temporary suspension of a corporation or partnership activities that occurred after June 2020 on the calculation of the SBD, a corporation may apply to the Minister of Revenue for the number of remunerated hours that were used to determine whether it was eligible for the SBD or to establish its SBD rate, for its taxation year immediately preceding the given year, to be used to determine whether it qualifies for the SBD or to establish its SBD rate for the given year.

This option will be available for taxation years ended after 30 June 2020 and before 1 July 2021, or in respect of a given fiscal period of a partnership that ends after 30 June 2020 and before 1 July 2021. A corporation may apply to the Minister of Revenue when filing its tax return or submit its request separately if the tax return has already been sent.

Temporary increase in the tax credit relating to investment and innovation ("C3i")

In order to encourage Québec businesses to carry out their investment projects and stimulate Québec's economic recovery, the C3i will be temporarily increased.

The tax legislation will be amended to temporarily double the rates of the C3i so that the tax credit rate is equal to:

(i) 40% for a specified property acquired to be used mainly in the low economic vitality zone.
(ii) 30% for a specified property acquired to be used mainly in the intermediate zone.
(iii) 20% for a specified property acquired to be used mainly in the high economic vitality zone.

C3i rates are outlined in Table B:

(as a percentage)

Place where the property is acquired to be used mainly	Rates applicable after 10 March 2020 and until 25 March 2021	Rates applicable after 25 March 2021 but before 1 January 2023	Rates applicable after 31 December 2022 but before 1 January 2025
Low economic vitality zone	20	40	20
Intermediate zone	15	30	15
High economic vitality zone	10	20	10

This temporary increase will apply to specified expenses incurred after 25 March 2021 but before 1 January 2023, to acquire a specified property after 25 March 2021 but before 1 January 2023, or to acquire a specified property after 25 March 2021 but before 1 April 2023, if certain conditions are met.

Changes to the tax holiday for large investment projects ("LIPs")

Briefly, a corporation that carries out a LIP in Québec may, under certain conditions, benefit from a tax holiday in respect of the income from its eligible activities relating to the project and a holiday from employer contribution to the Health Services Fund ("HSF") regarding the portion of wages paid to its employees that is attributable to the time they devote to such activities. The 2021–22 budget proposes three changes to the LIP.

First, realization of the LIP must meet a requirement to reach the capital investment threshold applicable to the project within the 60-month start-up period, starting on the date the initial qualification certificate is issued. It has been proposed to extend the 60-month start-up period for 12 months in respect of a LIP, or a second LIP, for which an application for an initial qualification certificate, or an application to amend the initial certificate, as the case may be, has been made to the Minister of Finance before 25 March 2021. However, this amendment will not apply to an investment project, or to a second investment project, as the case may be, in respect of which a first annual certificate has been issued on or before 25 March 2021.

Also, amendments have been proposed to allow the date of the beginning of the tax-free period to be chosen. The selected date must be included in the period starting on the day on which the total capital investments attributable to the carrying out of the project first reach the capital investment threshold applicable to the LIP and ending on the last day of the 60-month or 72-month start-up period, as the case may be, for the LIP. If a corporation or partnership does not choose the date of the beginning of the tax-free period for its LIP, the date will be the last day of the LIP's start-up period. The amendments allowing a corporation or partnership to select the date of the beginning of the tax-free period for a LIP will apply to a LIP or a second LIP, as the case may be, in respect of which the Minister of Finance has not issued a first annual certificate by 25 March 2021.

Lastly, amendments have been proposed to add to the projects that would qualify as a LIP investment projects involving any activity sector where the investment project is to modernize a business of the corporation or partnership, as the case may be, through digital transformation. A project to modernize a business through digital transformation refers to an investment project aimed at developing and implementing a digital solution by integrating or upgrading an information system or technology infrastructure, resulting in organizational and operational changes within the business. The main objective of a digital transformation LIP should be one or more of the following: (i) optimize the management and analysis of the company's data and the use of its resources; (ii) increase the company's productivity or efficiency by process automation; and (iii) improve relationships with suppliers or customers by processing information collected about them in real time. This change will apply to LIPs that begin being carried out after 25 March 2021.

Temporary enhancement of the refundable tax credit for on-the-job training periods

To facilitate labour market integration of students and apprentices, while encouraging businesses to contribute to the development of young people's skills, the refundable tax credit rates for on-the-job training periods, other than the enhanced rates applicable to eligible trainees enrolled in an education program or a prescribed program, will be increased by 25%.

The tax legislation will thus be amended so that (i) the basic rate of the tax credit is increased to 30% from 24% where the eligible taxpayer is a corporation; (ii) the basic rate of the tax credit is increased to 15% from 12% where the eligible taxpayer is an individual; and (iii) where the eligible trainee is a disabled person, an immigrant, an Aboriginal person or where the on-the-job training takes place in an eligible region, the tax credit rate is increased to 40% from 32% where the eligible taxpayer is a corporation, and the tax credit rate is increased to 20% from 16% where the eligible taxpayer is an individual.

The amendments will apply to qualified expenditures incurred after 25 March 2021 and before 1 May 2022 in respect of a qualified training period beginning after 25 March 2021.

Elimination of the requirement to obtain an advance ruling for R&D tax credits

A taxpayer (or a taxpayer that is a member of a partnership) who carries on a business in Canada and who undertakes scientific research and experimental development (R&D) in Québec, or causes such R&D to be undertaken on the taxpayer's behalf, can benefit from various refundable tax credits.

Among the refundable tax credits that a taxpayer (or taxpayer who is a member of a partnership) can claim, the first is the "R&D salary" credit, which covers, in particular, the wages paid to its employees for its own R&D work in Québec, and the second is the "R&D university" credit, which covers, in particular, 80% of the amount of a research contract subcontracted to an eligible university entity. Currently, a taxpayer can benefit from an R&D university tax credit only if a favourable advance ruling has been given by the Minister of Revenue regarding the research contract. This is also the case for a taxpayer that is a member of a partnership with respect to the R&D salary or university credit.

In order to reduce the administrative procedures for R&D tax credits, the budget proposes to amend the tax legislation to eliminate the requirement to obtain a favourable advance ruling from the Minister of Revenue to benefit from these tax credits. This requirement will instead be replaced by changes to the information collected by Revenu Québec to verify that the conditions for applying these tax credits are met. For applications for an advance ruling already sent but for which no ruling has yet been given, the Minister of Revenue will give the taxpayer the opportunity to withdraw the application.

These amendments will apply as of 26 March 2021.

Addition of restrictions to certain tax incentives

The Québec tax system includes various tax incentives aimed, for example, at encouraging certain activities or a certain behaviour. These tax measures may take the form of a refundable or non-refundable tax credit, or a tax holiday. All of these tax incentives require that specific conditions be met by the applicant to benefit from them and also include specific restrictions. For most incentives provided by the Québec tax system, these restrictions are sufficient.

However, the changes in digital technology necessitated a review of the current restrictions in terms of the objectives of this tax assistance and brought to light the need to introduce specific restrictions to ensure that those objectives are achieved.

Accordingly, amendments will be made to the tax legislation and the *Act respecting the sectoral parameters of certain fiscal measures* so as to add the restrictions needed for various tax incentives, taking into account the context of each of the measures and whether or not there is a department or sectoral body attesting beforehand to the compliance with certain conditions.

The following tax measures will be affected by these amendments:

- Tax holiday for large investment projects
- R&D tax credit
- Tax credit for the development of e-business
- Tax credit relating to investment and innovation
- Tax credits for multimedia titles
- Synergy capital tax credit

In general, access to these tax incentives will be restricted if the activities, use of property or use of funds related to the hosting, production or sharing of content encourage violence, sexism, racism or any other form of discrimination or comprise explicit sex scenes or graphic representations of such scenes.

Personal tax measures

Personal income tax rates

No changes to personal income tax rates were announced in the budget. However, the rate of the tax credit for non-eligible dividends will be reduced for dividends received or deemed to be received after 31 December 2021 — see below.

Québec's 2021 personal tax rates are summarized in Table C.

Table C– 2021 Québec personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
$0 to $45,105	$45,106 to $90,200	$90,201 to $109,755	Above $109,755
15.00%	20.00%	24.00%	25.75%

For taxable income in excess of $109,755, the 2021 combined federal-Québec personal income tax rates are outlined in Table D.

Table D – Combined 2021 federal and Québec personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
$109,756 to $151,978	47.46%	32.04%	41.30%
$151,979 to $216,511**	50.23%	35.87%	44.48%
Above $216,511	53.31%	40.11%	48.02%

** The rate on capital gains is one-half the ordinary income tax rate.*

*** The federal basic personal amount comprises two elements: the base amount ($12,421 for 2021) and an additional amount ($1,387 for 2021). The additional amount is reduced for individuals with net income in excess of $151,978 and is fully eliminated for individuals with net income in excess of $216,511. Consequently, the additional amount is clawed back on net income in excess of $151,978 until the additional tax credit of $174 is eliminated; this results in additional federal income tax (e.g., 0.27% on ordinary income) on taxable income between $151,979 and $216,511.*

Change in the rate of the dividend tax credit for non-eligible dividends

To reflect the increase in the maximum SBD rate noted above, the rate of the dividend tax credit for non-eligible dividends, which is currently 4.01% of the dividend gross-up amount, will be reduced to 3.42% of the gross-up amount of a dividend received or deemed received after 31 December 2021 (or 3.93% of actual amount of the dividend received or deemed received).

Capital régional et coopératif Desjardins tax credit – Reduction in the non-refundable tax credit rate

The non-refundable tax credit for the acquisition of class "A" shares of the capital stock of Capital régional et coopératif Desjardins will be reduced to 30% from 35% in respect of any class "A" shares acquired after 28 February 2021.

Correlative amendments will be made regarding the special tax relating to excessive capitalization and the special tax relating to the recovery of the tax credit for the purchase of shares.

Enhancement to the refundable tax credit for home-support services for seniors

In short, the tax credit for home-support services provides financial assistance equal to 35% of the amount of eligible expenses. These expenses cannot exceed $19,500 per year per non-dependent senior and $25,500 per dependent senior, such that the tax credit for home-support services does not exceed $6,825 for a non-dependent senior and $8,925 for a dependent senior. The 2021–22 budget proposes to gradually increase the rate for this tax credit in the coming years. Starting in 2022, the current 35% tax credit rate will be raised annually by one percentage point to reach 40% in 2026.

In addition, it is proposed to amend to the tax legislation to reintroduce a reduction mechanism applicable to dependent seniors, while ensuring a minimum level of tax assistance. This new reduction aimed at dependent seniors will only apply to the "amount of the enhanced tax credit for home-support services for seniors," which is determined using a formula. The reduction mechanism that applies to non-dependent seniors will also be changed. As a result, for these seniors, the tax credit for home-support services for seniors will at that point be reduced based on two family income thresholds, as set out in the budget.

Lastly, for a senior living in a dwelling unit in a rental apartment building, the amount of the tax credit for home-support services for seniors is calculated by applying the 35% rate to eligible expenses, including those included in the rent. The amount of eligible expenses included in the rent is equal to 5% of the monthly rent of the dwelling unit of which the senior is a tenant, co-tenant or subtenant, up to a rent of $600 per month. The budget proposes that the 5% rate that applies to the monthly rent will now apply to a maximum monthly rent of $1,200 (instead of $600). It is proposed to introduce a presumption in the tax legislation to provide that the minimum amount for any rent will be $600 per month, therefore establishing a lowest amount to which the 5% rate will apply in determining the deemed minimum eligible expenses included in the rent for the purposes of the tax credit for home-support services for seniors for a senior living in a dwelling unit of a rental apartment building ("minimum eligible monthly rent"). It is proposed that the tax credit for home-support services for seniors related to the amount of the minimum eligible monthly rent will be automatically paid by Revenu Québec to dependent seniors. The same will apply to non-dependent seniors whose family income entitles them to this, with the payment taking into account the applicable reduction based on their family income level. The new measures to increase the eligible expenses for the tax credit for home-support services for seniors included in the rent of a senior living in a dwelling unit of a rental apartment building will apply as of 2022.

Québec sales tax

To harmonize the QST with the legislative proposals with respect to the application of the goods and services tax and the harmonized sales tax (GST/HST) in relation to electronic commerce supplies tabled by the Government of Canada on 30 November 2020 as part of its economic statement (the "federal proposals"), the following amendments will be made to the Québec tax legislation with the required adaptations:

Cross-border digital products and cross-border services

The federal proposals essentially reflect the measures adopted in Québec for implementing a specified QST system requiring suppliers that do not carry on a business in Québec and do not have a permanent establishment in Québec, as well as operators of specified digital platforms facilitating the transactions of such suppliers, to register with Revenu Québec and to collect and remit the QST applicable to their taxable supplies of incorporeal movable property and services made in Québec to specified Québec consumers.

To avoid any difference in harmonization between the QST and GST/HST systems that may result from the implementation of the federal proposals relating to cross-border digital products and cross-border services (e.g., provisions relating to the calculation of the $30,000 threshold), amendments will be made to the Québec tax legislation to adjust it accordingly.

Goods supplied through fulfillment warehouses

The federal proposals for the application of GST/HST to goods supplied through fulfillment warehouses will be integrated into Québec legislation as follows:

- Distribution platform operators are required to register under the normal QST rules and to collect and remit the tax applicable to sales of corporeal movable property that are located in fulfillment warehouses in Québec ("qualifying supplies"), where those qualifying supplies are made by non-registered vendors through distribution platforms;

- Non-resident vendors are required to register under the normal QST rules and to collect and remit the tax applicable to qualifying supplies, when those supplies are made by the non-resident vendors on their own, that is, they are not made through a distribution platform;

- Fulfillment businesses in Québec will be required to notify Revenu Québec that they are carrying on a fulfillment business and to maintain records regarding their non-resident clients and the corporeal movable property they store on behalf of their non-resident clients.

Also, the specified QST system will be changed to ensure the collection and remittance of QST on (i) sales of corporeal movable property located in fulfillment warehouses in Canada but outside Québec as well as on (ii) sales of corporeal movable property shipped from a place in Canada but outside Québec, when such sales are made to a specified Québec consumer in Québec ("specified qualifying supplies").

Distribution platform operators registered under the general GST/HST system

The federal proposals for the registration of operators of distribution platforms under the general GST/HST system will be integrated into the specified QST system.

Distribution platform operators registered under the general GST/HST system will be required to register with Revenu Québec, under the specified QST system, and to collect and remit the QST applicable to specified qualifying supplies that vendors not carrying on a business in Canada and not registered under the general QST system ("non-resident suppliers") make in Québec to specified Québec consumers through distribution platforms.

In the event the distribution platform operators are already registered under the specified GST/HST system, they will be required to collect and remit the QST applicable to specified qualifying supplies that non-resident suppliers make in Québec to specified Québec consumers through distribution platforms.

This requirement to register under the specified QST system for distribution platform operators will apply when the value of the consideration for taxable incorporeal movable property and services of the distribution platform operators as well as taxable specified qualifying supplies made by non-resident suppliers in Québec to specified Québec consumers through the distribution platform exceeds or is expected to exceed $30,000 during a twelve (12)-month period.

Non-resident suppliers registered under the general GST/HST system

The federal proposals for non-resident suppliers requiring registration under the general GST/HST system are integrated into Québec legislation. Accordingly, non-resident suppliers registered under the general GST/HST and therefore required to register under the specified QST system, will have to collect and remit the QST on all of their taxable supplies made in Québec directly to specified Québec consumers. As a result, such non-resident suppliers will notably have to collect and remit the QST on their specified qualifying supplies made in Québec directly to specified Québec consumers without the use of a distribution platform.

The requirement to register under the specified QST system for non-resident suppliers will apply when the value of the considerations for all of their taxable supplies, including specified qualifying supplies made in Québec directly to specified Québec consumers exceeds or is expected to exceed $30,000 during a twelve(12)-month period.

Platform-based short-term accommodation

The federal proposals relating to the application of the GST/HST to supplies of short-term accommodation in Canada facilitated by a digital platform operator will be integrated into Québec legislation. Accordingly, QST will have to be collected and remitted in respect of supplies of short-term accommodation made through a digital platform.

The amendments to the Québec tax legislation detailed herein will be adopted only following assent to any federal statute implementing the federal proposals, taking into account any technical amendments that may be made prior to royal assent. They will come into effect on the same date as the date retained to implement the federal proposals with which they are harmonized.

A summary of federal proposals announced as part of the 30 November 2020 economic statement can be found in our Tax Alert 2020 No.58-*Federal government announces specified GST/HST regime for e-commerce supplies*.

Tax measures relating to trusts

Various administrative amendments have been announced to ensure compliance by trusts and their main players:

Harmonization with the legislative proposals of 27 July 2018

The legislative proposals announced on 27 July 2018 aimed at improving the collection of beneficial ownership information with respect to trusts will be harmonized. These measures propose that certain trusts be required to provide additional information on an annual basis, that certain trusts be required to file a tax return in cases where there is no such obligation at this time, and that a penalty be added, particularly in some events of non-filing.

In Québec, the amount of the penalty will, however, be $1,000 plus $100 for each day the failure continues, up to $5,000.

The proposed measures are expected to apply to taxation years ending after 30 December 2021.

Change in the requirement for a trust to file an information return

The requirement for trusts resident in Canada (outside Québec) that own a rental immovable property in Quebec to file an information return will be also applicable to testamentary trusts as well as to estates that were previously excluded (graduated rate estates will, however, remain excluded). This measure will be applicable for taxation years ending after 30 December 2021.

Addition of a requirement to provide a trust's tax identification number and tax account number

A trust will have to indicate its tax identification number (obtained from the Minister of Revenue) in any return, report or other document it must file under a tax law after 25 March 2021.

The same will apply to its trust account number, as defined in federal tax legislation, which is assigned to it by the Minister of National Revenue.

Other tax measures

Amendments to the *Mining Tax Act* to introduce an allowance for the development of critical and strategic minerals and eliminate the sustainable development certification allowance

The 2021-2022 budget proposes amendments to the *Mining Tax Act* so that an eligible operator may deduct from its annual profit an amount in respect of the allowance for the development of critical and strategic minerals that does not exceed the lesser of the following amounts: (i) an amount equal to the operator's cumulative critical and strategic mineral development expenses at the end of the fiscal year; and (ii) an amount equal to the balance of its ceiling on critical and strategic mineral development expenses at the end of the fiscal year (that is, the excess amount of $31.25 million over the amounts deducted in respect of the allowance for the development of critical and strategic minerals as well as the related government assistance).

Critical and strategic mineral development expenses will refer to expenses incurred by an eligible operator with a person with whom the eligible operator deals at arm's length and which consist of an expense primarily attributable to one or more critical and strategic minerals contemplated in the budget and relating to certain specific activities. Such expenses shall be incurred in respect of the period beginning immediately after the preliminary sampling and ending immediately before the time when it can reasonably be considered that the decision to bring a new mine for a mineral substance into production in reasonable commercial quantities has been made.

It is also proposed that the refundable duties credit for losses that an operator may claim for a fiscal year ending after 25 March 2021 be amended. When the operator is an eligible operator, for the fiscal year, an amount corresponding to the critical and strategic mineral development expenses it incurred for the fiscal year but after 25 March 2021, without exceeding the amount it deducted for the fiscal year on account of the allowance for the development of critical and strategic minerals, will be added to the amounts in respect of which a refundable duties credit for losses may be claimed. The other rules applicable to the calculation of the refundable duties credit for losses remain unchanged.

Lastly, the government plans to implement a new program that will provide financial support to exploration businesses and their specialized service providers in their certification and performance improvement initiatives for sustainable development. Given the implementation of this program, the sustainable development certification allowance will be eliminated. Correlative amendments will be made to the refundable duties credit for losses. This amendment will apply in respect of sustainable development certification expenses incurred after 31 December 2021.

Maintenance of the compensation tax

In order for financial institutions to continue contributing to the funding of public services, the compensation tax for financial institutions will be maintained beyond 31 March 2024. Accordingly, the rates applicable for the period from 1 April 2022 to 31 March 2024 announced in the 2020-2021 Québec budget of 10 March 2020 will continue to apply after 31 March 2024. The legislation will be amended so that an amount of compensation tax must be paid for a period after 31 March 2024.

Further extension of the credit on the employer contribution to the Health Services Fund ("HSF") in respect of employees on paid leave

Similarly to the extension of the Canada Emergency Wage Subsidy, the credit on the employer contribution to the HSF will also be extended until 5 June 2021. As a result, the same three new periods will be added to the qualifying periods for the credit on the employer contribution to the HSF:

- Period from 14 March 2021 to 10 April 2021
- Period from 11 April 2021 to 8 May 2021
- Period from 9 May 2021 to 5 June 2021

Autonomous application of the penalty for promoters of aggressive tax planning

The penalty applicable to a promoter of a transaction or series of transactions that includes a transaction reviewed under the general anti-avoidance rule (GAAR) will apply autonomously, regardless of whether there is a penalty applied beforehand on the taxpayer who is subject to the GAAR-based assessment. However, the penalty will only be applied to a promoter once the Minister of Revenue has established a GAAR-based assessment against a taxpayer.

This measure will apply as of the date the bill giving effect thereto is assented to.

Learn more

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