

Taxation in Québec

Québec's tax system constitutes an integral component of any business strategy. Although Québec's tax system operates within Canada's federal framework, it has distinct features due to the constitutional division of powers between the federal and provincial governments. As a result, income is taxed by both the Agence du revenu du Québec and the Canada Revenue Agency, each of which administers its own tax system and incentive programs.

Businesses operating in Québec must therefore comply with specific obligations related to tax reporting and collection for both levels of government. This system, while administratively demanding, also allows for tax optimization strategies tailored to the legal structure, industry and location of the business.

A solid understanding of these elements is crucial for optimizing tax planning, ensuring regulatory compliance and leveraging support measures available to businesses.



Personal Income Tax in Québec and Canada

Personal income tax is based on residency in Canada. Unless exempted under a tax treaty, a non-resident of Canada who remains in the country for 183 days or more in a calendar year is deemed to be a resident of Canada for tax purposes for that entire year. Individuals resident in Canada are subject to Canadian income tax on their worldwide income from all sources. The applicable tax rates for 2026 are as follows:

At the Provincial Level (Québec 2026) ⁽ⁱ⁾

Personal Income Tax Brackets (Québec)	Rates
Up to \$54,345	14 %
\$54,345 to \$108,680	19 %
\$108,680 to \$132,245	24 %
Over \$132,245	25.75 %

At the Federal Level (2026) ⁽ⁱⁱⁱ⁾

Person Income Tax Brackets (Canada)	Rates
Up to \$58,523	14 %
\$58,523 to \$117,045	20.5 %
\$117,045 to \$181,440	26 %
\$181,440 to \$258,482	29 %
Over \$258,482	33 %

Corporate Income Tax in Québec and Canada

Federal and Québec corporate income tax rates vary based on the industry and business structure. Corporations resident in Canada must pay federal tax on their worldwide income. The rates for business, manufacturing and processing, or investment income differ depending on whether the corporations are Canadian-controlled private corporations (CCPC) or controlled by non-residents.

Combined federal and provincial tax rates on non-CCPC corporate income for 2026 ^[iii]

	QC	ON	AB	BC
Manufacturing and processing income	26.5 %	25 %	23 %	27 %
Zero-emission technology manufacturing income	19 %	17.5 %	15.5 %	19.5 %
Other sources of income	26.5 %	26.5 %	23 %	27 %

Generally, a business is subject to provincial tax only if it has a permanent establishment in that province. A permanent establishment includes an office, branch, factory, warehouse, workshop or other fixed place of business.

Federal Goods and Services Tax and Québec Sales Tax

In Québec, there are two types of consumption taxes: the Goods and Services Tax (GST), which is federal, and the Québec Sales Tax (QST), which is provincial.

The GST and QST are value-added taxes and an input mechanism is available for registrants to recover the GST and QST paid on their expenses incurred in the course of their business activities.

Tax	Rates
GST	5%
QST	9.975%
Total	14.975%

Tax Incentives

Québec is known for its wide array of tax measures and government programs designed to stimulate business investment, innovation and sustainable growth. These incentives aim to support strategic sectors and attract high value-added companies to Québec.

In particular, the Government of Québec offers several targeted tax credits, the most recent of which were enhanced or reoriented as part of the 2025-2026 budget ^[iv] :

- **Tax credit for research, innovation and commercialization (CRIC):** this credit replaces several earlier R&D tax credits and supports businesses developing new products or processes that integrate artificial intelligence and involve commercialization.
- **Tax credit for the development of E-business:** this credit is focused on digital solutions integrating AI and aims to help technology companies enhance their competitiveness.
- **Tax credit relating to resources:** this credit encourages the development of critical and strategic minerals (CSMs), which are essential to the energy transition.

▾ **Important**

The Québec government publishes a complete list of tax credits available to businesses on the Revenu Québec website.

Contact



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References

^[i] <https://www.revenuquebec.ca/en/businesses/source-deductions-and-employer-contributions/employers-kit/principal-changes-for-2026-employers-kit/>

^[ii] <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/income-tax/reducing-remuneration-subject-income-tax.html>

^[iii] <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/whats-new-corporations.html>

^[iv] <https://www.quebec.ca/nouvelles/actualites/details/budget-2025-2026-communique-no-3-de-3-ameliorer-le-regime-fiscal-61808>