



New Item for the Week of July 10

Québec - Solidarity tax credit (STC) estimate for the first six months of 2012

QUESTION

Why are the payment amounts with respect to the solidarity tax credit estimated by *Personal Taxprep* for the first six months of 2012 higher than the payment amounts reported on the notice of determination for the solidarity tax credit issued by *Revenu Québec*?

ANSWER

In accordance with the instructions provided by *Revenu Québec* in October 2010, *Taxprep* has used a reduction threshold of \$31,800 when calculating the solidarity tax credit estimate for the first six months of 2012. This amount corresponds to the reduction threshold used to calculate the amounts for the last six months of 2011, i.e. \$30,875, indexed at a rate of 1.03% (indexation rate initially estimated by *Revenu Québec* for 2012).

However, *Revenu Québec* just informed us (in an e-mail received in July 2011) that the payment amounts shown on the notice of determination for the first six months of 2012 have not been established based on the indexed reduction threshold of \$31,800. Instead, they have been established based on the threshold applicable to the last six months of 2011, in this case, \$30,875, which explains the difference in calculation.

Revenu Québec has also informed us that revised notices of determination will not be issued to take the reduction threshold indexation applicable for 2012 into account when the real indexation rate is known. However, the payments will be adjusted accordingly.

Québec

Amount of compensation for QST received by a recipient of last-resort financial assistance (box F of the RL-5 slip)

QUESTION

Does the amount of compensation for QST that a recipient of last-resort financial assistance received in 2010 (box F of the RL-5 slip) have an impact on the preparation of the 2010 income tax return?

Will this amount reduce the solidarity tax credit amount that will be paid starting July 2011?

ANSWER

The amount of compensation for QST received in 2010 has no impact on the preparation of the 2010 income tax return.

Moreover, this amount will not reduce the solidarity tax credit amount that will be paid starting July 2011.

Advance payments of the solidarity tax credit (STC) received by a recipient of last-resort financial assistance in 2011

QUESTION

Will the amount of advance payments of the STC received by a recipient of last-resort financial assistance for the months of January through June 2011 have an impact on the STC amount that will be paid starting July 2011?

ANSWER

Yes. Since January 2011, the advance payment of the STC has been replacing the amount of compensation for QST that was paid monthly, in 2010, with the last-resort financial assistance.

The advance payment of the STC will reduce, for the months of July through December 2011, the STC amount that will be paid, which is estimated in the QSolidarity form. The recipients of last-resort financial assistance will be advised by the *ministère de l'Emploi et de la Solidarité sociale*.

Excerpt from the Information Bulletin 2010-8 published on December 21, 2010 by the *ministère des Finances du Québec*

"... [R]egarding each of the first six months of 2011, an eligible household is to receive an amount of \$29.83 if it consists of two adults, and \$14.92 if it consists of a single adult. The latter amount is raised by \$10.16 if the adult does not live in the same housing unit as another single adult or another family.

The amount granted for a given month to an eligible household will be incorporated into the calculation of its basic financial assistance benefit and may, as a result, be reduced.

....

Where an advance payment is granted to an eligible household consisting of two adults, each member of the household will be deemed to have received an amount equal to 50% of such payment on that account.

All of the amounts received by an individual who was a recipient of last-resort financial assistance on account of advance payments of the solidarity tax credit will be applied to reduce the amounts that will be determined, for the last six months of 2011, for the individual or, as the case may be, his covered spouse on account of the solidarity tax credit.

However, for a given month, only 50% of the amount determined for an individual who is, at the beginning of such month, a recipient of last-resort financial assistance may be subject to such a reduction, provided his status as a recipient was made known to the Minister of Revenue at least 21 days prior to the stipulated date for the payment of such amount."

Example:

An adult living alone is receiving last-resort financial assistance and is eligible for the STC starting July 2011. The individual's net income in 2010 is lower than the reduction threshold.

The basic benefit (social security program) received by the individual each month for 2011 is \$574. For the months of January through June 2011, the individual will also receive an amount of \$25.08 on account of advance payments of the solidarity tax credit.

Starting July 2011, *Revenu Québec* should pay the individual a monthly STC amount of \$57.50 (i.e., $(\$220 + \$125) / 6$) for the QST component.

However, because the individual will have received an advance payment of \$25.08 for each of the first six months of the year, *Revenu Québec* will only pay the individual \$28.75 a month until the total advance STC amount received, i.e., \$150.48 ($\25.08×6) has been recovered. The amount of \$28.75 corresponds to the maximum of 50% of the STC amount to which the individual is eligible.

If the individual was not a recipient of last-resort financial assistance at the time of payment, *Revenu Québec* could recover the full STC amount monthly, i.e., \$57.50, until the total advance amount received is recovered.

In order to help you identify which of your clients might be affected by this measure, we have made available a client filter which will allow you to quickly access a list of those clients. To obtain this client filter, click [here](#).

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