

WHAT'S NEW FOR 2025

Several credits, deductions, or benefits have been modified or added for the 2025 taxation year. Here are a few of them that may be of interest to you.

Canada Revenue Agency (CRA) Correspondence Method – Since July 2025, the default method for mail delivery has been changed. Many taxpayers now receive correspondence electronically only. However, they may request to receive it by regular mail by updating their correspondence preference in “My Account” online.

Enhanced Authentication Procedure at Revenu Québec – Since October 20, 2025, Revenu Québec requires callers to have two documents on hand to prove their identity. This measure applies to both taxpayers and representatives.

Reduction of the Tax Rate on the First Income Bracket (Federal) – The basic tax rate decreases from 15% to 14.5% for the year 2025. This reduction represents potential savings of slightly under \$200 for a Quebec resident. As a result, the federal tax credit rate is also adjusted from 15% to 14.5%.

Measures Regarding the Acquisition of Certain Business Property (Immediate Expensing) (Federal) – Taxpayers who acquire manufacturing equipment or zero-emission vehicles on or after January 1, 2025, may deduct the full cost of the property instead of applying the usual depreciation rules. For other types of property, the accelerated investment incentive is reintroduced, allowing the deduction of an amount equal to 150% of the deduction available under regular depreciation rules.

Career Extension Credit (Quebec) – Beginning in 2025, this tax credit is no longer available to individuals aged 60 to 64. Only individuals aged 65 and older will continue to qualify.

Refundable Tax Credit for Home-Support Services for Seniors (Quebec) – The credit rate has been increased to 39% for 2025 and will reach 40% in 2026.

Tax Treatment of Flow-Through Shares in Quebec – Revenu Québec announced two changes related to certain resource properties, applicable as of March 26, 2025: the elimination of the additional 10% deduction for certain exploration expenses in Quebec, and the elimination of the additional capital gains exemption.

Requirement to Report Foreign Investments in Quebec – Revenu Québec has introduced a new requirement for taxpayers to report foreign investments beginning with the 2025 tax year. A similar obligation already exists at the federal level. Quebec’s penalty for non-compliance can reach \$2,500, just like the federal penalty. It is therefore doubly important for taxpayers holding foreign investments to comply with this reporting obligation.

Canada Disability Benefit – This non-taxable benefit, in effect since May 15, 2025, is intended for individuals aged 18 to 64 living with a disability and with low income. Initial payments were issued in July 2025 and may reach up to \$200 per month for the 2025–2026 period. The benefit is reduced when the taxpayer’s income exceeds certain thresholds and depending on family status (single or coupled). Applications must be submitted to Service Canada. Detailed information and a benefit estimator tool are available on the [Canada.ca](https://www.canada.ca) website.

GST Rebate for First-Time Home Buyers – The partial GST rebate for the purchase of a new home will be enhanced for first-time buyers so that the full amount of GST paid is reimbursed. The property value limit is increased so the rebate applies to purchase prices up to \$1.5 million. As the bill has not yet completed the legislative process, the measure will apply retroactively to transactions concluded since March 20, 2025.

Reminder of an existing measure: GST rebate for new rental housing – This measure applies to rental buildings whose construction begins after September 13, 2023, and before 2031. For such buildings, the usual 36% GST rebate is enhanced to 100%. In addition, the phase-out threshold for the rebate does not apply under this measure. The resulting rebates can represent significant amounts.

Parental Union Regime – The parental union plan is a new marital regime that will automatically apply to common-law partners who have a child together or legally adopt one after June 29, 2025. This plan aims to equally divide the marital assets in case of separation and includes the same assets as the family property, except for pension plans and retirement funds. It is not possible to exclude oneself from this plan but only to exclude specific assets. However, a couple not subject to this regime may voluntarily opt into it if they wish.

New Measures Applicable in 2026

Incentive for the Purchase of Electric or Plug-In Hybrid Vehicles (Federal) – The purchase of a fully electric vehicle or a plug-in hybrid vehicle will be eligible for a rebate of up to \$5,000. However, it is important to note that a self-employed individual who benefits from this incentive will not be eligible for the immediate expensing measure described earlier.

Childcare Expenses Tax Credit (Quebec) – The age limit for children whose childcare expenses are eligible for the credit will decrease from 16 to 14, except for children with a mental or physical disability.

Medical Expenses Tax Credit (Quebec) – The definition of “practitioner” was amended in the 2025 budget to exclude homeopaths, naturopaths, osteopaths, and phytotherapists. As a result, fees paid for services provided by these professionals will no longer be eligible for the medical expenses credit as of January 1, 2026. Quebec is aligning its definition with the federal one.

Tax Credit for Political Contributions (Quebec) – This credit was eliminated in the 2025 budget. Political contributions made on or after January 1, 2026, will no longer be eligible for this credit.

Tax Shield (Quebec) – The elimination of the Tax Shield was announced in the 2025–2026 budget. The 2025 tax year will therefore be the last year in which taxpayers may benefit from this credit.