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Expansions of temporary contribution holiday to the Health Services Fund in the agriculture, forestry and fishing sectors and other adjustments to the Québec tax system

This information bulletin aims primarily to announce expansions to the temporary contribution holiday to the Health Services Fund to support the agriculture, forestry and fishing sectors introduced in the fall 2025 *Update on Québec's Economic and Financial Situation*.

It also announces a change in the Québec sales tax system concerning the transfer of used road vehicles.

Lastly, it presents the various limits and rates governing the deductibility of automobile expenses and the calculation of the value of taxable benefits relating to the use of an automobile applicable for 2026.

To obtain information on the matters dealt with in this information bulletin, contact the Secteur du droit fiscal, de l'optimisation des revenus et des politiques locales et autochtones, at secteurdroitfiscaletdelafiscalite@finances.gouv.qc.ca.

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1. Expansions to the temporary contribution holiday to the Health Services Fund to support the agriculture, forestry and fishing sectors

As part of the fall 2025 *Update on Québec's Economic and Financial Situation*,¹ a temporary contribution holiday to the Health Services Fund (HSF) was introduced to provide rapid financial assistance to employers in the agriculture, forestry and fishing sectors.

Since January 1, 2026, this temporary contribution holiday to the HSF allows employers benefiting from this measure to reduce their tax burden while supporting jobs in these sectors.

In order to allow a greater number of Québec employers in these same sectors to benefit from a contribution holiday to the HSF, a two-part expansion will be made to the rules for applying this holiday which were announced in fall 2025:

- the first component of the expansion will consist of removing the requirement to take into account the concept of total payroll in order to benefit from the full contribution holiday to the HSF;
- the second component of the expansion will result in the introduction of a partial contribution holiday to the HSF.

This two-part expansion, which will apply retroactively to January 1, 2026, aims to make it easier for employers to determine eligibility for the contribution holiday to the HSF, while making the holiday more inclusive.

On the one hand, in order to benefit from the full contribution holiday to the HSF, employers in the agriculture, forestry and fishing sectors will be able, under the first component, to only consider their own payroll to determine the proportion of wages paid or deemed to be paid in the year that can be attributed to these sectors, based on the activities represented by one of the North American Industry Classification System (NAICS) codes identified in *Information Bulletin 2025-8* of November 25, 2025.

On the other hand, the second component of the expansion will allow certain additional employers in these same sectors, whose volume of activities represented by one of the identified NAICS codes is lower, to still benefit from a contribution holiday to the HSF, albeit a partial one.

The more specific rules relating to the expansion of the temporary contribution holiday to the HSF are set out below.

¹ MINISTÈRE DES FINANCES DU QUÉBEC, *Information Bulletin 2025-8*, November 25, 2025, pp. 7-11.

❑ **New rules applicable to the temporary contribution holiday to the HSF for certain employers in the agriculture, forestry and fishing sectors**

The temporary contribution holiday to the HSF for certain employers in the agriculture, forestry and fishing sectors in effect since January 1, 2026, applies to employers in these sectors who qualify as “exempt specified employers” for either 2026 or 2027, regardless of the amount of their total payroll.

As announced in *Information Bulletin 2025-8* of November 25, 2025, the *Act respecting the Régie de l'assurance maladie du Québec*² will be amended so that no HSF contributions will be payable by an “exempt specified employer” for the years 2026 and 2027.

This Act will also be amended to introduce, for the same years 2026 and 2027, a partial contribution holiday to the HSF at a rate of 50% granted to “partially exempt specified employers,” a new category of employer.

■ **Exempt specified employer**

An “exempt specified employer” for the year 2026 or 2027 will mean any specified employer³ whose proportion of wages paid or deemed to be paid by this employer in that year, which will be attributable to activities represented by one of the NAICS codes described in the table below, out of all wages paid or deemed to be paid by this employer in that year, will be more than 50%.

² CQLR, chapter R-5.

³ Briefly, a specified employer for a year is an employer that has an establishment in Québec during the year and that is not the State, nor the government of another province or of Canada, or an employer that, at a particular time in the year, is:

- a mandatory body of the State, the government of another province or the Government of Canada;
- a municipality or a mandatory body of a municipality;
- a municipal or public body performing a function of government or a mandatory body of such a municipal or public body;
- a corporation, commission or association exempt from tax under section 985 of the *Taxation Act*.

TABLE 1

North American Industry Classification System (NAICS) codes applicable to the temporary contribution holiday to the Health Services Fund – Years 2026 and 2027

NAICS codes ⁽¹⁾	Employer’s activities
111	Crop production
112	Animal production and aquaculture
113	Forestry and logging
1141	Fishing
321111	Sawmills (except shingle and shake mills)
32211	Pulp mills

(1) The structure of NAICS is hierarchical. It is composed of five levels:

- level 1: sectors (two-digit codes);
- level 2: subsectors (three-digit codes);
- level 3: industry groups (four-digit codes);
- level 4: industries (five-digit codes);
- level 5: Canadian industries (six-digit codes).

■ **Partially exempt specified employer**

A “partially exempt specified employer” for the year 2026 or 2027 will mean any specified employer whose proportion of wages paid or deemed to be paid by this employer in that year, which will be attributable to activities represented by one of the NAICS codes described in table 1 above, out of all wages paid or deemed to be paid by this employer in that year, will be at least 25%, but not exceeding 50%.

■ **Clarifications**

The NAICS codes provided in this information bulletin are the same as those provided in *Information Bulletin 2025-8* of November 25, 2025. The two-part expansion announced in this bulletin is therefore not intended to open or extend the contribution holiday to the HSF (either full or partial) to additional sectors (in addition to the agriculture, forestry and fishing sectors) or to additional activities in these same sectors, but rather to apply it to a greater number of employers whose activities correspond to the NAICS codes set out in table 1 above.

For example, the two-part expansion of the contribution holiday to the HSF described in this information bulletin can make certain employers from a vertically integrated group of businesses in a given sector eligible for a contribution holiday to the HSF, either full or partial, whether due to the removal of the concept of “total payroll” or, in the case of a partial holiday, due to a lower volume of activities related to the identified NAICS codes.

Under the revised definition of “exempt specified employers” and the new concept of “partially exempt specified employers,” employers will no longer have to consider the payroll of employers with which they are associated when determining their eligibility for the contribution holiday to the HSF for either 2026 or 2027, which will facilitate the determination of their eligibility.

In brief, the two-part expansion of the contribution holiday to the HSF that is the subject of this information bulletin is illustrated as follows:

TABLE 2

Temporary contribution holiday to the HSF – Illustration of the rules for the two-part expansion
(per cent)

Category of employers	Proportion of employer’s payroll in Québec for eligible activities	Rate of employer’s contribution holiday
Exempt specified employers	> 50%	100%
Partially exempt specified employers	≥ 25%, without exceeding 50%	50%

■ **Periodic payments of the HSF contribution and year-end reconciliation**

As announced in *Information Bulletin 2025-8* of November 25, 2025, no periodic payments of the HSF contribution are required in 2026 and 2027 by an employer who qualifies as an “exempt specified employer” for either of these years, respectively.

In the case of an employer who qualifies as an “exempt specified employer” or a “partially exempt specified employer” under the new rules announced in this information bulletin, the periodic payments that would have to be made as of their first payment period according to their applicable frequency after the date of this information bulletin in 2026 and 2027 may be reduced, as applicable, to reflect either the full or partial contribution holiday to the HSF granted to these categories of employers as follows:

- in the case of an “exempt specified employer”: 100% reduction;
- in the case of a “partially exempt specified employer”: 50% reduction.

However, despite the retroactive application to January 1, 2026, of the rules for the two-part expansion announced in this information bulletin, it will not be possible to request a refund in 2026 and 2027 for a periodic payment made since January 1, 2026.

In other words, for an employer qualifying under the expansion rules provided for in this information bulletin for either components, a refund can only be granted after the submission of summary 1, *Summary of Source Deductions and Employer Contributions* [RLZ-1.S-V], for each of the years 2026 and 2027, in order to allow Revenu Québec to reconcile the contribution to the HSF payable for 2026 and 2027 with any contributions that may have been paid to it periodically.

❑ **Declaratory rule regarding the concept of “eligible specified employers” set out in *Information Bulletin 2025-8* of November 25, 2025**

For information purposes, the declaratory rule set out in *Information Bulletin 2025-8* of November 25, 2025, on page 10, remains applicable with respect to the concept of “eligible specified employers”⁴ based on the NAICS codes related to it.

Moreover, in the new definition of “exempt specified employers” and the definition of the new category “partially exempt specified employers” set out in this information bulletin, only the specific proportions of wages paid or deemed to be paid by an employer in either 2026 or 2027 that are attributable to activities represented by one of the NAICS codes set out in table 1 above will be considered, out of all wages paid or deemed to be paid by this employer in that year.

❑ **HSF contribution rule for individuals – Status quo**

For greater clarity, this announcement does not modify the announcement in *Information Bulletin 2025-8* of November 25, 2025, concerning HSF contributions for individuals for the years 2026 and 2027. The November 25, 2025 announcement for individuals remains fully applicable.

2. Transfer of a used road vehicle between an aunt or uncle and their nephew or niece

In order to limit tax avoidance in transactions involving used road vehicles between individuals, the Québec sales tax (QST) system provides for an anti-avoidance measure designed to determine the minimum market value of such vehicles for the purpose of calculating the QST payable on their transfer.

The anti-avoidance measure does not apply to transactions between related individuals, since these transactions are likely to be made free of charge or for less than market value for reasons other than to avoid paying the QST.

Nevertheless, according to the current definition of related individuals referred to in the anti-avoidance measure, aunts and uncles are not considered to be related to their nephews and nieces. However, this situation does not reflect the reality where genuine gifts or sales at a price below fair market value are made between an aunt or uncle and their nephew or niece.

⁴ An “eligible specified employer” for a year means a specified employer whose total payroll for the year is both less than the employer’s total payroll threshold for the year and attributable, in a proportion of more than 50%, to activities in the agriculture, forestry, fishing and hunting sectors; the mining, quarrying and oil and gas extraction sectors; or the manufacturing sectors, that are included in the groups described under codes 11, 21 and 31 to 33 of the North American Industry Classification System (NAICS codes).

Consequently, the QST system will be amended to exclude transactions involving used road vehicles between an aunt or uncle and their nephew or niece from the anti-avoidance measure.

This amendment will apply to the transfer of a used road vehicle between an aunt or uncle and their nephew or niece after the date of publication of this information bulletin.

3. Limits and rates governing the use of an automobile for 2026

On January 14, 2026, the Department of Finance Canada announced, by way of a news release, the limits governing the deductibility of automobile expenses and the rates used to calculate the value of the taxable benefits relating to the use of an automobile that will apply for 2026.⁵

In this regard, in keeping with the principle of substantial harmonization of tax legislations regarding automobiles, the various limits and rates governing the deductibility of automobile expenses and governing the calculation of the value of taxable benefits relating to the use of an automobile contained in Québec tax legislation and regulations will be, for 2026, the same as those applicable under the federal tax system. These limits and rates are presented in an appendix.

⁵ DEPARTMENT OF FINANCE CANADA, *Government Announces the 2026 Automobile Deduction Limits and Expense Benefit Rates for Businesses*, [Online], January 14, 2026, [<https://www.canada.ca/en/department-finance/news/2026/01/government-announces-the-2026-automobile-deduction-limits-and-expense-benefit-rates-for-businesses.html>].

APPENDIX

Limits governing the deductibility of automobile expenses and rates for benefits relating to the use of an automobile for 2026

Automobile expenses or value of certain taxable benefits	Limit or rate
Amount deductible from allowances paid by an employer to an employee according to distance travelled with the employee's automobile	
– For the first 5 000 kilometres:	as of January 1, 2026, the limit will increase from \$0.72/km to \$0.73/km. ⁽¹⁾
– For additional kilometres:	as of January 1, 2026, the limit will increase from \$0.66/km to \$0.67/km. ⁽¹⁾
Value of the benefit relating to operating expenses of an automobile that an employee uses for personal purposes, where the automobile is supplied by the employer	
– If the job consists mainly in selling or leasing automobiles during the taxation year:	as of January 1, 2026, the rate will stay at \$0.31/km.
– In other cases:	as of January 1, 2026, the rate will stay at \$0.34/km.
Maximum capital cost of non zero-emission passenger vehicles for the purposes of the capital cost allowance:	for vehicles acquired after 2025, the maximum capital cost will increase from \$38 000 to \$39 000. ⁽²⁾
Maximum capital cost of zero-emission passenger vehicles ⁽³⁾ for the purposes of the capital cost allowance:	for vehicles acquired after 2025, the maximum capital cost will stay at \$61 000. ⁽²⁾
Interest expenses eligible as a deduction:	for vehicles acquired after 2025, the limit will stay at \$350/month.
Leasing charges eligible as a deduction:	for leases entered after 2025, the limit will stay at \$1 100/month. ⁽²⁾

(1) The limit will continue to be 4 cents higher per kilometre in Yukon, the Northwest Territories and Nunavut, to reflect the higher cost of maintaining and operating a vehicle in those territories. Accordingly, it will increase to \$0.77 per kilometre for the first 5 000 kilometres and to \$0.71 per additional kilometre.

(2) This is the cost before applicable sales taxes are taken into account.

(3) Zero-emission passenger vehicles include plug-in hybrids with a battery capacity of at least 7 kWh and vehicles that are fully electric or fully powered by hydrogen.