ISSN 2368-8874

Finances Québec

INFORMATION BULLETIN

August 12, 2026 2026-6

Harmonization with certain federal tax measures

This information bulletin makes public the position of the Ministère des Finances du Québec regarding certain recently published federal tax measures.

First, it announces the Ministère des Finances's position on certain measures relating to the goods and services tax and the harmonized sales tax introduced by Bill C-31 of the Government of Canada, *A second Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*.

Second, it makes public the harmonization of the Québec tax system with some federal tax measures announced in the July 23, 2026 news release from the Department of Finance Canada.

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 secteurdudroitfiscaletdelafiscalite@finances.gouv.qc.ca.

The English and French versions of this bulletin are available on the government website Québec.ca.

Harmonization with certain federal tax measures

1. Harmonization with certain measures relating to the goods and services tax and the harmonized sales tax introduced by Bill C-31 of the Government of Canada

On May 6, 2026, the Government of Canada tabled Bill C-31 in the House of Commons, *A second Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*.

Parts 1 and 3 of Bill C-31 amend federal tax legislation and regulations relating to the goods and services tax and the harmonized sales tax.

Given the general principle of harmonizing the Québec sales tax (QST) system with that of the goods and services tax and the harmonized sales tax (GST/HST), amendments will be made to the Québec taxation system to incorporate, by adapting them in accordance with its general principles and its specific features, and taking into account the provincial context in which the QST operates, certain measures pertaining to:[1]

- avoidance of tax debts (sections 100 and 102);
- the *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (subsection 91(2) and section 193).

❑ Application dates

The amendments to the Québec taxation system will be adopted only after the assent of Bill C-31, taking into account any technical amendments that may be made prior to the assent. Furthermore, these amendments will be applicable starting on the same dates as those retained for the application of the measures of the bill with which they are harmonized.

[1] References in brackets correspond to section numbers of Bill C-31, tabled for first reading in the House of Commons of Canada on May 6, 2026.

2. Harmonization with some federal tax measures announced in the July 23, 2026 news release from the Department of Finance Canada

On July 23, 2026, the Department of Finance Canada made public in a news release legislative and regulatory proposals relating to various tax measures.[2]

❑ Federal proposals relating to the goods and services tax and the harmonized sales tax

In the news release of July 23, 2026, legislative and regulatory proposals relating to the *Excise Tax Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act* and the *Select Luxury Items Tax Act* (hereinafter, "federal proposals relating to the goods and services tax and the harmonized sales tax") were published.[3]

The proposed amendments are currently being studied by the Ministère des Finances du Québec, and decisions regarding harmonization with these amendments will be announced at a later date.

However, the Ministère des Finances du Québec wishes to now make public its position regarding the harmonization of Québec's tax legislation and regulations with some of the announced amendments to federal tax legislation and regulations.

Given the general principle of harmonizing the QST system with that of the GST/HST, amendments will be made to the Québec taxation system to incorporate, by adapting them in accordance with its general principles and its specific features, and taking into account the provincial context in which the QST operates, the following federal proposals relating to the goods and service tax and the harmonized sales tax:[4]

— the meaning of "feed" (FLRP 4);

— insurance – zero-rating (FLRP 20);

— leased quotas (FLRP 34);

— property related to agriculture (FLRP 35);

— exclusions from net premiums (FLRP 37).

---

2 DEPARTMENT OF FINANCE CANADA, *News release: Government launches consultation on draft legislation for various tax measures*, [Online], July 23, 2026, [https://www.canada.ca/en/department-finance/news/2026/07/government-launches-consultation-on-draft-legislation-for-various-tax-measures.html].

3 Id., *Legislative and Regulatory Proposals Relating to the Excise Tax Act, the Excise Act, 2001, the Air Travellers Security Charge Act and the Select Luxury Items Tax Act*, [Online], July 23, 2026, [https://www.canada.ca/en/department-finance/corporate/laws-regulations/draft-legislation/2026/07-eta-lta.html].

4 References in brackets correspond to the numbers of the federal legislative and regulatory proposals (FLRPs) relating to the goods and services tax and the harmonized sales tax published by the Department of Finance Canada on July 23, 2026.

■ Application dates

The amendments to the Québec taxation system will be adopted only after the assent of any federal legislation or the adoption of any federal regulation giving effect to the federal proposals relating to the goods and services tax and the harmonized sales tax, taking into account any technical amendments that may be made prior to the assent or adoption, as the case may be. Furthermore, these amendments will be applicable starting on the same dates as those retained for the application of the federal measures with which they are harmonized.

❑ Legislative Proposals Relating to the *Income Tax Act* and the *Income Tax Regulations* (Budget 2025 and other proposals)

In the news release issued on July 23, 2026, the Department of Finance Canada also made public legislative proposals relating to the *Income Tax Act* and the *Income Tax Regulations* (Budget 2025 and other proposals).[5]

Among these proposals was the measure described below, whose tax treatment was not announced in the *Spring Economic Update 2026*.[6]

■ Tax treatment of the Red Seal Completion Bonus

In the *Spring Economic Update 2026*, the federal government announced Team Canada Strong, an initiative to recruit, train, and hire 80 000 to 100 000 new Red Seal skilled trades workers over the next five years. Under this initiative, apprentices obtaining certification in a Red Seal trade will receive a one-time $5 000 completion bonus.[7]

Under the federal legislative proposals published on July 23, 2026, amounts received under the Red Seal Completion Bonus Program would be included in the recipient's income for the year in which they are received. It is also proposed that the federal tax legislation and regulations be amended to require tax to be withheld at source on payments made under the program at the rate applicable to lump sum payments.

---

5 DEPARTMENT OF FINANCE CANADA, *Legislative Proposals Relating to the Income Tax Act and the Income Tax Regulations (Budget 2025 and other proposals)*, [Online], July 23, 2026, [https://www.canada.ca/en/department-finance/corporate/laws-regulations/draft-legislation/2026/07-ita-lir-2.html].

6 Id., *Spring Economic Update 2026*, "Tax measures: Supplementary information," [Online], April 28, 2026, [https://budget.canada.ca/update-miseajour/2026/report-rapport/tm-mf-en.html#wb-cont].

7 Ibid., "Chapter 2.1 – Supporting Workers and Young People," pp. 90-92, [Online], [https://budget.canada.ca/update-miseajour/2026/report-rapport/pdf/update-miseajour2026-eng.pdf]. The Red Seal Program, formally known as the Interprovincial Standards Red Seal Program, is a program that sets common standards to assess the skills of tradespeople across Canada. For more information, visit the Red Seal website (https://red-seal.ca/eng/about/program.shtml) and the Gouvernement du Québec website at: https://www.quebec.ca/en/employment/working-outside-quebec/work-canada/red-seal.

Given that the Québec tax system is generally harmonized with the federal tax system with respect to the tax treatment of different income sources, the Québec government is now announcing that Québec tax legislation and regulations will be amended to incorporate, by adapting them in accordance with its general principles, the proposed federal amendments relating to the tax treatment of payments and repayments made under the Red Seal Completion Bonus Program, taking into account any technical amendments that may be made prior to assent or adoption. Furthermore, the amendments to the Québec tax system will be adopted only after the assent of any federal legislation or the adoption of any federal regulation giving effect to the accepted federal proposals.

For greater clarity, for the purposes of the Québec tax system, amounts received under the Red Seal Completion Bonus Program must be included in the recipient's income for the year in which they are received and Québec income tax must be withheld at source on their payment at the rate applicable to lump sum payments.

- **Application date**

These amendments will be applicable starting on the same date as the one retained for the application of the federal income tax measures with which they are harmonized.