

Harmonization with certain measures announced by the Federal Government in November and December 2023

❑ Harmonization with a measure of the federal economic statement of November 21, 2023 regarding GST/HST

On November 21, 2023, the Minister of Finance of Canada presented the federal government's *2023 Fall Economic Statement*.¹ At that time, legislative proposals relating to new GST/HST joint venture election rules² (hereinafter referred to as "federal proposals") were made public.

Given the general principle of harmonizing the Québec sales tax (QST) system with the goods and services tax/harmonized sales tax (GST/HST) system, changes will be made to the QST system to incorporate, by adapting them in accordance with its general principles, the federal proposals relating to joint venture election.

The changes relating to the QST system will be adopted only following assent to any federal statute giving effect to the federal proposals, taking into account any technical amendments that may be made prior to assent. In addition, they will come into effect on the same dates as the dates retained for the application of the federal proposals with which they are harmonized.

❑ Limits and rates governing the use of an automobile for 2024

On December 18, 2023, 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 2024.³

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's tax legislation and regulations will be, for 2024, the same as those applicable under the federal tax system. These limits and rates are presented in an appendix.

¹ DEPARTMENT OF FINANCE CANADA, *2023 Fall Economic Statement*, [Online], November 21, 2023, [<https://www.budget.canada.ca/fes-eea/2023/home-accueil-en.html>].

² *Id.*, *Legislative Proposals Relating to New GST/HST Joint Venture Election Rules*, [Online], [<https://fin.canada.ca/drleg-apl/2023/eta-lta-1123-eng.html>].

³ *Id.*, *Government of Canada Announces 2024 Automobile Deduction Limits and Expense Benefit Rates for Businesses*, [Online], December 18, 2023, [<https://www.canada.ca/en/department-finance/news/2023/12/government-of-canada-announces-2024-automobile-deduction-limits-and-expense-benefit-rates-for-businesses.html>].

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 secteurdroitfiscalitdelafiscalite@finances.gouv.qc.ca.

The English and French versions of this bulletin are available on the Ministère des Finances website at www.finances.gouv.qc.ca.

APPENDIX

Limits governing the deductibility of automobile expenses and rates for benefits relating to the use of an automobile for 2024

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, 2024, the limit will increase from \$0.68/km to \$0.70/km. ⁽¹⁾
– For additional kilometres:	as of January 1, 2024, the limit will increase from \$0.62/km to \$0.64/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, 2024, the rate will stay at \$0.30/km.
– In other cases:	as of January 1, 2024, the rate will stay at \$0.33/km.
Maximum capital cost of non zero-emission passenger vehicles for the purposes of the capital cost allowance:	for vehicles acquired after 2023, the maximum capital cost will increase from \$36 000 to \$37 000. ⁽²⁾
Maximum capital cost of zero-emission passenger vehicles ⁽³⁾ for the purposes of the capital cost allowance:	for vehicles acquired after 2023, the maximum capital cost will stay at \$61 000. ⁽²⁾
Interest expenses eligible as a deduction:	for vehicles acquired after 2023, the limit will increase from \$300/month to \$350/month.
Leasing charges eligible as a deduction:	for leases entered after 2023, the limit will increase from \$950/month to \$1 050/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 \$0.74 per kilometre for the first 5 000 kilometres and to \$0.68 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.