

### **The Québec Taxation Review Committee makes public its report**

#### **A revision of tax assistance for the cultural sector**

**Québec City, March 19, 2015** – The Québec Taxation Review Committee has revised the tax assistance accorded enterprises in the cultural sector. The committee recommends certain enhancements to tax measures (tax expenditures) that concern the sector. It also recommends the abolition of the zero-rating of books under the QST system and the reallocation of the funds generated to the publishing industry and the promotion of it.

#### **Support for culture**

In the wake of its review, the committee recommends the enhancement of the rate of the tax credit for the production of sound recordings, the tax credit for the production of performances, the tax credit for film dubbing, and the tax credit for book publishing. The committee recommends the maintenance of the tax credit for Québec film or television production and the tax credit for the production of multimedia environments or events staged outside Québec. It recommends the abolition in the long run of the tax credit for film production services. It also recommends that ceilings be set on salaries eligible for certain measures.

The committee recommends to the government that it examine the possibility of levying a tax on residential Internet services in order to support the funding of existing tax measures or new culture-related measures.

The tax assistance pertaining to the cultural sector does not pursue economic goals alone. It also seeks to offer Quebecers original cultural production, mainly in French, and to broaden the influence of Québec culture abroad. Moreover, digitization is multiplying the exhibition windows for cultural content. Québec productions compete with foreign productions that have available considerable financial resources. The committee believes that it is desirable to maintain this support for the cultural sector.

#### **The abolition of the zero-rating of books**

The committee recommends the abolition of the zero-rating of books under the QST system. It was implemented to promote the book publishing industry, which is central to Québec's specific character, and to maintain accessibility to books. The committee believes that zero-rating is not the best way to attain these objectives. It is of the opinion that it would be more appropriate to tax books and reallocate the funds generated to the book publishing industry and its promotion.

**The Québec Taxation Review Committee**

At the conclusion of eight months of deliberations, the Québec Taxation Review Committee is making public its final report, entitled *Focusing on Québec's Future*. The committee presents its deliberations and reflections in the six volumes of the report and formulates 71 recommendations to the government leading to a major reform of the tax system. Chaired by Luc Godbout, Director of the Département de fiscalité at the Université de Sherbrooke, the committee comprised specialists in the realms of taxation and public policy and representatives of the business community.

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**Source and information:** Press Relations  
418-528-7382