

HISTORY AND BASICS

of Québec Income Tax and Consumption Taxes

TEACHER'S GUIDE

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Learning and evaluation

SITUATION

GENERAL INFORMATION

Title: History and Basics of Québec Income Tax and Consumption Taxes	
Author: Revenu Québec	
Year: Secondary cycle two	Length: 5 hours (plus one assignment to be completed outside regular classroom hours)
Subject area: Social sciences	Program: Financial education

OVERVIEW

Sooner or later, students will enter the job market, where they will be called upon to participate in the financing of public services and social programs. As these are fundamental to ensuring the basic quality of life of all Quebecers, students must understand the importance of this responsibility.

Discussions and the presentation of a timeline will help students understand the origins of income tax and consumption taxes, the evolution of fiscal measures through the years, as well as their impact on our society.

Students will then poll their friends and family members to find out what they think about income tax and consumption taxes, and interpret the results. Lastly, they will discuss their own opinions on the basics of the tax system.

EDUCATION PROGRAM COMPONENTS

Broad areas of learning

- Health and well-being
- Career planning and entrepreneurship
- Environmental awareness and consumer rights and responsibilities
- Media literacy
- Citizenship and community life

Focuses of development

- Promotion of the rules of social conduct and democratic institutions
- Participation, cooperation and solidarity
- Adoption of a culture of peace

CROSS-CURRICULAR COMPETENCIES

Intellectual

- Uses information
- Solves problems
- Exercises critical judgment
- Uses creativity

Personnel and social

- Achieves his/her potential
- Cooperates with others

Methodological

- Adopts effective work methods
- Uses information and communications technologies

Communication-related

- Communicates appropriately

SUBJECT-SPECIFIC COMPETENCY

Subject-specific competency

- Takes a position on a financial issue

Components

- Assesses the situation
- Examines different options
- Considers the legal aspects of each option
- Puts his/her position in perspective

Learning outcomes

- Gives reasons why the government collects income tax
- Gives reasons why the government imposes consumption taxes

Learning MATERIALS

BASIC MATERIALS

- Computers or tablets
- Internet
- Student workbook

OPTIONAL MATERIALS

- Free online survey software
- The following article (in English):
 - > WIKING, Meik. "Why Danes happily pay high rates of taxes," [online], *U.S. News*, January 20, 2016 (viewed June 6, 2023).
- The following articles (in French):
 - > GRAMMOND, Stéphanie. «Les mailles inégales de notre filet social.» [online], *La Presse +*, February 11, 2017 (viewed May 31, 2023).
 - > BOURDEAU, Réjean. «Mitch Garber paiera 'plus de 100 millions' en impôts.» [online], *La Presse.ca*, September 30, 2016 (viewed May 31, 2023).

Pedagogical METHOD

Preparation



Length:
45 minutes

1. ASK THE QUESTIONS BELOW.



Note

The goal at this point is not to solicit precise answers from students but rather to have them think about what they already know. They will discover the answers as the learning and evaluation situation advances.



What do you know about income tax and consumption taxes?



Who handles income tax and consumption taxes?



Why do governments collect income tax and consumption taxes?



When do you start paying income tax and consumption taxes?



How do governments collect income tax and consumption taxes?



How long have income tax and consumption taxes existed?

Performance



Length:
1 hour and 15 minutes

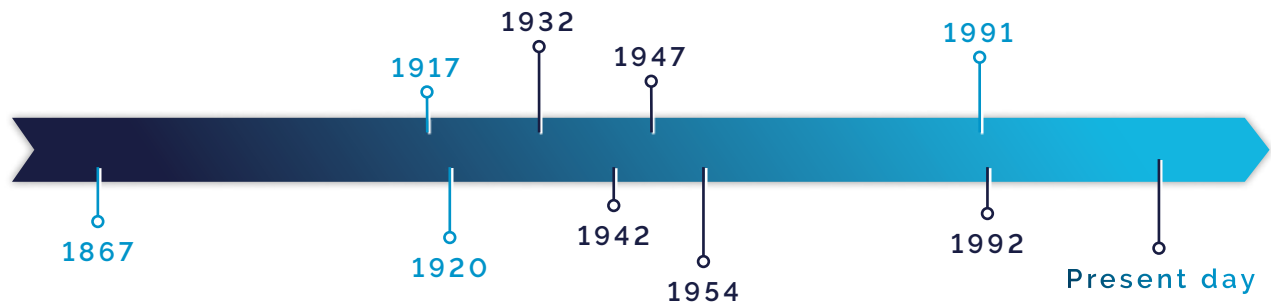
INCOME TAX AND CONSUMPTION TAXES THROUGH THE YEARS

1. SHOW THE HISTORY OF QUÉBEC INCOME TAX AND CONSUMPTION TAXES USING A TIMELINE AND AN ACCOMPANYING TEXT.



Note

Students can also create a timeline themselves based on their own research into the history of Québec income tax, in which case the length of the activity will have to be adjusted.



Timeline items



Canada

- 1867** Customs duties are the federal government's chief source of income.
- 1917** The first income tax is introduced.
- 1920** Federal sales tax is introduced.
- 1991** The goods and services tax (GST) is introduced.



Québec

- 1932** Corporate income tax is introduced.
- 1942** The provinces temporarily relinquish their right to levy income tax to the federal government.
- 1947** Corporate income tax is reinstated.
- 1954** Personal income tax is reinstated.
- 1992** Québec sales tax (QST) is introduced.

Accompanying TEXT

Taxes date back farther than you may think.

In ancient Egypt, Ramses II collected a share of peasants' harvests; the Roman Empire had a complex tax system; and in the Middle Ages, seigneurs such as Philip IV required vassals (peasants and artisans) to pay a fealty.

1867

Canada became the first country in the world with a government department dedicated to collecting income tax and other taxes. Until 1916, most tax revenue came from taxes on certain consumer goods and customs duties.

1917

Canadians were called upon to participate in the war effort. Under the *Income War Tax Act*, the federal government collected tax on individuals' income. Until then, only the provinces had such taxation powers. Though it was presented as temporary at the time, income tax became one of the federal government's permanent sources of income. Quebecers have therefore paid federal income tax since 1917.

1920

With the government in dire need of tax revenue in the wake of World War I, a federal sales tax was again put in place.

1932

Québec began collecting corporate income tax.

1942 to 1946

To support the war effort, the provinces once again relinquished their power to tax corporate income to the federal government.

1947

Ontario and Québec renegotiated their power to tax corporate income in exchange for a reduction in federal income tax.

1954

Québec premier Maurice Duplessis announced his intention to introduce a personal income tax so that Quebecers could be "masters in their own home" from a fiscal perspective.¹ In response, the federal government, under Louis St-Laurent, cut the federal income tax rate by 10%. The first Québec income tax return was created the same year, after the *Provincial Income Tax Act* came into force. Since then, Quebecers have had to file both a federal and a provincial return.

1991

The federal government introduced the goods and services tax (GST). Québec followed suit the next year by introducing the Québec sales tax (QST).

1. COMEAU, Robert. "Duplessis face au déséquilibre fiscal : l'impôt québécois de 1954," *Le Devoir*, August 7, 2004.

QUÉBEC GOVERNMENT INCOME AND EXPENDITURES**2. ASK THE QUESTIONS BELOW.**

Q Based on what you've read or heard, how would you define "income tax" and "consumption taxes"?

A Income tax and consumption taxes are mandatory payments citizens make to their government.

Q What are taxes used for?

A Taxes help pay for public goods and services, as well as social programs.

Q What public goods and services have you used in the last few months?

A Answers will vary.

Examples:

Education, healthcare, roads and highways, hospitals, national defence, police and emergency services, parks and recreation, libraries, garbage collection, etc.

3. HAVE STUDENTS COMPLETE EXERCISE 1.



Exercise 1

How much? (p. 3 of the student workbook)

INSTRUCTIONS: Estimate the cost of the public services in the table below. Underline your answers.

Public service	Approximate cost		
One year of a high-schooler's education	A. \$5,800	B. <u>\$10,000</u>	C. \$15,500
Construction of a 32-classroom high school	A. <u>\$35,000,000</u>	B. \$18,000,000	C. \$3,500,000
One day of hospitalization	A. \$1,300	B. \$3,000	C. <u>\$4,000</u>
An outpatient surgery	A. \$7,000	B. \$2,500	C. <u>\$4,500</u>
Building a concrete skate park	A. <u>\$158,000</u>	B. \$54,000	C. \$100,000
Building a soccer field	A. \$600,000	B. \$1,750,000	C. <u>\$2,800,000</u>

4. CORRECT EXERCISE 1 AND MENTION THE FOLLOWING.

- The income tax and other taxes collected by the government are known as tax revenue. They are collected in a variety of ways by the various levels of government, as shown in the Table 1.²

TABLE 1 – Sources of tax revenue

Type of revenue	Federal government	Provincial government	Municipalities and school boards
Personal income tax	✓	✓	
Corporate income tax	✓	✓	
Consumption taxes	✓	✓	
Premiums and contributions (e.g., Employment Insurance premiums)	✓	✓	
Duties and permits	✓	✓	✓
Property taxes			✓

- The Québec government's other sources of income include federal transfer payments and income from government-owned corporations.

In the 2023-2024 budget, the Québec government's income totalled \$146.4 billion (Table 2). Of that, 29.4% came from personal income tax and 18.6% from other taxes (Figure 1).

TABLE 2 – Québec government budgetary revenues³

Revenue source	2023-2024 (billions of dollars)
Personal income tax	43.1
Consumption taxes	27.3
Corporate income tax	13.2
Healthcare contributions	7.9
Duties and permits	5.7
Miscellaneous revenue*	12.7
Government-owned corporations	6.8
Federal transfer payments	29.7
TOTAL	146.4

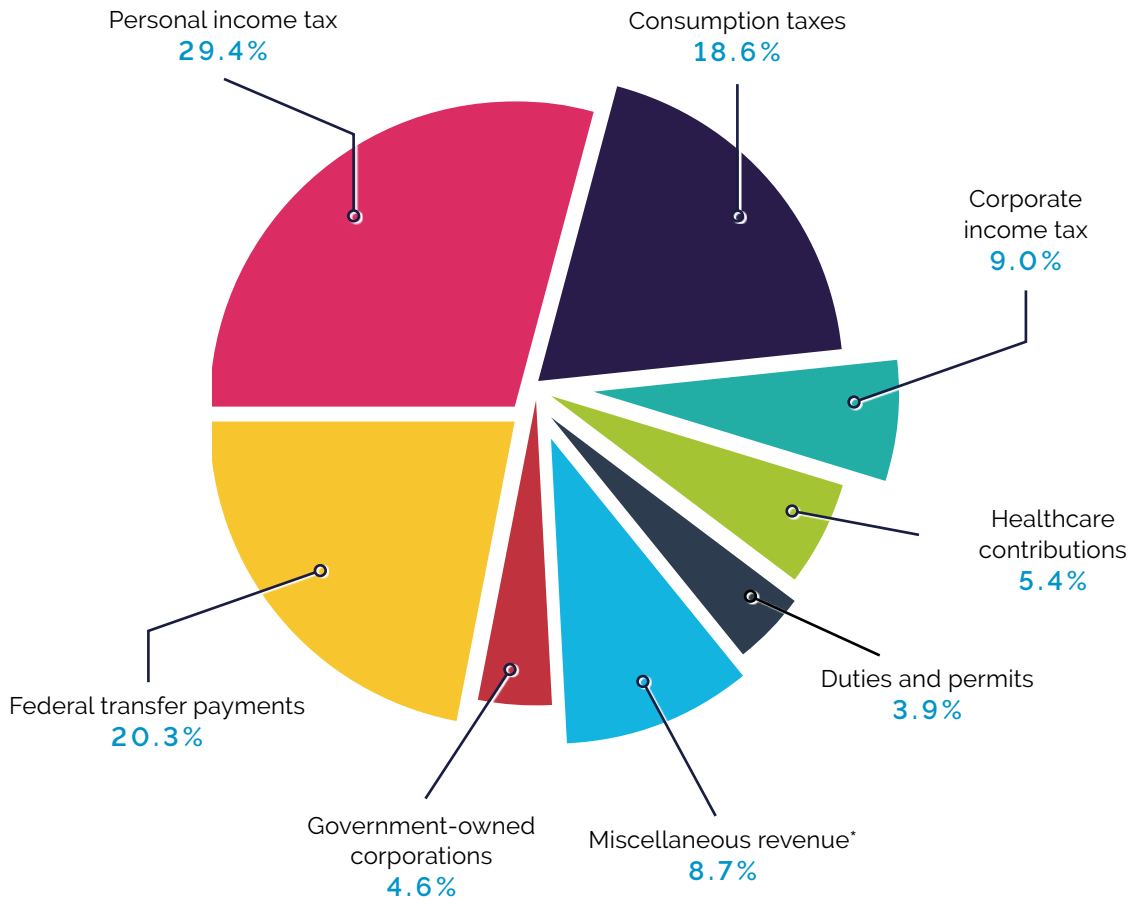
* This includes school property tax.

Note: The above total may not be perfectly accurate, as the figures have been rounded.

2. REVENU QUÉBEC. *Guide d'animation à l'intention des enseignants et des enseignantes du cours d'éducation économique de la 5^e année du secondaire. Taxes et impôts au Québec : pourquoi et pour qui?*, 2009, p. 4.

3. MINISTÈRE DES FINANCES DU QUÉBEC. *Budget 2023-2024: Budget Plan - March 2023*, pp. H.33-H.35, H.37.

Figure 1 – Québec government budgetary revenues⁴



* This includes school property tax.

Note: The total may not add up to 100%, as the figures have been rounded.

4. MINISTÈRE DES FINANCES DU QUÉBEC. *Budget 2023-2024: Budget Plan - March 2023*, pp. H.41-H.42.

- Government income helps pay for public goods and services as well as the social programs offered by the various levels of government.

Public services include:

- > national defence (federal government)
- > healthcare and education (provincial government)
- > recreation, libraries, parks and garbage collection (municipal government)

Social programs include:

- > the family allowance (financial assistance the Québec government grants parents for the benefit of their children)
 - > the solidarity tax credit (an amount the Québec government grants low- and middle-income families)
 - > retirement pensions paid under the Québec Pension Plan (benefits the Québec government pays retirees)
 - > the goods and services tax/harmonized sales tax (GST/HST credit) (a credit the federal government grants low- and middle-income families)
- We use all sorts of public goods and services without ever really seeing the bill. In some cases, the person using the good or service has to pay a token fee. In others, two levels of government may split the cost (for example, a city and the provincial government sharing the cost of building a library). In all cases, however, some level of government (federal, provincial or municipal) or a school board foots all or part of the bill.⁵

5. REVENU QUÉBEC. *Guide d'animation à l'intention des enseignants et des enseignantes du cours d'éducation économique de la 5^e année du secondaire. Taxes et impôts au Québec : pourquoi et pour qui?*, 2009, p. 2.

5. DISCUSS QUÉBEC GOVERNMENT SPENDING WITH STUDENTS.⁶

- Mention that public services and social programs constitute expenses for the Québec government, which are spread out among various sectors.
- Give the breakdown of the Québec government's budgetary expenditures (shown in the table below).

TABLE 3 – Québec government budgetary expenditures⁷

Sector	2023-2024 (billions of dollars)
Health and social services	59.0
Education	20.2
Higher education	10.5
Family	8.2
Transport and sustainable mobility	7.0
Employment and social solidarity	5.3
Municipal affairs and housing	4.5
Economy, innovation and energy	3.7
Environment, fight against climate change, wildlife and parks	2.3
Debt service	9.5
Other portfolios	17.8
TOTAL	148.0

Note: The above total may not be perfectly accurate, as the figures have been rounded.

6. REVENU QUÉBEC. *Presentation and Activity Guide for Third Cycle Elementary School Teachers. Taxes in Québec: Why We Pay Them and How They Are Used.* 2011, p. 6.

7. MINISTÈRE DES FINANCES DU QUÉBEC. *Budget 2023-2024: Budget Plan - March 2023*, pp. H.41-H.42.

6. HAVE STUDENTS COMPLETE EXERCISE 2.

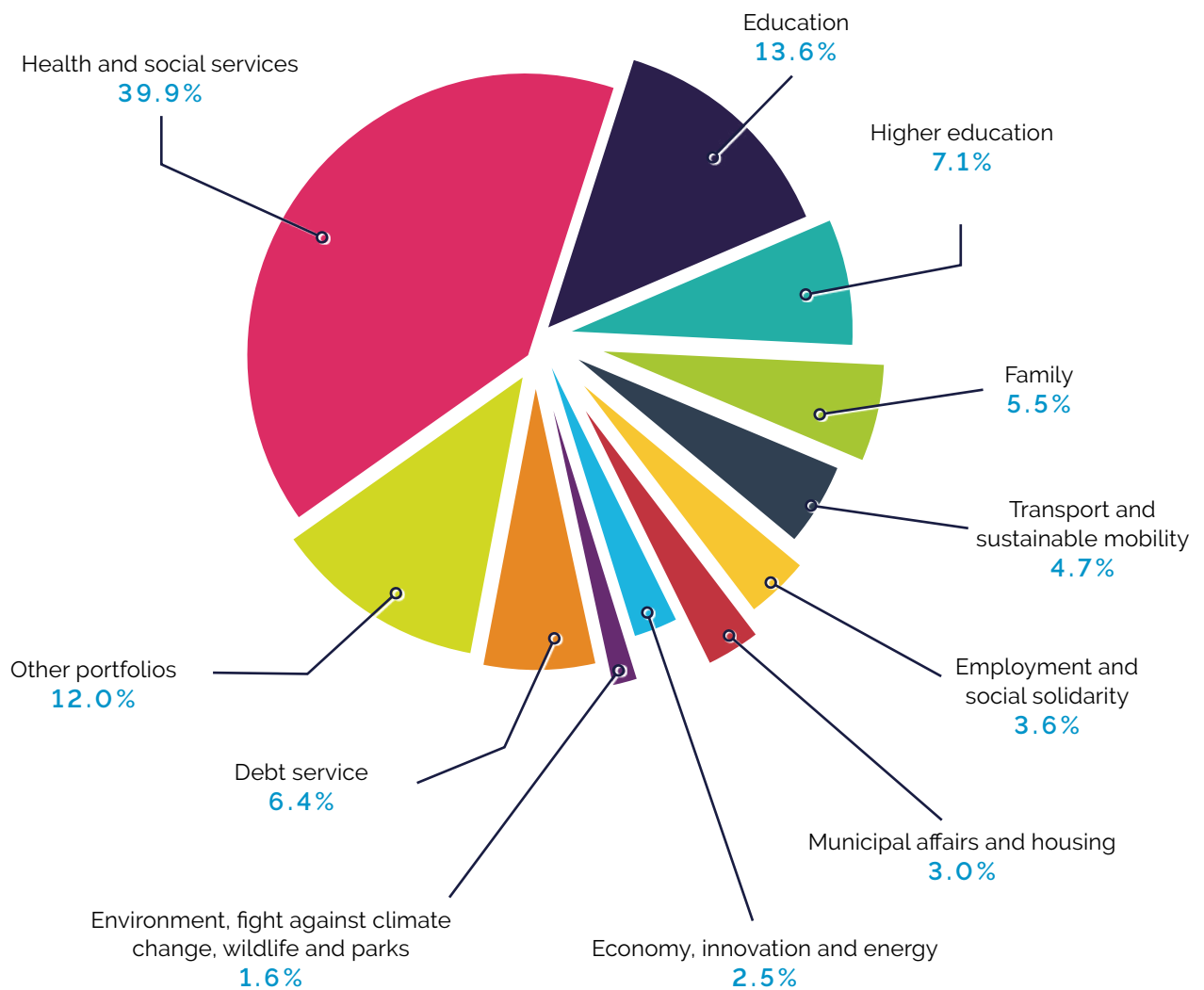


Exercise 2

Québec government budgetary expenditures (p. 6 of the student workbook)

INSTRUCTIONS: Using Table 3, calculate the percentage of the total government expenditures that each sector represents as shown in Figure 3 and then enter the percentages in the appropriate spaces.

Figure 2 – Québec government budgetary expenditures⁸



Note: The total may not add up to 100%, as the figures have been rounded.

8. MINISTÈRE DES FINANCES DU QUÉBEC. *Budget 2023-2024: Budget Plan - March 2023*, pp. H.41-H.42.

Ask the following questions.

Q Which sectors cost the most?

- A**
- Health and social services
 - Education and culture

Q What would happen if the government stopped investing in these sectors?

- A** We would have to pay for the services ourselves. But since some people have less money than others, not everyone would be able to afford them. There would be widespread inequality.

Q What do you think of how the spending is divided among the various sectors?

- A** Answers will vary.

7. HAVE STUDENTS SUMMARIZE WHAT THEY HAVE LEARNED THUS FAR.**Discussion prompts:**

Q What have you learned?

Q What surprised you the most?

Q How does all this fit together?

Integration

**Note**

Length: 3 hours (plus one assignment to be completed within two weeks outside regular classroom hours)

1. HAVE STUDENTS COMPLETE EXERCISE 3.

**Exercise 3**

What do you think about income tax and consumption taxes?
(p. 9 of the student workbook)

INSTRUCTIONS: Outside of the classroom, poll four friends and/or family members to find out what they think about income tax and consumption taxes. Then, analyze the results.

**Note**

- Students will use the results of their surveys in a later exercise.
 - The questions below are merely suggestions; students can come up with their own.
 - Students can use free online software such as SurveyMonkey to create their polls and analyse the results.
-

Suggested questions

1. Why do you think we pay taxes?
2. How do you think our tax dollars are used?
3. Which of your daily activities do you think are funded in whole or in part by income tax?
4. Do you think we get our money's worth, in terms of the services we receive for the taxes we pay?
5. How would you suggest improving the tax system?

**Note**

Students will need approximately two weeks to conduct their polls outside regular classroom hours.

2. HAVE STUDENTS COMPLETE EXERCISE 4.



Exercise 4

Columnist for a day (p. 11 of the student workbook)

INSTRUCTIONS: Write a column based on the results of your poll. In it, you can give your own opinions (Were the results predictable or unexpected? Do you agree or disagree with the answers people gave? Explain why.)

Reinvestment



Length:
Variable

1. HAVE STUDENTS PRESENT THEIR COLUMNS TO THE CLASS.



Note

Suggested formats:

- Individual oral presentations with visual aids
 - Debate (divide the class into groups, each one taking a stance on the cost-value relationship between public services and taxes)
-

2. PROVIDE STUDENTS WITH FURTHER READING (IN FRENCH).

- [*Les mailles inégales de notre filet social*](#)
- [*Mitch Garber paiera « plus de 100 millions » en impôts*](#)

3. PROVIDE STUDENTS WITH FURTHER READING (IN ENGLISH).

- [*Why Danes Happily Pay High Rates*](#)

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Evaluation of **TEACHING AND LEARNING**

1. Identify and analyze positive elements, difficulties encountered, unexpected reactions to the content, etc.
2. Determine areas for improvement and corrections to be made.
3. Analyze what the students have learned (knowledge and skills acquired, yet to be acquired, being acquired or to be perfected; difficulties encountered; etc.).
4. Establish connections with the next LES in order to consolidate the teachings from this one and address any difficulties encountered.

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