

Woodlot Economics Fiscal Measures

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Can Woodlot owners
benefit from existing
fiscal measures?

Course Plan

- * Operations Harvest Tax
- * Income Averaging
- * Carbon Credits

Forest Operations Tax

- * Provincial Tax at a rate of 10 %
- * Net income from forest operations of 65 000 \$ or more
- * Eligible for a credit of 33.33 % provincial and 66.67 % federal.



Forest Operations Tax

- * Standing timber sold in Quebec
- * Standing timber sold outside Quebec
- * Sales of woodlots and cutting rights

Income averaging

- * In Quebec, individual woodlot owners or corporations with a woodlot owner status benefit from an income averaging mechanism.
- * For the period covering 2020 to 2025, an amount not exceeding 85% of a net harvest revenue can be deferred for a period not exceeding 10 years.



Income averaging

- * One has to declare 15% in the first year and a minimum of 10% of the residual amount every year following.
- * This mechanism provides more income and fiscal stability for the landowner, without affecting his average income tax rate.

Lobby for other fiscal measures

- * Income averaging mechanism requested with the federal government
- * A mechanism in the form of a personal fund meant to create an incentive for woodlot silviculture investments and best management practices

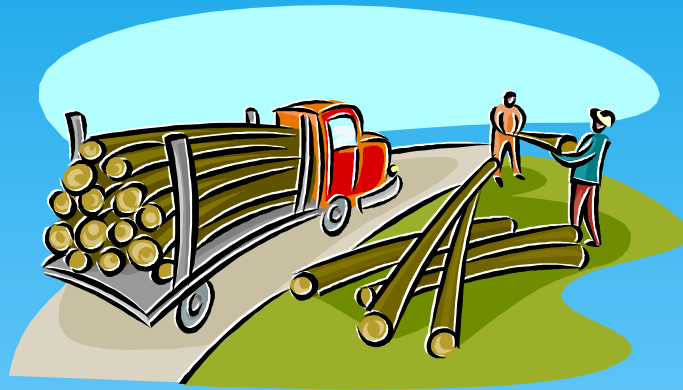
Lobby for other fiscal measures

- * A personal fund meant to create an incentive for woodlot silviculture investments and best management practices
- * Would take the form of a RRSP, with non taxable accrued interest or revenue, until the amounts are reinvested in silviculture operations or woodlot maintenance and road building.
- * Would allow to save income tax during high income years and the revenue would become taxable in the investment years.

Other fiscal measures

Carbon Credit Sequestration

- * Decembre 14, 2022 – Regulation GQ for eligible woodlot carbon project to receive compensation
- * Plantations 1990 and later
- * 60 months to registrar a project (Decembre 2027)
- * Current value 35,62\$ / per ton CO2 (2022)
- * Criteria and conditions : Real, Additional (baseline reference), Permanent (100 yrs ???, buffer), Quantifiable (protocol), Verifiable (audit) , Legally binding (easement), Unique (no overlap project).



Questions