

Cutting taxes for clean tech businesses

Creating a prosperous, net-zero carbon emissions future by 2050 presents a massive economic opportunity — not only for countries and companies, but for Canadian workers today and in the future.

Over the past four years, our Liberal government has worked to reduce carbon emissions. As we continue to approach that challenge in a number of ways — by putting a price on pollution, or harnessing the power of nature — we've also invested billions to help clean tech companies scale-up.

Clean technology — which uses renewable and sustainable sources of energy, emits less pollution, and uses fewer resources — will be key to reducing Canada's emissions and getting us to net-zero. The industry will also be key to creating many of the good, well-paying jobs of the future.

Reaching net-zero emissions

A re-elected Liberal government will get Canada to net-zero emissions by 2050 — a critical step in leaving a cleaner planet for the next generation.

The world's leading scientists have been clear: reaching net-zero is the only way to prevent the worst impacts of climate change.¹ We can do this, in part, by attracting, retaining, and growing companies that create things like zero-emissions batteries that power electric vehicles, the next generation of solar panels, carbon capturing technologies that remove pollution from the air, and more.

The global demand for these clean technologies and products is also growing quickly, and is expected to reach \$2.5 trillion by 2022.

We've already helped 900 companies invest in clean technology equipment, and we brought together the brightest minds in the industry to advise the government on clean technology. Now, we're going to build on that progress — making the most significant tax reduction in the clean tech sector in Canada's history.

An unprecedented competitive edge

As the number one country in the G20 for clean tech innovation,² Canada is perfectly placed to tap into this growth to create jobs, grow the economy, and protect the environment.

A re-elected Liberal government will take advantage of this lead by providing one of the strongest incentives to invest in and grow clean technology and goods.

- We will cut in half the corporate tax paid by companies that develop and manufacture zero-emissions technologies;
 - This will lower corporate taxes on qualifying business over the next three years.
 - This will drop corporate taxes for small cleantech businesses from 9 per cent to 4.5 per cent, and larger cleantech companies will see their taxes drop from 15 percent to 7.5 per cent.

Eligibility will be determined through a science-based process, in collaboration with the Standards Council of Canada, the National Research Council, Sustainable Technology Development Canada, and other experts.

Eligible sectors could include, but aren't limited to:

- Manufacturing related to renewable energy (e.g. wind, solar, geothermal systems, biomass, marine, hydrogen fuel cells)
- Production of renewable fuels (biofuels, hydrogen, biogas, fuels from carbon capture and use technologies)
- Zero emission vehicles
- Carbon sequestration and removal technology
- Batteries for use in zero emission vehicles and grid storage
- Electric vehicle charging systems

Leading by example

If re-elected, we will also leverage the purchasing power of the federal government to further drive clean technology adoption, by strengthening existing green procurement policies. This will give clean tech companies more certainty, and help businesses grow, by having a reliable customer that they can work with.

We will also require federal buildings to be powered completely by clean electricity by 2022, accelerating, by three years, our previous commitment to hit this goal by 2025. To support growth in the clean energy sector, where possible, we will work to source that power from new clean energy products.

Costing

The clean tech tax measure will cost approximately \$15 million in 2020-21 rising to about \$67 million by 2023-24. All other measures will be sourced within existing departmental resources. Further details regarding costing will be released over the course of the campaign.

¹ <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

² https://i3connect.com/gcii/country_rank