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CANADA'S CLEAN ECONOMY INVESTMENT TAX CREDITS ARE PASSED BY PARLIAMENT AND BECOME LAW

The Clean Economy Investment Tax Credits (ITCs) will support your investments in energy and technologies that create long-term sustainable growth for your company in Canada. The ITCs represent \$93 billion in federal government incentives by 2034–35, supporting the transition to net zero emissions by 2050.

Clean Economy ITCs include:

- Carbon Capture, Utilization and Storage investment tax credit
- Clean Technology investment tax credit
- Clean Hydrogen investment tax credit
- Clean Technology Manufacturing investment tax credit
- Clean Electricity investment tax credit
- Electric Vehicle Supply Chain investment tax credit

In June 2024, **the legislation for four of the ITCs were passed by Canada's Parliament and are now law.** The following provides a high-level summary of the Clean Economy ITCs that you, as a company, may be eligible for:

1. Carbon Capture, Utilization, and Storage (CCUS) investment tax credit

Status: Passed by Parliament and is now law

This ITC is related to the acquisition of property used to capture CO₂ emissions from fuel combustion, industrial process or directly from the air, to transport the captured carbon and to store it or use it in industry. The CCUS ITC is available to a broad range of CCUS applications in different industrial subsectors such as concrete, plastics, and fuels. This ITC is available for CCUS projects to the extent that 10% or more of the captured CO₂ is used in an eligible use.

The legislation for the CCUS ITC can be found [here](#).

2. Clean Technology (CT) investment tax credit

Status: Passed by Parliament and is now law

This ITC is related to investments of capital in the adoption and operations of new clean technology property in Canada. The CT ITC rate may be up to 30% of the capital cost of CT property that is acquired and that becomes available for use from March 28, 2023, to December 31, 2033. The CT ITC rate may be up to 15% for property acquired and that becomes available for use in 2034.

The legislation for the CT ITC can be found [here](#).

3. Clean Hydrogen (CH) investment tax credit

Status: Passed by Parliament and is now law

This ITC is related to investments of capital in the production of clean hydrogen and clean ammonia in Canada. The CH Tax Credit would be available in respect of the cost of purchasing and installing eligible equipment for projects that produce hydrogen from electrolysis or natural gas, so long as emissions are abated using CCUS. Going forward, the government will continue to review eligibility for other low-carbon hydrogen production pathways.

The legislation for the CH ITC can be found [here](#).

4. Clean Technology Manufacturing (CTM) investment tax credit

Status: Passed by Parliament and is now law

This ITC is related to investments of capital in new clean technology manufacturing and processing, and critical mineral extraction and processing in Canada, equal to 30% of the capital cost of eligible property associated with eligible activities.

The legislation for the CTM ITC can be found [here](#).

5. Clean Electricity investment tax credit

Status: Consultations on the draft legislation for the Clean Electricity investment tax credit will launch in Summer 2024, and the government is targeting to introduce the legislation in Parliament in Fall 2024.

This ITC is related to investments of capital in the electricity sector to support net-zero electricity and an expanded clean electricity grid. The Clean Electricity investment tax credit would provide a refundable



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tax credit up to 15% for eligible investments in new equipment or refurbishments related to specified clean electricity property.

6. Electric Vehicle Supply Chain investment tax credit

Status: Design and implementation details will be provided in Fall 2024.

This ITC is equal to 10% of the cost of buildings used in the following key segments of the electric vehicle supply chain: electric vehicle assembly; electric vehicle battery production; and cathode active material production. For a taxpayer's building costs in any of the specified segments to qualify for the tax credit, the taxpayer (or a member of a group of related taxpayers) must claim the CTM ITC in all three of the specified segments, or two of the three specified segments and hold at least a qualifying minority interest in an unrelated corporation that claims the CTM ITC in the third segment. The building costs of the unrelated corporation would also qualify for the Electric Vehicle Supply Chain ITC.

Labour requirements for the CH, CCUS, CT, and Clean Electricity ITCs will ensure workers share the benefits of these investments. Further information can be found [here](#).

RESOURCES ON THE CLEAN ECONOMY ITCs

For more information on the Clean Economy ITCs, including how to claim the credit, please visit the [Clean Economy Investment Tax Credits website](#). The website is continually updated with additional information.

HOW TO ASSESS YOUR ELIGIBILITY FOR THE CLEAN ECONOMY ITCs?

Now that the first 4 ITCs have become law, the Canada Revenue Agency (CRA) will administer their delivery. CRA has established a team that will focus exclusively on assessing and reviewing the Clean Economy ITC claims and has set up a dedicated telephone line for questions related to the Clean Economy ITCs.

To also help determine a company's eligibility for the Clean Economy ITCs, a company can contact CRA to request:

- **Income tax technical interpretations (Technical Interpretations)** – generic in nature, it is a written statement that provides the CRA's interpretation of specific provisions of Canadian income tax law. No fee is charged for a Technical Interpretation.
- **Advance income tax rulings (Rulings)** – a written statement confirming how the CRA's interpretation of specific provisions of Canadian income tax law applies to a definite transaction or transactions that a taxpayer is contemplating. Rulings are generally requested by tax professionals on behalf of their clients. A fee is charged for a Ruling.
- **Consultations** in advance of a Ruling request (Pre-ruling Consultations)

Further information (including CRA contact information) on Technical Interpretations, Rulings, and Pre-ruling Consultations can be found at [IC70-6R12 Advance Income Tax Rulings and Technical Interpretations](#).

For more information, please contact a member of Invest in Canada.

CONTACT

Invest in Canada promotes, facilitates and accelerates foreign direct investment (FDI) into Canada. It is the global investor's primary point of contact. Reach out to speak with a dedicated advisor.

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