

Summary of RAC Tax Committee-related Activities in 2023

The members of the RAC tax committee met informally and communicated electronically several times throughout 2023. With the support and expertise of the RAC Taxation Committee, the RAC advocated on tax policies through multiple consultations and submissions.

RAC Response to Federal Consultation on Certain Budget 2023 Measures

- In September, RAC's response to the Department of Finance included several tax-related recommendations, including:
 - Incentivize rail investments through accelerated (or 100% immediate) depreciation, a tax credit (like the 45G credit in the U.S.) to support shortline railway infrastructure, and other tax measures.
 - Ensure the rail sector has access to clean technology investment tax credits.
 - Confront the growing administrative burden of the tax system.
 - Modify share buyback proposal to match the lower U.S. tax rate, avoid double taxation, and broaden exemption provisions for repurchase of shares issued for corporate financing purposes (e.g., M&A).
 - Delay EIFEL measures and/or exempt the rail sector to reflect its unique circumstance (e.g., the requirement for significant investment in capital and maintenance programs to enhance safety of privately funded infrastructure).

RAC Response to Consultation on Building a Green Prairie Economy Act

- In June, RAC provided a submission regarding the federal consultation on Building a Green Prairie Economy Act. RAC's tax-related recommendations included:
 - Incentivize supply chain investments through accelerated depreciation and other tax measures.
 - Ensure the rail sector has access to clean technology investment tax credits.

Federal Clean Hydrogen Investment Tax Credit

- In January, RAC provided a submission to the Department of Finance on its Consultation on the Clean Hydrogen Investment Tax Credit. RAC's main recommendation was that the eligibility of the Clean Hydrogen Investment Tax Credit and the Tax Credit for Clean Technologies be holistic and cover all investments related to the production, distribution, storage, and use of clean hydrogen.

RAC Pre-budget Submissions

- 2023 Quebec submission included recommendation: Establish a competitive and flexible tax framework that would allow railways and their customers to invest in their own infrastructure, including subsidies, low-interest loans and tax credits to stimulate investments.
- 2023 Federal submission included recommendations:
 - Extend, by three years, the phase out of the Accelerated Investment Incentive.
 - Introduce higher tax depreciation rates to spur ongoing investments.
- 2024 B.C. Pre-budget submission included recommendation: Eliminate the carbon tax on low carbon fuels utilized in British Columbia

Saskatchewan Revenue Agency

- In January, and then again in a follow-up in September, the RAC provided input to the Saskatchewan Chamber of Commerce survey regarding the creation of the Saskatchewan Revenue Agency, communicating the industry's concerns.

Shortline Track Maintenance Tax Credit

- Leveraging work done by the committee over the past several years (e.g., 2021 White Paper on Tax Policy), RAC engaged the Ontario government regarding the creation of a shortline track maintenance tax credit.
- In December, RAC and four of its Ontario shortline members held several in-person meetings in Toronto, educating elected officials on the contributions of Ontario shortlines (as well as challenges), and promoting the creation of an Ontario shortline track maintenance tax credit.