CANADA MUST LEVEL THE PLAYING FIELD

AMBITIOUS OBJECTIVES REQUIRE BOLD POLICY ACTIONS

EXTEND 100% IMMEDIATE DEPRECIATION TO THE TRANSPORTATION AND WAREHOUSING SECTOR.

Railway Association of Canada

DRIVING INVESTMENT IN CANADA'S SUPPLY CHAINS

EXTENDING 100% IMMEDIATE DEPRECIATION TO THE TRANSPORTATION AND WAREHOUSING SECTOR WOULD ADVANCE THE GOVERNMENT'S AGENDA BY SUPPORTING:

Trade Diversification

Catalysing private sector investment in infrastructure that connects Canadian businesses to domestic and international markets.

Stronger Supply Chains

Boosting investment in transportation infrastructure that improves supply chain performance and resilience.

Improved Competitiveness

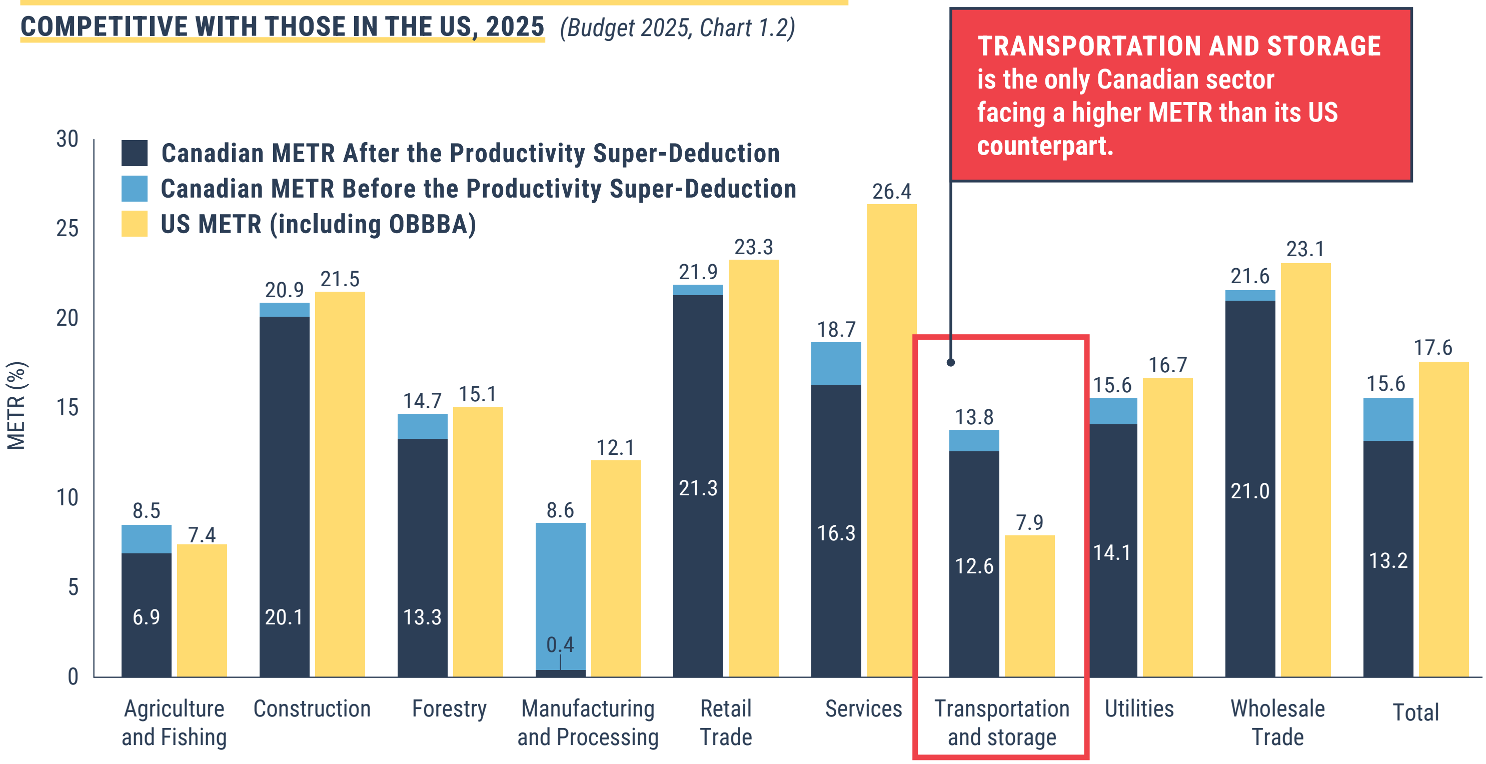
Helping Canada level the playing field with the US - which has implemented 100% permanent depreciation - for long-term transportation infrastructure.

Long-Term Growth

Encouraging additional private-sector investment that supports productivity, competitiveness and long-term economic growth.

CANADA'S TRANSPORTATION SECTOR IS AT A TAX DISADVANTAGE TO THE US.

CANADA'S SECTORAL MARGINAL EFFECTIVE TAX RATES ARE HIGHLY COMPETITIVE WITH THOSE IN THE US, 2025 *(Budget 2025, Chart 1.2)*



DEPRECIATION RATES FOR INVESTMENTS IN RAIL ASSETS

	Canada[1]	US[2]
Track Infrastructure		
YEAR 1	15%	100%
TOTAL BY YEAR 4	38%	100%
Rail Yard Facility (Building)		
YEAR 1	6%	100%
TOTAL BY YEAR 4	17%	100%
Railcars		
YEAR 1	23%	100%
TOTAL BY YEAR 4	52%	100%
Locomotives		
YEAR 1	45%	100%
TOTAL BY YEAR 4	81%	100%

The transportation sector is critical to realizing the government's goal of doubling non-US exports, yet, it is the only sector facing a higher METR.

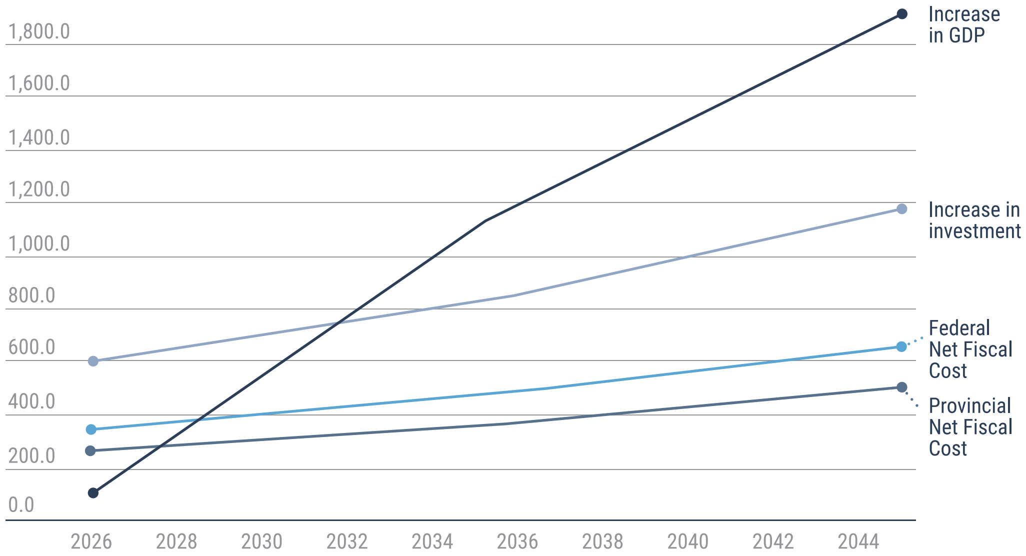
1. In November 2025, *Canada Strong, Budget 2025* reinstated the Accelerated Investment Incentive, which enhances the first-year write-off of 1.5 times the class rate (or 3 times the normal rate).

2. In July 2025, the *One Big Beautiful Bill Act* reinstated and made permanent 100% bonus depreciation for qualifed assets that were placed in service after January 19, 2025.

STRENGTHENING CANADA'S COMPETITIVENESS

STRONG ECONOMIC RETURNS AT MINIMAL FISCAL COST

Fiscal Cost and Impact of Implementing 100% Immediate Depreciation for the Transportation and Warehousing Sector, $ millions (2024 dollars)



COST

0.07%
of total federal tax revenues

INVESTMENT

$591M
leveraged in annual private sector investment

$1.79
private investment generated for every $1 of net federal fiscal cost

GROWTH

$887M
annual GDP increase

$2.70
GDP growth generated for every $1 of net federal fiscal cost

Source: Giroux Strategies, 100% Immediate CCA Deduction of Capital Investments.

AMBITIOUS OBJECTIVES REQUIRE BOLD POLICY ACTIONS:

Extend 100% immediate depreciation to the transportation and warehousing sector.

Leverage the government's Capital Budgeting Framework to strengthen Canada's sovereignty, diversify trade, improve productivity, and support long-term economic growth.

The Railway Association of Canada is the voice of nearly 60 freight and passenger railways, supporting a safe, resilient, competitive, and sustainable industry that moves millions of passengers and $400 billion in goods across Canada each year.

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