

Growing Profits

How Farmers, Greenhouse Operators, and Fishermen Can Maximize Tax Savings Under Canada's Greenhouse Gas Pollution Pricing Act

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The Canadian Federal Government's *Greenhouse Gas Pollution Pricing Act*, now entering its fifth year since enactment, presents unique challenges and opportunities for farmers, greenhouse operators, and fishermen. As key players in their respective industries, understanding how to save taxes through exemption certificates and partial relief from fuel charges is essential.

1. Exemption Certificates: A Path to Tax Relief

For farmers, greenhouse operators, and fishermen in Canada, exemption certificates offer a significant opportunity to reduce tax liabilities under the act. These certificates provide partial or full relief from carbon pricing on specific fuels and activities directly related to their operations.

To benefit from exemption certificates, stakeholders must ensure that their activities meet the eligibility criteria outlined by the government. For example, farmers can apply for certificates to exempt fuel used for agricultural machinery and equipment, while greenhouse operators may seek relief for heating and producing carbon dioxide. Fishermen can also explore certificates for fuel consumed in fishing vessels.

Exemption certificates are governed under Section 36 of the act and can be applied to by using the prescribed form. Information in this form must be honest and accurate. Should you have issues with the application process or are concerned about the accuracy of your prior submissions, we can help.

2. Leveraging Partial Relief from Fuel Charges

Partial relief from fuel charges is another avenue for tax savings under the act. Farmers, greenhouse operators, and fishermen can capitalize on this benefit by strategically managing their fuel consumption and exploring alternatives to reduce emissions.

For farmers, adopting fuel-efficient machinery and optimizing transportation routes can lead to lower fuel consumption, resulting in reduced carbon taxes. Greenhouse operators can implement energy-efficient technologies and consider renewable energy sources to lessen their dependence on carbon-intensive fuels. Fishermen may invest in fuel-efficient vessels and explore innovative propulsion systems to lower fuel consumption.

The act sets out a variety of rebates which may apply to assist in a sustainable transition. An application for rebate may be made pursuant to Section 49 (4) of the Act and presented under the prescribed form.

3. Investing in Sustainable Practices

By adopting eco-friendly initiatives, stakeholders can reduce their carbon footprint, making them eligible for more exemption certificates and fuel charge relief in the future. For example, farmers can implement conservation tillage, cover cropping, and methane capture systems. Greenhouse operators can invest in energy-efficient lighting, heating,

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and cooling systems, while fishermen can explore responsible fishing practices and sustainable aquaculture. Transitioning to these sustainable practices can have long-term financial benefits including cost savings and increased revenue.

4. The Increasing Costs of Greenhouse Gas Emissions

The act sets out a regulatory scheme wherein the price of carbon taxation paid per metric of fuel increases over time. In the infancy of the act, approximately 4.5 cents of tax were applied per litre of gasoline, currently this number is 10.8 cents, and is set to increase to 37.4 cents by April 1, 2030*. Likewise, increases apply to other fuel sources in the farming, greenhouse and fishing industries including heavy fuel oils, natural gas, and propane.

**Rates vary by province; the above rates apply to the Provinces of Ontario, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and Saskatchewan.*

Conclusion

The *Greenhouse Gas Pollution Pricing Act* may initially present challenges for farmers, greenhouse operators, and fishers due to its impact on taxes and fuel costs. However, understanding and leveraging exemption certificates and partial relief from fuel charges provide an avenue to save on taxes while embracing sustainable practices.

By proactively seeking exemption certificates, optimizing fuel consumption, and investing in sustainable initiatives, stakeholders can not only achieve tax savings but also contribute to Canada's broader climate goals. As the rates for carbon emissions increase so too will the benefit of the tax-saving mechanisms set out in this article.

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