

# Cost Estimate of Election Campaign Proposal

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Publication date:	2019-10-11
Short title:	Introducing Immediate Expensing for Sectors to Support the Reduction of Global Emissions
Description:	The federal cost to launch a new program aimed at corporations reducing emissions in other countries or to producers who can be shown to be the least carbon intensive in the world in their industry.
Operating line(s):	Corporate Income Taxes
Data sources:	Annual Planned Spending      Spending envelope set by requestor for the Immediate Expensing Incentive:
Estimation and projection method:	<p>PBO used estimates provided by the political party for the annual cost of the proposed policy. The proposed policy would begin in 2020-21 and would span over three years.</p> <p>The immediate expensing measure provides eligible corporations and partnerships with the ability to fully expense the value of their capital investment in the first year of use. This policy does not permit the carry back or carry forward of unused losses, therefore the fully expensed amount must be applied in the first year of use for corporations to receive the maximum benefit.</p>
Uncertainty assessment:	<p>The estimate has high uncertainty. The cost estimate of the immediate expensing is based on a fixed budget and time-period provided by the political party. Any changes to these would have a significant impact on the cost estimate. It also does not include any existing resources which may be incurred as part of setting up this program. No behavioural responses were considered. Interaction effects with other CCA classes were not considered. The program does not take into consideration firms' taxable income under the Accelerated Investment Incentive. The program is assumed to be fully integrated for 2020-2021 with corporations made aware of the eligibility requirements.</p>

### Cost of proposed measure

\$ millions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Total cost	-	500	350	250	-	-	-	-	-	-

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost