

Tax Alert - November 23, 2018

Enhanced Capital Cost Allowance rates

Capital Cost Allowance (CCA) is the tax deduction allowed for the depreciation of assets used in business.

On November 21, 2018 the Federal government proposed an increase in the rates of CCA that can be claimed in the first year for purchases of various equipment and buildings.

In general these changes greatly increase the amount of CCA that can be claimed in the first year an asset is purchased.

The table below provides a summary of the CCA rates that would apply for the first year of a new asset purchase before and after this announced change. There is no change in the rates that apply for the second and following years.

Type of Equipment	Normal 1 st Year CCA rate	With Proposed Changes
Manufacturing and Processing Equipment	25%	100%
Trucks, tractors and vehicles	15%	45%
Computer Equipment	27.5%	82.5%
Computer Software	50%	100%
Office equipment	10%	30%
Quota and Goodwill	2.5%	7.5%
Buildings (residential and used commercial)	2%	6%