Tax Incentive
IntraUrban Southlands

Manufacturing & Processing Tax Incentive Opportunity for Owner-Occupiers

Reduce Your Occupancy Cost Through New Federal and Provincial Tax Incentives

Purchasers at **IntraUrban Southlands** may be able to benefit from substantial federal and provincial tax incentives when acquiring a property that is primarily used for manufacturing or processing ("M&P") activities. For qualifying businesses, these incentives could significantly improve first year cash flow and reduce the after-tax cash cost of ownership.

Federal Immediate Expensing

Under recently introduced federal legislation, qualifying businesses may be eligible to claim an **immediate 100% capital cost allowance (CCA) deduction** on eligible manufacturing and processing **building costs**, rather than depreciating the building over many years. The incentive applies to eligible M&P buildings acquired after November 4, 2025 and first used for qualifying activities before 2030.

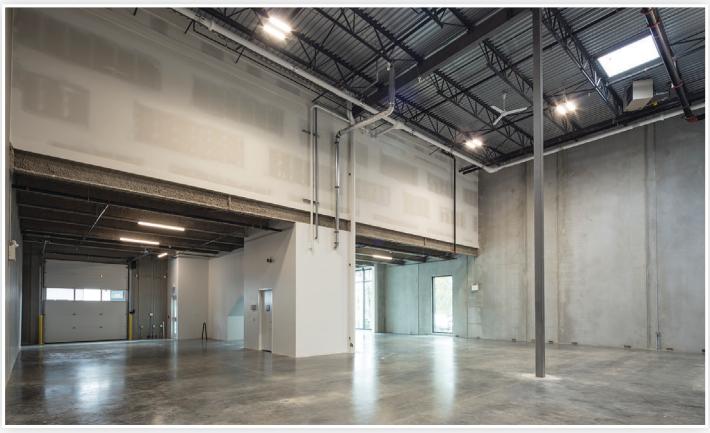
To qualify, generally:

- At least **90%** of the unit's floor space must be used for manufacturing or processing goods for sale or lease.
- The property must be available for use in Canada during the taxation year the deduction is claimed.
- The owner must carry on qualifying manufacturing or processing activities.

Unlike a tax credit, this benefit accelerates the tax deduction and can create significant tax savings upfront for businesses with taxable income.

Important Planning Considerations

The value of these incentives depends on how the unit is used, the purchaser's corporate structure, available taxable income and compliance with ongoing eligibility requirements. The criteria that must be met is stringent and businesses should carefully review whether their operations meet the manufacturing and processing tests and consult their tax advisors prior to purchase. The value of the underlying land would not be eligible for this tax incentive and would need to be separated from the building and/or improvement costs.



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Illustrative Example: IntraUrban Southlands Owner-Occupier

If the purchaser is a qualifying manufacturing or processing business and the unit meets the applicable M&P use requirements, the business may be eligible for both the federal and provincial incentives. For illustration purposes, assume **$2,000,000** represents eligible building costs that qualify for the Manufacturing & Processing incentives.

Federal Immediate Expensing

Under the federal M&P building incentive, the purchaser may be able to claim a **100%** first-year CCA deduction on the eligible building cost rather than depreciating the asset over time. Assuming **$2,000,000** represents eligible building cost and the corporation has sufficient taxable income to utilize the deduction, the potential accelerated tax savings could be approximately:

- **$540,000** at a 27% corporate tax rate
- **$220,000** at an 11% small business tax rate

This is not a grant or rebate, but rather an acceleration of tax deductions that can significantly improve near-term cash flow.

Note that there are recapture rules that apply. If within 10 years of claiming this immediate expensing, the floor space used in M&P activities falls below 90% ("manufacturing building recapture event") the incentive can be recaptured.

B.C. Manufacturing & Processing Investment Tax Credit

A qualifying B.C. **CCPC** (Canadian-controlled private corporation) may also be eligible for the **15% refundable B.C. Manufacturing & Processing Investment Tax Credit** on eligible expenditures.

Based on the same $2,000,000 investment illustrated above, this could result in a refundable credit of up to approximately:

- **$300,000**, the maximum annual credit under this program.

Combined Opportunity

For qualifying owner-occupiers conducting manufacturing or processing activities, ownership of an IntraUrban Southlands unit may provide more than just long-term real estate control. The combination of a substantial federal accelerated deduction and a refundable provincial tax credit may significantly reduce the effective after-tax cost of ownership while improving operating cash flow during the early years of occupancy. Actual benefits will depend on the purchaser's corporate structure, taxable income, nature of operations, and satisfaction of all program requirements.

Disclaimer: *This summary is provided for informational purposes only and does not constitute tax, legal or accounting advice. Eligibility for federal and provincial incentives is subject to stringent requirements and depends on the specific facts and circumstances of each purchaser, as well as the final application of relevant legislation. Purchasers should consult their professional tax and/or legal advisors to determine eligibility and quantify potential benefits.*

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