



# TaxNewsFlash

Canada

## Clean Economy ITCs — New Measures Expand Eligibility

April 9, 2026

No. 2026-22

Businesses investing in clean energy projects should determine whether they may benefit from new enhancements to the Clean Technology Investment Tax Credit (CT ITC) and Clean Technology Manufacturing Investment Tax Credit (CTM ITC). These new measures, which were enacted on March 26, 2026, include significant changes to:

- Extend filing deadlines to December 31, 2026
- Allow certain newly acquired refurbishment property to qualify
- Expand the eligibility of the CT ITC to include waste biomass electricity and heat generation equipment
- Permit property used in connection with certain mineral extraction or processing activities to produce a lesser proportion of qualifying materials and still qualify as a CTM use
- Expand the list of critical minerals that qualify for the CTM ITC.

KPMG can help you assess these changes and assist in optimizing your organization's access to both the CT ITC and the CTM ITC and make the most of investment opportunities.

### Background

The CT ITC is a refundable tax credit of up to 30% applicable to the capital cost of clean technology property, including certain systems and equipment used for electricity generation, stationary electricity storage, and low-carbon heating, as well as non-road

zero-emission vehicles and certain related charging or refueling equipment. This credit, which was announced in the 2022 Fall Economic Statement and further detailed in the 2023 federal budget, is available on qualified costs incurred after March 27, 2023.

The CTM ITC provides a refundable tax credit of up to 30% of the capital cost of investments in new machinery and equipment, used to manufacture or process clean technologies, and extract, process, or recycle critical minerals. This credit, which was announced in the 2023 federal budget, is available on qualified costs incurred after December 31, 2023.

Finance announced certain enhancements to various Clean Economy ITCs in the 2025 federal budget, including both the CT ITC and CTM ITC. These changes were included in Bill C-15, which received Royal Assent on March 26, 2026.

### Extended filing period

Under these newly enacted changes, the filing deadlines for the CT ITC and CTM ITC are now effectively extended to December 31, 2026. In particular, the prescribed form must be filed on or before the later of December 31, 2026 and the day that is one year after the taxpayer's filing due date for the year. Previously, businesses were required to claim these ITCs within one year following their filing due date for the applicable taxation year.

#### **KPMG observations**

Under the previous rules, the filing deadlines for CT ITC claims corresponding to the 2023 taxation year—as well as most CT ITC and CTM ITC claims for the 2024 taxation year—had already lapsed. The extension offers businesses that missed the original filing deadlines a potentially valuable second chance to access these credits.

### Refurbished properties

The new enhancements expand the eligibility criteria for qualifying property under both the CT ITC and CTM ITC to include newly acquired refurbishment property. For this purpose, “refurbishment” generally refers to significant alterations, renovations, improvements, or additions made to a property that substantially extend its useful life, increase its capacity, or enhance its efficiency.

#### **KPMG observations**

Businesses should welcome this new measure, which aligns the CT ITC and CTM ITC with other Clean Economy Investment Tax Credit initiatives. However, this change may challenge taxpayers to demonstrate the requirements of a refurbishment have been met when dealing with CRA in a review. This is primarily driven by the current lack of specific guidance or measures on a “qualifying refurbishment”.

## Waste biomass electricity and heat generation equipment

Under the new rules, waste biomass electricity generation equipment and waste biomass heat generation equipment now qualify as clean technology properties under the CT ITC. These categories of equipment refer to systems that utilize specified waste materials to produce electricity, heat, or a combination of both.

The new definition of “waste biomass heat generation equipment” for purposes of the CT ITC applies to property acquired or that becomes available for use on or after November 21, 2023, provided it has not been used for any purpose before its acquisition.

## CTM use test

The new enhancements also allow additional property to qualify for the CTM ITC by relaxing the CTM use test for certain mining-related activities. Generally, to qualify for the CTM ITC, businesses must acquire eligible property for use in a CTM context, either in connection with “qualified zero-emission technology manufacturing activities” or “qualifying mineral activity.” Under the new changes, property may be eligible for the CTM ITC where it is used all or substantially all (i.e., generally, 90% or more) in extraction activities and specified mineral processing activities carried on at a mine or well site, and that property is used to produce primarily (i.e., more than 50%) qualifying materials (determined by reference to the value of all commercial outputs). Previously, property used in a qualifying mineral activity generally had to be used to produce all or substantially all qualifying materials to satisfy a CTM use test. Note that property used in other qualifying mineral activities continue to be subject to the all-or-substantially-all test.

To value those outputs, businesses must elect to use either the specified fair market value method or the safe harbour price method for each CTM property. Businesses must file this election using the prescribed form, and the election is binding for all relevant taxation years. In addition, where the property is used, or is to be used, in those extraction or mine-/well-site mineral processing activities, businesses must also file a prescribed certification from an independent engineer or geoscientist to qualify for the CTM ITC claim. The certification must attest that the property is being used, or will be used, at a particular mine site or well site and in accordance with a plan that primarily targets qualifying materials, as determined using the elected valuation method.

### **KPMG observations**

Businesses should carefully determine whether to use the specified fair market value method or the safe harbour price method to value their properties. Under the specified fair market value method, expected or actual outputs are remeasured annually at fair market value, so the result can change as commodity prices fluctuate. Alternatively, under the safe harbour price method, output values are effectively anchored to a five-year historical average spot price determined at the end of the taxation year in which the CTM ITC is deducted. This method generally uses prices from a recognized

commodities exchange or, where those are unavailable, relies on normal and accepted commercial practices in the industry.

### Clean technology manufacturing and additional qualifying materials

The new rules also expand the list of qualifying critical materials for the CTM ITC to include antimony, gallium, germanium, indium and scandium. This expanded list applies to property that is acquired and becomes available for use on or after November 4, 2025.

#### **KPMG observations**

As a result of this change, businesses may be able to revisit previous projects and investments that were originally screened out because the output mix included non-qualifying materials or because the facts surrounding the mining operation did not appear to satisfy the older, stricter wording of the rules.

### We Can Help

Your KPMG advisor can help you assess the effect of these new developments particularly those where statutory deadlines had lapsed, the subject properties were refurbishments or where properties were unable to satisfy the more restrictive all or substantially all qualifying mineral activities. For more details, contact your KPMG advisor.

---

[kpmg.com/ca](https://kpmg.com/ca)



[Contact Us](#) | [KPMG in Canada Privacy Policy](#) | [Legal](#)

Information is current to April 8, 2026. The information contained in this *TaxNewsFlash-Canada* is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.