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APAS Welcomes Major Step Forward for Farm Investment

REGINA, SK – A new federal tax proposal could encourage Saskatchewan producers to reinvest in machinery, equipment and technology—an approach the Agricultural Producers Association of Saskatchewan (APAS) has been advocating for. APAS applauds the federal government's announcement of the Productivity Mega Deduction, a proposed tax measure that would permanently allow immediate expensing of most depreciable capital investments acquired on or after September 15, 2026.

The proposal aligns with APAS's longstanding call for accelerated capital cost allowances to encourage investment in farm machinery, equipment, and productivity-enhancing technology.

"APAS asked for this, and the federal government has now proposed it," said APAS President Bill Prybylski. "For a capital-intensive industry like agriculture, allowing producers to immediately expense eligible investments can help farms modernize, improve productivity and remain competitive."

Under the proposal, businesses would be able to deduct the full cost of most eligible depreciable capital investments in the year the asset becomes available for use, rather than depreciating the cost over many years under existing Capital Cost Allowance rules.

The broad eligibility is expected to include most conventional farm machinery and equipment, including tractors, combines, seeders and sprayers, subject to the final legislation and applicable tax rules.

According to Department of Finance estimates the marginal effective tax rate on new investment in agriculture and fishing falling from 7.6 per cent to **minus 6.0 per cent** under the proposal.

"For Saskatchewan producers facing high capital costs and intense international competition, policies that encourage investment can make a real difference," Prybylski said. "This is an important step toward strengthening farm productivity, competitiveness and Canada's long-term food security."

While APAS welcomes the announcement, the organization notes that the measure is not yet law. Draft legislation has been released and must still receive parliamentary approval.

"APAS welcomes the direction of the proposal and will be watching the legislation closely to ensure the final measure works effectively for farmers and ranchers," add Prybylski.

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