

PROGRAM OVERVIEW

The Saskatchewan Value-added Agriculture Incentive (SVAI) program is a new-growth tax incentive program available to qualifying companies operating in the value-added agriculture sector. Introduced in April 2018, the SVAI program is open to a wide variety of value-added agriculture activities. The program is effective September 1, 2017 and is scheduled to sunset December 31, 2022.

The goal of the SVAI program is to attract companies to Saskatchewan and close the competitiveness gap with neighbouring jurisdictions to help secure investments in large-scale expansions of value-added capacity at both new and existing facilities. Eligible companies that successfully meet all SVAI requirements will receive a rebate of provincial corporate income tax paid. The rebate is equal to fifteen per cent on capital expenditures for newly constructed or expanded value-added agriculture facilities in Saskatchewan. The investments must be \$10 million or more. Once the company has successfully completed the qualifying process and enters production, the SVAI-eligible corporation will be entitled to:

- Choose the taxation year to begin claiming the rebate (the sunset date of the program will in no way impact when an SVAI-eligible corporation can begin to claim its SVAI tax rebate);
- Claim up to twenty percent in year one, thirty percent in year two, and fifty percent in year three, and carry forward any remaining benefits for up to ten years; and
- Claim other eligible tax incentives or grants the Government of Saskatchewan may offer without impacting SVAI eligibility or impairing the ability to claim the SVAI tax incentive.

QUALIFYING CRITERIA

Before making a submission of any kind to the SVAI program, the applicant should thoroughly review:

- *The Income Tax Act, 2000*, section 64.7;
- *The Saskatchewan Value-added Agriculture Incentive Act and Regulations*; and
- The program [webpage](#).

To qualify for the SVAI program, an applicant must submit a complete application that demonstrates the company meets all of the following eligibility requirements:

1. Have at least **\$10 million in new eligible capital expenditures**:

Qualifying new capital expenditures are those that are directly related to the investment in the value-added agriculture activity. “New capital expenditures” means expenditures made by the applicant with respect to the arm’s length acquisition of any real property and depreciable property that is used in Saskatchewan primarily for eligible value-added agriculture activity”. Additional detail and examples of eligible and non-eligible capital expenditures is provided in Section 3 of the SVAI Regulations.

2. Meets the requirements of an **eligible value-added agriculture activity, defined as**:

The physical transformation or upgrading of any raw/primary agricultural product(s) or any agricultural by-product or waste into a new or upgraded product. Facilities (new or expanded) solely dedicated to cleaning, bagging, handling and/or storage of primary products are not eligible for this program.

3. Can demonstrate an **increase in production capacity** (for existing facilities).

The company must be able to demonstrate that the eligible capital expenditures will result in an increased production capacity. An arm's-length qualified person must complete an assessment of nameplate capacity before and after the investment occurred.

APPLICATION STEPS

Conditional Approval Review

An applicant may apply to the program at any time. Applications may even be submitted prior to a decision to construct the value-added project. Upon Conditional Approval, the applicant may then start construction of the facility knowing it has a SVAI Conditional Approval.

The Ministry of Trade and Export Development (TED) will assess the application to ensure that the proposed investment project meets all eligibility requirements, including the main three, as listed above. Where there is uncertainty or additional input is required in order to make a decision, the application may be forwarded to a review committee to determine eligibility.

- a. If it is found that the applicant's proposed investment project does not meet the eligibility requirements, the applicant will be advised via letter, detailing which criteria was not met.
- b. Where an applicant's proposed investment project does meet criteria, they will be issued a Letter of Conditional Approval.

Final Eligibility Review

Once the investment project and commissioning is complete, submit the *Request for Certificate of Eligibility* form along with all required attachments.

- a. This form and attachments will be assessed to ensure that the completed project meets the conditions of approval (eligibility requirements). If ineligible, the applicant will receive a letter detailing the rationale.
- b. If eligible, the applicant will receive a *Certificate of Eligibility* along with a letter explaining next steps in order to claim the tax incentive.

Claiming the Tax Incentive

The applicant decides when to claim their tax incentives. They may claim 20 per cent in year one, 30 per cent in year two and 50 per cent in year three; or they may extend their tax incentives for up to 10 years.

- a. The applicant may submit their *Certificate of Eligibility* to the Ministry of Finance at any time, along with corresponding T2/taxation information to initiate the rebate period.
- b. The Ministry of Finance will issue the appropriate tax rebate to the applicant.

DEFINITIONS

Applicant – The company that submits an application to the SVAI program.

Application for Conditional Approval – An applicant submits this form as the first step of the SVAI qualification process. This contains contact person information, company information, details of the planned investment project and the applicant's declaration. If eligible, an applicant will receive a Conditional Approval for their project.

Certificate of Eligibility – An eligible company receives this certificate once they have successfully completed the investment project and delivered on commitments set out in the letter of conditional approval. This Certificate entitles them to claim the tax incentives from the Ministry of Finance for a period of 3-10 years.

Eligible Applicant – An applicant who has been approved for an *SVAI Eligibility Certificate*.

Letter of Conditional Approval - This letter of approval is conditional upon the applicant completing the work set out in the application and complying with all legislation and regulations associated with the program. This provides applicants a degree of certainty prior to initiating their project.

Qualified Capital Expenditures – Please refer to *The Saskatchewan Value-added Agriculture Incentive Regulations*, section 3.

Qualified Person - An auditor, engineer or real estate appraiser who is a member in good standing of a professional association recognized by the minister. The qualified person must be arm's-length from the applicant.

Request for Certificate of Eligibility – An applicant submits this form to initiate Stage 2 of the application process. This contains information that will show the applicant has completed the proposed investment project. If successful, the applicant will receive a Certificate of Eligibility that allows them to claim their tax incentives.

SVAI Rejection Letter – An applicant receives this notice if it has unsuccessfully completed the *Application Form*, unsuccessfully qualified for conditional approval, or unsuccessfully delivered on their conditions of approval.

Value-added Agriculture Activity - The physical transformation or upgrading of any raw/primary agricultural product(s) or any agricultural by-product or waste into a new or upgraded product. Facilities (new or expanded) solely dedicated to cleaning, bagging, handling and/or storage of primary products are not eligible for this program.

Why is the Ministry of Immigration and Career Training involved in a program administered by the Ministry of Trade and Export Development?

The Ministry of Immigration and Career Training (ICT) is responsible for providing shared services to the Ministry of Trade and Export Development (TED). ICT handles the day-to-day operations of the program, including program development and improvements, review of applications and inquiries relating to the program. TED is responsible for the promotion of the program and focuses on attracting investment to Saskatchewan using this program. TED is responsible for all program approvals. Both ministries are equally dedicated to the success and delivery of the program.

Can our company apply for this incentive, even if we are receiving tax credits and rebates from other provincial programs?

Yes. The Saskatchewan Value-added Agriculture Incentive (SVAI) program is considered to be “stackable”, meaning that a company’s eligibility is not affected by eligibility for any other existing incentives. The program is designed to close the competitiveness gap.

What are some examples of value-added agriculture activities?

Examples would include (but are not limited to) pea protein processors, oat milling operations, malt producers, cannabis oil processing facilities, and more.

What are not considered to be value-added agriculture activities?

Facilities that are solely dedicated to the cleaning, bagging, handling and/or storing of primary products are not eligible for this tax incentive.

Who is on the review committee, as mentioned in Step 2?

The review committee is made up of representatives from TED and the Ministry of Agriculture. These representatives will complete an assessment of the application in order to determine if the eligibility requirements have been met, prior to making a decision. The review committee is not required but may be consulted in cases where the administrative staff are unsure about eligibility. The Review Committee will make a final decision on eligibility.

Who can I contact with questions in respect to this program?

You may send any questions via email to SVAI@gov.sk.ca. A program administrator will respond, or call you to discuss your inquiry.