*The Honourable Minister MacDonald*
*Minister of Agriculture and Agri-Food Canada*
*Sent by email to: aafc.minister-ministre.aac@agr.gc.ca*

**October 17, 2025**

*The Honourable Minister Champagne*
*Minster of Finance*
*Sent by email to: francois-philippe.champagne@parl.gc.ca*

## RE: Extended Livestock Tax Deferral From the Destruction of Livestock - 2024 Bovine Tuberculosis Responsetle

Honourable Minister MacDonald and Honourable Minister Champagne,

On behalf of the producers affected by the 2024 Bovine Tuberculosis (bTB) investigation, we respectfully request the Minister of Agriculture and Agri-Food Canada recommend an extended tax deferral schedule to the Minister of Finance. There is a need for a tax deferral beyond the current one-year limit. Our organizations represent all aspects of beef cattle production across Canada, including the producers directly affected by this investigation.

The Canadian beef industry contributes $21.8 billion annually to GDP, with over 50% of total beef and cattle production exported. International market access requires continued demonstration of Canada's animal health status and response capacity. The Canadian Food Inspection Agency (CFIA) achieves this through comprehensive disease investigation and control activities such as the National Bovine Tuberculosis Eradication Program aimed at early detection and the complete eradication of bTB from livestock in Canada[1]. The producers implicated in this investigation bear the burden of disease response for the benefit of the entire sector. At a minimum, producers deserve the ability to fully and flexibly re-invest compensation received to replace destroyed stock.

Under Section 80.3 of the *Income Tax Act*, livestock producers can defer income from the forced destruction of livestock (breeding and market animals) under statutory authority (e.g., *Health of Animals Act*) to the following year. Ranchers affected by the 2024 bTB investigation will not be able to align breeding stock purchases within the current one-year tax deferral window. This will result in significant tax implications for ranchers, whereby funds received as compensation will be considered taxable income and will be unavailable for purchasing new breeding stock.

We are requesting a four-year extended livestock tax deferral for producers with animals ordered destroyed in the 2024 bTB investigation (Table 1). An extended tax deferral window will provide sufficient time and flexibility for producers to restock and return to normal business operations following destruction orders in line with the anticipated timeline for restocking. We acknowledge that ranchers are eligible for the extended tax deferral only if they continue to actively raise livestock.

Restocking involves the purchase of breeding animals and the subsequent replacement of unsuccessful stock which is expected to be higher than normal. The industry average is

[1] National Bovine Tuberculosis Eradication Program - inspection.canada.ca

roughly12% per year [2]. Beef production, breeding stock sales, and bTB investigations are seasonal. Timing of depopulation can result in the opportunity to restock being lost for an entire year. A return to operations with a comparable herd inventory cannot be achieved within a single year.

The anticipated restocking rate takes into consideration the extremely tight supplies of breeding cattle across North America. This will slow restocking efforts for producers with cattle ordered destroyed under the 2024 bTB investigation.

*Table 1. Recommended tax deferral schedule based on anticipated herd replacement schedule for producers with breeding stock ordered destroyed during 2024 Bovine Tuberculosis investigation*

| Outbreak year | Recommended Livestock Tax Deferral rate | Expected restocking rate |
|---|---|---|
| 2024 (detection) | n/a | 0% |
| 2025 (depopulation & compensation) | n/a | 0% |
| 2026 (restocking begins) | 100%* | 35% |
| 2027 | 100% | 35% |
| 2028 | 17% | 12% |
| 2029 | 8% | 8% |
| 2030 | 4% | 5% |
| 2031 | 0% | 3% |

*As currently provided under *Section 80.3* of the *Income Tax Act.*

To date, over 140 herds have been implicated in the investigation and over 2300 animals ordered destroyed. The investigation continues to identify more producers that require investigation, testing, and potential depopulation. This request is made on behalf of all producers that have, or will have, animals ordered destroyed associated with the 2024 bTB investigation. Providing a four-year tax deferral will enable these producers to re-establish strong, stable, and productive herds.

Respectfully submitted,

Canadian Cattle Association

National Cattle Feeders' Association
Association Nationale des Engraisseurs de Bovins

SCA Saskatchewan Cattlemen's Association

---

[2] 24-1_COP_National_Summary_2024.pdf

Western Stock Growers' Association

APAS
Agricultural Producers Association of Saskatchewan

SARM

SINCE 1969
Alberta Beef Producers

SCFA
Saskatchewan Cattle Feeders Association

SASKATCHEWAN
STOCK GROWERS
Association