House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Automobile Dealers Association (CADA)

or

( ) **an individual** **Name:** _____

Topic: Financial services and other financial issues

*Recommendation 1: Please provide a short summary of your recommendation.

Financing income generated by dealers has historically been treated as GST/HST exempt. However recent audit activity by CRA is bringing this long-held principle into question despite the fact that no laws have been changed. CADA therefore recommends that automobile dealer finance income remain exempt from sales tax and that the income tax act be amended to provide for greater clarity for dealers and CRA auditors in the field.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Since finance income at dealerships has always been treated as exempt from sales tax, this clarifying measure would not cost the government any additional funds. CADA is not asking for a new exemption from sales tax. We are recommending the continuation of an exemption that has always been in place but has been compromised by recent audit activity from a small number of CRA auditors.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This clarification would primarily benefit Canada's nearly 3,500 franchised new car dealers and their 140,000 employees located in virtually every community in Canada.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

By removing what is currently a significant source of uncertainty for Canada's automobile dealership network with regards to the taxation of finance income, clarifying that this income will remain sales tax exempt - as it has been since the inception of the GST - will promote investment and job creation in our $85-billion dollar retail automotive sector.

Topic: Please select from the pull-down menu

Recommendation 2: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

1 year

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

*Please note that at least one recommendation must be provided