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:** National Allied Golf Associations (NAGA)

or

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

Topic: Business taxation and regulatory issues

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

The recommendation from the National Allied Golf Associations (NAGA) is to allow a 50 per cent deduction from corporate taxes for expenses incurred entertaining clients on golf courses. Currently, golf is singled out in section 18.1.1 the income tax act in an unfair manner that prohibits tax deductibility even though other sectors - such as restaurants, concerts and sporting events - have access to 50 per cent deductibility. NAGA is asking for tax fairness for Canada's $11 billion golf industry, which consists almost exclusively of small and medium-sized businesses.

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.

$5 million -$9.9 million

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.

The cost for correcting this 40-year old inequity will be in the zero cost to very minimal range. There will be a small tax revenue reduction based on businesses claiming rounds of golf that they have already been paying for. We have estimated this to be in the $10 million range. However there will be a behavioral impact on the positive side: more golf will be played, more money spent, and more tax revenue generated. In the context of a $250-billion budget, it is our view that no revenue-raising offset to account for this small amount would be worth the administrative burden to the government.

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

This would primarily benefit small businesses across Canada who are currently unable to entertain clients at golf courses due to the distorting effects of the current income tax act. The tax measure would only benefit the golf industry indirectly: through increased traffic. The primary beneficiaries will be the thousands of small businesses that would be able to choose golf as a means by which to entertain clients on equal footing with other forms of entertainment which are currently deductible. Sales in many sectors would grow since golf is one of the most effective ways to increase business.

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.

Canada's golf industry already accounts for more than 300,000 jobs nationwide. It is one of the country's most important employers, and a large portion of those jobs go to students and other young people gaining valuable experience. Correcting the inequity that currently exists in the income tax act will help create more jobs in the industry by removing this competitive disadvantage built into the country's tax law. Most recreational activities have access to the 50% deduction but golf is singled out in the income tax act in a highly unfair manner.

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

Please select from the drop down menu

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