Pre-Budget Consultation 2012

Submission by the National Allied Golf Associations

Economic Recovery and Growth

In order to encourage economy recovery and growth, the National Allied Golf Associations (NAGA) recommends that the government amend the Income Tax Act (ITA) to allow business people entertaining clients a 50% deduction for greens fees and golf cart rentals, which would then permit fair competition with other hospitality and entertainment industries. Due to a 1971 tax reform, the Canada Revenue Agency does not allow deductions for expenses incurred by business people entertaining clients at golf courses, as per section 18.1.1 of the ITA. This influences business people to avoid golf on the basis of taxation alone. The role of the ITA includes the principle of fairness, and therefore should not be discriminating against the country's golf industry in this way, an unfairness that we simply cannot sustain any longer.

To Canada's 2,500 golf course operators, who are now facing the most competitive marketplace in our industry's history, this unfair and antiquated tax hindrance is no longer a tolerable disadvantage. The National Allied Golf Associations (NAGA) and its member associations are calling on the federal government to correct this problem and establish tax fairness for Canada's golf industry.

It is important to note that Canada's golf industry is a significant contributor to the economy, specifically:

- The golf industry is present in every Canadian province and territory, and contributes $11.3 billion to the country's Gross Domestic Product each year; and
- Golf is responsible for $7.6 billion of household income in Canada, $1.2 billion in property and other indirect taxes, and $1.9 billion in income taxes.

The Federal government has committed to reducing the amount of red tape businesses are currently subjected to, Canada's 2,500 golf courses cannot compete fairly with all the other industries where CRA does appreciate the need for entertaining clients. It is essential the government support Canada's small business owners as they are important contributors to the future success of the country's economy.

Correcting this 40-year-old inequity in the Income Tax Act will help spur jobs and growth not only in the golf industry but across many sectors at a negligible cost to the federal government.

Job Creation

It is essential that the government better support the country's small business operators in order to promote job creation in Canada. Directly and indirectly, golf employs over 340,000 Canadians, including substantial numbers of youth: over 43% of those employed in golf are students, supporting their financial ability to complete college or university, and providing them valuable work experience.

In amending the Income Tax Act and allowing deductions for expenses incurred by business people entertaining clients at golf courses, the government would effectively encourage greater amounts of business on the golf course, which would lead to greater job creation in Canada. Canada's 2,500 golf course operators are located in virtually every community and region of the country and so this relatively minor tax change will have positive impacts across Canada.

Productivity

If the federal Department of Finance amends the Income Tax Act to allow business people entertaining clients a 50% deduction for greens fees and golf car rentals, which would then permit fair competition with other hospitality and entertainment industries. This will allow the golf industry, a huge employer and economic contributor in Canada, to become more productive and to employ more people.

Golf is not only Canada's most popular sport with over 6 million participants; it is a conduit for business. Business relationships established on golf courses are worth many billions per year to the Canadian economy. By removing the unfair and antiquated anti-golf prejudice in the ITA, the federal government would be doing a great service to the productivity of our economy with a measure that would cost virtually nothing.