



CANADIAN CAMPING
AND RV COUNCIL
CONSEIL CANADIEN DU
CAMPING ET DU VR

Pre-budget Consultations 2017

This brief is submitted by: The Canadian Camping and RV Council

About the CCRVC

The Canadian Camping and RV Council (CCRVC) is an association representing the Provincial Campground Associations, the Canadian Recreational Vehicle Association (RV Manufacturers & Suppliers) and the Recreational Vehicle Dealers Association of Canada.

The CCRVC works closely with its provincial campground association members to ensure a thriving and vibrant Canadian tourism sector on national advocacy issues. CCRVC provincial association members include:

- British Columbia Lodging and Campgrounds Association
- Parks and Campgrounds Owners' Association of Alberta
- Manitoba Association of Campgrounds and Parks
- Camping In Ontario
- Camping Quebec
- New Brunswick Campground Owners Association
- Association of Atlantic Parks and Campgrounds

Canadian Camping and RV Council member campgrounds support a fair federal tax regime that promotes small businesses and encourages growth in the campground sector.

Inaccurate Classification of Campgrounds

Facts:

- Current Canada Revenue Agency (CRA) interpretation of campgrounds as a “specified investment business” substantially increases the tax burden on Canadian campgrounds by grouping them in the same category as apartment buildings, mobile home parks and other full time residential complexes. As a “specified investment business” instead of an “active business” campgrounds have been rendered by CRA as ineligible for the small business tax deduction which has caused some campgrounds in Canada to be re-assessed at the large corporate rate.
- Campgrounds are financially incapable of paying this triple increase in taxes and it will ultimately impact between 50%-75% of our campgrounds to potentially cease operations across Canada. Additionally, capital set aside for upgrades and necessary enhancements are now being put on hold which if not completed will significantly hinder our campgrounds ability to compete with other destinations in North America.
- Campgrounds are recreational facilities that offer the travelling and vacationing public access to campsites on a defined and seasonal basis. Unlike permanent residence properties (like apartment buildings and mobile home parks), campgrounds do not offer space for the purpose of principal/permanent occupancy.



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- Furthermore, campgrounds generally offer a considerable number of recreational and retail services that are critical to maintaining their business operations that are not offered by residential complexes. The majority of campgrounds not only have significant infrastructure including water treatment systems, sewage treatment and septic systems, electrical infrastructure, etc., they generally provide the following during their course of business which have been identified as deciding factors by CRA: laundromat, snack bar and/or restaurant, washroom, showers, swimming pool, beach area, playground, recreation centre, WiFi, propane, and organized activities, amongst many more. (See Exhibits)
- The majority of campgrounds do not employ five full-time employees which CRA has used as the minimum threshold for an “active business”. Most campgrounds are required to close during the winter months in order to comply with local zoning by-laws. Therefore being a seasonal business, the majority of campground employees are part-time as it is simply not financially feasible to employ them year-round.
- CRA’s distinction is sabotaging the Camping and RV industry’s growth prospects and will force a large percentage of campground owners to consider shutting down their operations permanently and of equal concern, needed improvements for our industry to remain competitive and attract foreign visitors are no longer affordable and will not be completed. This will harm the entire industry ultimately leading to: reduced number of campgrounds available for Domestic and International Tourism, loss of jobs, substantial loss of tax income, and diminished economic benefits in small communities across the country.

Recommendation:

The CCRVC respectfully asks that the federal government implement a modification in the current **Income Tax Act** that clearly distinguishes the classification of campgrounds as an “active business” amongst all stakeholders which will properly reflect the industry’s business model and ensure that campgrounds across Canada are eligible for the small business tax deduction.

For the Finance Committee’s review, we offer the following recommendations:

- 1) The definition of “income of the corporation for the year from an active business” should be modified so that it includes income that is derived in whole, or in part, from property where at least 500 hours of time is spent (by employees of the corporation or by contractors retained by the corporation) on the income-earning process.
- 2) Establish guidelines, similar to ones that currently exist for a hotel/motel, inn, boarding house, lodging house or any other similar premise to aid in the determination whether a business is an “active business” and therefore eligible for the small business tax deduction based on levels of services, licencing and other fees from the public.
- 3) Update the language on the campground industry in all CRA rules, bulletins and other policy documents to ensure there is consistency and recognition of the differences between campgrounds and other groups (such as mobile home parks, land lease communities, etc.)



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Executive Summary:

As a \$4.7-billion-dollar industry, campgrounds across Canada have a considerable economic impact. In Canada there are a total of 4,231 campgrounds and 423,283 campsites. The Camping industry creates over 60,420 full-time jobs for Canadians and generated \$2.9 billion in total salary and wages.

In 2014, 5,768,650 or 22% of the total adult population was the recorded total number of adult Canadians who enjoy camping. Annual travel related expenditures for campers' totalled \$2 billion, with another \$850 million in non-travel related camping expenditures.

Despite these figures which indicate that the camping industry is a lucrative business and successful tourist attraction for Canada, the CRA misclassification of campgrounds as a "specified investment business" as opposed to "active business" will result in potentially hundreds of campground closings if ineligible for the small business tax deduction.

If this were to occur, Canadian tourism and the Canadian economy in rural regions across the country will be impacted the most with campground closings and severe job losses.

The CCRVC respectfully asks that the federal government review the inaccuracy in the Income Tax Act and change the classification of campgrounds to an "active business" to better reflect the industry's business model and enable CCRVC member campgrounds to be eligible for the small business tax deduction.

The most recent recording of the total taxes collected from the Canadian Camping Industry is \$1 billion dollars.



Exhibits:

**Survey of services offered by campgrounds Quebec
Number of Campgrounds in Quebec - 878**

878

Service	Campgrounds offering service	
	Number	Percentage
Toilettes/Toilets	873	99%
Douches>Showers	812	92%
Station de vidange/Dumping Station	723	82%
Eau potable/Potable Water	712	81%
Buanderie/Laundrymat	663	76%
Cartes de débit ou crédit acceptées/ Debit and Credit Cards accepted	661	75%
Plan d'eau/Lake	650	74%
Terrain de jeu/Playing Field	648	74%
Information touristiques (Présentoirs à dépliants)/Tourism Information	623	71%
Salle communautaire / Salle de jeu/Recreation Room	593	68%
Accès internet sans fil/WiFi	548	62%
Programmation d'activités organisées/Organized Activities	428	49%
Vente ou échange de propane/Propane	399	45%
Service de restauration/Restaurant	347	40%
Piscine/Swimming Pool	346	39%
Plage baignable/Beach	334	38%
Locations d'unités d'hébergement en formule prêt-à-camper/Cabin rentals	330	38%
Location d'embarcations/Boats	313	36%
Accès contrôlé par des barrières électriques/Electric Gate	300	34%
Dépanneur/Trouble Shooter / Service	220	25%
Marina ou rampe de mise à l'eau/Marina or Boat Launch	203	23%
Bloc sanitaire accessible aux personnes handicapées/Disabled Access	175	20%
Jeux d'eau/Water Sports	108	12%
Accès à un ordinateur relié à internet/Computer Access	104	12%



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Survey of services offered by campgrounds Ontario
Number of Campgrounds in Ontario - 446

446

Service	Campgrounds offering Service	
	Number	Percentage
Toilets/showers (comfort station)	446	100%
Playground	438	98%
Dumping (station or mobile)	354	79%
Laundromat	353	79%
Planned activities/events	346	78%
Credit/debit cards	342	77%
Swimming (lake, river, or beach)	342	77%
Rec hall/games room	314	70%
Store	305	68%
Controlled access	256	57%
Boating (marina, boat launch, or docks)	248	56%
Swimming (outdoor pool)	231	52%
Internet (WiFi at site)	202	45%
Accessible facilities	201	45%
Propane (sales on site)	157	35%
Internet (hot spot)	152	34%
Restaurant/snack bar	118	26%
Hot tub	46	10%
Cable TV (at site)	45	10%
Swimming (indoor pool)	20	4%



**Survey of services offered by Camping Manitoba
Number of Campgrounds in Manitoba - 29**

Service	Campgrounds offering Service	
	Number	Percentage
Toilets/showers (comfort station)	28	97%
Playground	25	86%
Accessible facilities	25	86%
Dumping (station or mobile)	24	83%
Laundromat	22	76%
Internet (WiFi at site)	21	72%
Credit/debit cards	17	59%
Store	15	52%
Planned activities/events	12	41%
Swimming (lake, river, or beach)	11	38%
Swimming (outdoor pool)	11	38%
Restaurant/snack bar	10	34%
Rec hall/games room	8	28%
Propane (sales on site)	7	24%
Hot tub	7	24%



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**Survey of services offered by British Columbia Lodging &
Campgrounds Association**

Number of Campgrounds - 274

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Service	Campgrounds offering Service	
	Number	Percentage
Toilets/showers (comfort station)	244	89%
Credit/debit cards	247	90%
Laundromat	190	69%
Internet (WiFi at site)	184	67%
Dumping (station or mobile)	157	57%
Playground	120	44%
Store	120	44%
Cable TV (at site)	108	39%
Boating (marina, boat launch, or docks)	104	38%
Restaurant/snack bar	75	27%
Rec hall/games room	46	17%
Swimming (outdoor pool)	45	16%
Accessible facilities	36	13%
Hot tub	34	12%
Propane (sales on site)	27	10%
Swimming (indoor pool)	7	3%