



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

## Written Submission for the Pre-Budget Consultations in Advance of the 2022 Budget

**Submitted By:**

The Canadian Camping and RV Council





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## **Canadian Camping and RV Council - Recommendations**

### **Recommendation 1:**

That the Government amend the Income Tax Act to clearly define that income earned by private campgrounds who employ fewer than five full-time employees year-round be considered as "active business income" for the purpose of determining their eligibility for the small business deduction.

### **Recommendation 2:**

That the Government review the rules defining passive and active business income, including the five-employee rule for small seasonally operated businesses.

### **Recommendation 3:**

That the Government provide funding to CCRVC in the amount of \$5,000,000 (Five Million Dollars) to help develop a coast-to-coast fast charging network for EVs in Private Campgrounds that would ensure people can drive and charge vehicles where they live, work and play across Canada, facilitating an increased uptake in the use of EVs.



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## About the CCRVC

The Canadian Camping and RV Council (CCRVC) is a national not-for-profit Association representing Provincial Private Campground Owners' Associations, 2347 Private Campgrounds, the Recreational Vehicle Dealers Association (RVDA) of Canada and the Canadian Recreational Vehicle Association (CRVA).

CCRVC's mission is to support the Canadian Camping and RV Industry, foster projects to enhance the camping experience for both Canadians and international visitors, work with federal decision makers to ensure a thriving Canadian tourism sector and to serve as Private Campground Owner's advocacy voice on a national level. CCRVC is honored to be a member of the Tourism Industry Association of Canada (TIAC).

As part of a \$6.1-billion-dollar RV and Camping Industry, Private Campgrounds in Canada not only make a considerable contribution to our economy but to the health and well being of Canadians in general. The RV sector also directly and indirectly supported an estimated 67,200 jobs and delivered \$4.8 billion in added economic value to the Canadian economy from an initial expenditure of \$6.2 billion during 2019.

In a survey conducted by the industry in 2018, 22% or 5.8 million of the Canadian adult population were estimated to enjoy camping as a lifestyle and this figure has greatly increased over the past 2 years during the COVID-19 pandemic when we saw a boom of Canadians looking for alternative outdoor activities.

## Current Landscape and 2022 Budget Recommendation

### Recommendations #1 & #2

Despite the robust economic impact figures, owning a Private Campground is generally not considered a lucrative business. With most being family operated, owners must work up to 15 hours a day, 7 days a week during May-October on an average camping season of 152 days for their business to survive.

The current classification of a Private Campground employing less than 5 full-time employees year-round as a Passive "Specified Investment Business" as opposed to an "Active Business" in the *Income Tax Act* makes this business much more financially challenging for the owner who is consistently operating under the threat of the potential 50% Tax Rate due to the classification rather than the small business deduction of approximately 15% that other small family run operations would unquestionably qualify for annually.

From the Canada Revenue Agency,

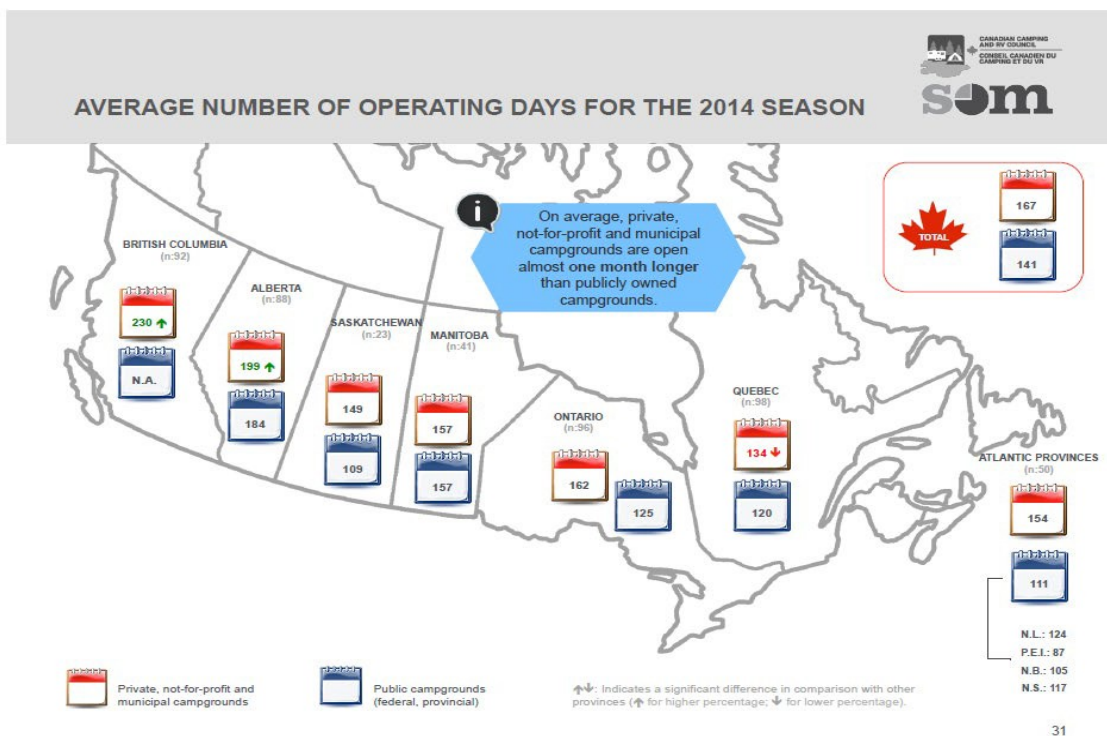
*"Generally, the business of a campground involves the renting of property and providing basic services typical to that type of rental operation. In such a situation, the principal purpose of that business would be to earn rental income from real or immovable property and the corporation would not be eligible for the small business deduction, unless it employs more than five full-time employees in that business throughout the year. However, if a corporation carrying on a campground business does not employ more than five full-time employees throughout the year, but does provide significant additional services that are integral to the success of its business operations, the CRA **may** consider it eligible for the small business deduction.*

Full Report- <http://www.cra-arc.gc.ca/nwsrm/stmnt/2016/st160823-eng.html>



As a seasonal business, we estimate that 75%-80% of our 2347 Private Campgrounds in Canada employ less than the **five full-time** employees year-round and are required to annually prove to the Canada Revenue Agency that they have the necessary criteria, which is ambiguous and arbitrary, to qualify for the Small Business Deduction.

It is both unfair and unrealistic to expect Private Campgrounds who operate on average for only **152 days** in a calendar year, to maintain full time workers throughout year especially during the off season when they are closed just so that they can exceed the minimal threshold of 5 full time employees year-round and be certain that they would without CRA dissertation qualify for the Small Business Tax Deduction.



Private Campgrounds generally provide several of the services/activities which have been listed as deciding factors in determining if a “specified investment business” is deemed “active” by the CRA from the 2016 Bulletin : including, laundromat, snack bar and/ or restaurant, washroom, showers, swimming pool, beach area, playground, recreation centre, Wi-Fi, propane, organized activities, and many more but in order to qualify for the Small Business Tax Deduction, Private Campgrounds or their Representatives must prove annually that they offer the sufficient number of activities/ amenities required to satisfy the Canada Revenue Agency.

The task to prove to CRA that a Private Campground is an active business is arduous and could be very expensive for the business. As we summarized previously, operating a Private Campground is not very financially lucrative and all expenses need to be monitored closely.

Without change, private campgrounds across Canada will continue to withhold hiring additional part-time employees, infrastructure improvements and make capital expenditure infrastructure improvements to build additional campsites given their uncertain annual tax obligation.



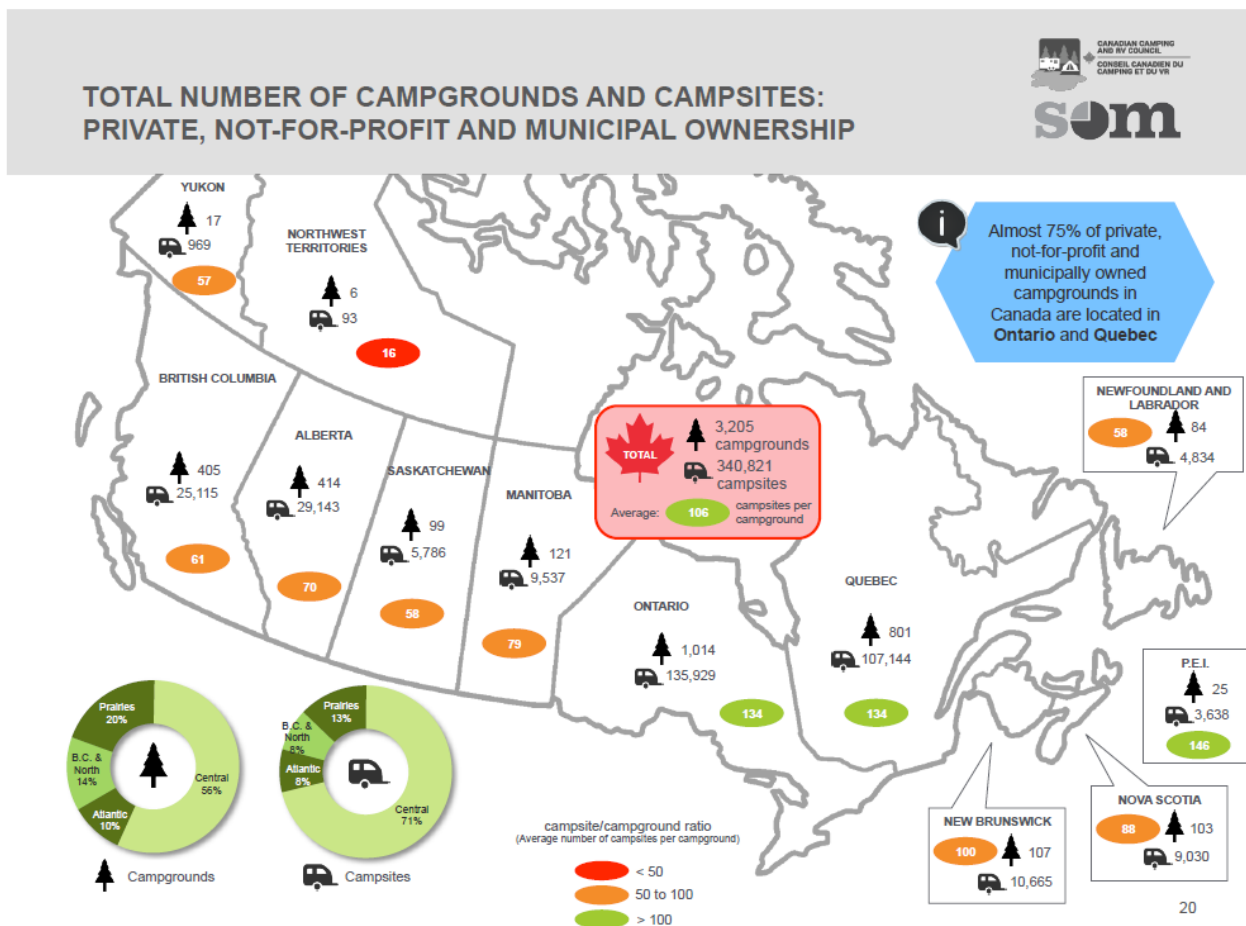


### Recommendation #3

We applaud the Government of Canada's funding initiatives to develop a coast-to-coast fast charging network for EVs; to establish natural gas stations along key roads and highways and hydrogen stations in metropolitan centres; and to support the development of new technologies.

Funded through Budget 2019 and the 2020 Fall Economic Statement, the **Zero Emission Vehicle Infrastructure Program (ZEVIP)** was a 5-year \$280 million program ending in 2024 and its objective is to address the lack of charging and refuelling stations in Canada; one of the key barriers to ZEV adoption, by increasing the availability of localized charging and hydrogen refuelling opportunities where Canadians live, work, and play.

In an Economic Study conducted by the Canadian RV and Camping Industry in 2020, it was revealed that approximately 2.1 million (or 14% of) Canadian households own an RV and owners are more than twice as likely as the population in general to own a truck (40% vs. 18%).



Canadian Private Campgrounds are located throughout Canada in every Province primarily in rural areas where electric vehicle charging stations are expected to be much less available to have access. Investment by the Government to provide Private Campgrounds with the capital to invest in developing EV charging stations will be more cost efficient for the Government because most Campgrounds already have the proper infrastructure on hand but just need to make some adaptations to their infrastructure in addition to purchasing and installing the power charging stations.



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EV charging systems at several hundred Private Campgrounds across Canada in the most vulnerable areas outside of the heavily populated regions would enable the alignment of EV and alternative fuel infrastructure and make it easier for drivers to travel in North America using green vehicles.

The CCRVC investment recommendation to the government will ensure that people can drive and charge vehicles where they live, work and play across Canada, facilitating increased uptake in the use of EVs.