



The Honourable Chrystia Freeland, P.C., M.P.  
Deputy Prime Minister and Minister of Finance  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Sent via email

Subject: General Aviation is a Necessity, COPA Strongly Opposes the Proposed Luxury Tax on New Personal Aircraft

Dear Minister Freeland,

Founded in 1952, the Canadian Owners and Pilots Association (COPA) is a federally registered not-for-profit association that fosters the advancement of General Aviation (GA) in Canada. As the leading voice for the flying community nationwide, its mission is to advance, promote and preserve the Canadian freedom to fly. COPA is proud to represent close to 15,000 members from every province and territory who recognize the need for strong, effective representation resting on our core principles of integrity, commitment, unity and leadership.

As the largest aviation association in Canada (and the second largest in the world), COPA is well-positioned to represent the growing needs for General Aviation in Canada. Our efforts focus on keeping GA accessible and affordable, addressing the pilot shortage, promoting safety and lifelong learning and ensuring that Canadian skies are shared safely.

In a letter addressed to Minister Morneau, dated February 20, 2020, COPA wrote on behalf of its members and Canada's General Aviation (GA) community to express our deep concerns regarding the proposed Luxury Tax that was included in the Mandate Letter issued on December 13, 2019 by the Right Honourable Justin Trudeau, Prime Minister of Canada. Despite our lobbying efforts against its imposition, the Luxury Tax on new and personal aircraft remained in Budget 2021, with the terms "new" and "personal" undefined. We had hoped that our position had been heard and understood. We firmly believe the infrastructure required for implementing and imposing this tax will create detrimental impacts to our sector, and as a result, the Canadian economy.

Of important note is the diversity of our community. We represent everyday Canadians – from business professionals to farmers to frontline workers of all ages. The average age of the aircraft flown by this community in Canada is 45 years old. As such, it is inaccurate to group personal aircraft owners as "some of the wealthiest Canadians who can afford to buy luxury goods and should be taxed more". Owning an aircraft in Canada, for most, is not a luxury but a passion requiring hard work, determination and sacrifice which contributes to the stimulation of the economy.

Based on an Economic Impact Assessment conducted for COPA in 2017, General Aviation contributes close to 10 billion dollars annually to the Canadian economy in the form of sales tax on aircraft imported into Canada, excise fuel tax, carbon tax, property tax (hangars), tax on services to maintain aircraft, and tax associated with purchases of avionics and equipment.

While this sector of the aviation industry supports hundreds of airports that are the backbone to many communities, it cannot survive additional taxes or strains. The new proposed tax will only further burden an already over-taxed and heavily regulated sector contributing to the increasingly high operating costs.

The increase in cost to flight training units across our regions will create vulnerabilities in the future of aviation and pilot recruitment – further widening the labour gap that already exists for pilots. Lack of proper training resources may lead to the increased risk of incidents and accidents, and take decades to recover from. These associated consequences, which create ripple effects over Canadian aircraft manufacturers and other intersecting areas of work that rely on our thriving GA community, far outweigh the conceived, short-term benefits of the Luxury Tax proposal.

We are concerned this new personal tax will impede on the number of pilots being able to own an aircraft – as many already purchase through a cost-share model due to the rising costs of ownership. The more onerous the cost of ownership becomes, the less pilots will fly thus affecting the essential business and traffic that our aerodromes and local communities rely on. This is a troubling trend our vulnerable airport system has already been experiencing in the last decade, but especially this past year. The recent launch of various air navigation service provider studies aimed at reducing critical services at several small and medium sized airports directly links to this growing challenge. Without a pilot's freedom to fly, our network of airports may experience an inordinate amount of harm due to a dramatic decrease in aircraft activity.

While the pilot community is committed to safety, this could have the undesirable effect of deterring a significant number of pilots from registering their aircraft in Canada. This in turn has the potential to increase safety issues (for both aircraft and its souls on board) as unregistered aircraft may not necessarily meet the standards set forth by Transport Canada. Not only is this a risk to aviation safety, but with this goes all aviation related purchases, required maintenance, etc. which will be performed in the country of registration.

Medical professionals who need to travel to remote and Northern communities, not serviced by commercial charter operators, use personal aircraft to visit and treat their patients. Small business owners use their personal aircraft in locations that are also not accessible to mainstream operators, providing their goods and services available to all Canadians. Farmers depend on their personal use cropduster aircraft as a tool to ensure the successful production of their crops. In some cases, such as after major storms or the COVID-19 pandemic, personal aircraft are used to transport food, clothing and other essential items to smaller communities hit hard by these events. The country-wide Civil Air Search and Rescue Association (CASARA) requires the help of pilots and private aircraft owners to provide this vital service to our own Royal Canadian Air Force. Our General Aviation pilot community assists in the search of downed aircraft in addition to their humanitarian efforts, with the ultimate goal of saving lives. General Aviation is a necessity.

Budget 2021 references the importance of creating employment opportunities for young Canadians. In addition to flight academies and post-secondary aviation programs, flight training students and schools who rely on personal aircraft train the next generation of skilled pilots at an affordable cost. These individuals become members of our Royal Canadian Air Force as well as business and commercial pilots.

Our flight schools contribute to pilot training towards licenses, ratings, currency and proficiency. They regularly participate in and support programs that inspire a path towards aviation, including COPA for Kids programs, in which over 23,000 young people have participated in introductory flights and training, and in the Royal Canadian Air Cadets. Simply put, General Aviation supports future military, business and airline pilots through flight training. Accessibility and affordability of new aircraft is deeply interconnected with important parts of this industry.

The equivalency placed on a \$100,000 car to an aircraft of the same value as being a luxury is incorrect. While there are hundreds of conventional and hybrid green automotive brands selling in Canada below the threshold of \$100,000, there are virtually no aircraft or helicopters selling in Canada for less than \$100,000! There is an abundance of new boats that can be purchased for less than \$250,000. A basic single engine piston aircraft sells today for amounts in excess of \$500,000 (e.g., a Cessna 172 Skyhawk used in basic flight training) and are already taxed. The \$100,000 threshold placed on new personal aircraft is a highly unrealistic one and adding a 10% tax to items that are already taxed is inequitable. This creates the erroneous perception that a specific item (in this case a personal aircraft) is deemed a luxury which is unfounded and impetuous.

Eliminating the Luxury Tax from new personal aircraft would enable owners of older aircraft, which carry with them high operating costs, to move to newer and more efficient aircraft with lower operating costs. Incentivizing private aircraft owners and builders to move away from older, less efficient aircraft and technology will create a greener, safer and quieter fleet of aircraft in our Canadian skies.

COPA respectfully advises the Minister that the implementation of this one-time Luxury Tax on new personal aircraft at any value may very well be seen by General Aviation aircraft manufacturers in Europe and in the US, as an impediment on the importation of their aircraft and to commerce and free-trade between trading partners. While the aircraft industry in Canada is small, it is dynamic and expanding. This will only serve to harm it and will result in our current tax dollars disappearing as exporters procure them in lieu.

COPA continues to strongly oppose this new discriminatory Luxury Tax and advocates for its removal from Budget 2021 as it would:

- Greatly impede the shift from older aircraft to new, safer and more efficient designs;
- Contribute to the international perception that Canada is imposing trade or importation barriers on their aerospace industry;
- Restrict the continuation of flight training and flight operations for the individuals who seek a

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*Advance, promote and preserve the Canadian freedom to fly.*

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- future within the Canadian aerospace sector;
- Discriminate against the whole aviation industry and its over 9 billion dollar contribution to the Canadian economy.

COPA encourages the Minister's Office to deliver on its commitment to govern in a positive, open and collaborative way as stated in Hon. Minister Freeland, Minister Alghabra and Minister Fortier's Mandate Letters. As such, COPA and other industry associations should be consulted as soon as possible and as regularly as possible.

As Canada's largest pilot association, it is imperative we participate in discussions and proposals that affect aviation safety, flight training, pilot recruitment, job creation and tax revenues in Canada. While the global pandemic has had devastating impacts on the lives and livelihoods of the Canadian people, this new tax measures can cause further harm, despite its best intentions to our economy.

Thank you in advance for your interest in understanding the needs, issues and concerns stemming from this proposed Luxury Tax on the aviation industry, in particular, General Aviation and the detrimental effects this would create.

Yours Sincerely,



W. D. (Bill) Mahoney,  
Chair, Board of Directors – COPA



Christine Gervais  
President and CEO – COPA

CC: The Right Honourable Justin Trudeau, P.C., M.P. Prime Minister of Canada  
The Honourable Omar Alghabra, P.C., M.P. Minister of Transportation,  
The Honourable Erin O'Toole, P.C, M.P, Leader of the Conservative Party - Leader of the Opposition  
Mr. Yves-François Blanchet, Leader of the BQ  
Mr. Jagmeet Singh, Leader of the NDP  
Ms. Annamie Paul, Leader of the Green Party