

Canadian Business Aviation Association (CBAA)
SUBMISSION FOR THE PRE-BUDGET CONSULTATIONS BUDGET 2026

Executive Summary & Key Recommendations

Business aviation is a critical driver of Canada's economy and a strategic asset for national growth. As the government seeks to balance fiscal responsibility with robust economic development, targeted support for business aviation offers a practical and high-impact solution. Removing the luxury tax on aircraft and encouraging fleet renewal would safeguard thousands of high-quality aerospace jobs in Ontario and Quebec, while sending a clear message that Canada is committed to both environmental leadership and global competitiveness.

Business aircraft are essential in connecting remote and Indigenous communities, providing rapid emergency response, and transporting skilled tradespeople, employees, and vital equipment to projects that underpin prosperity in northern and rural regions. These capabilities are essential for economic inclusion and the resilience and security of Canada's infrastructure.

In short, Business Aviation works for Canadians and drives our economy. Let's develop strategic policies to help Canada move and grow at the speed of business.

Canada's business-aviation fleet:

- **1,500+ aircraft** capable of reaching every corner of the country.
- Generates **\$17.9 billion Total Economic Impact** and sustains **53,600 high-skill jobs** with an average salary of roughly **\$105k**—jobs at the heart of Canada's middle-class growth.
- Anchors a world-class aerospace manufacturing cluster whose exports topped **\$13 billion** in 2024, ensuring Canada remains indispensable to U.S. and global OEM supply chains even as protectionist headwinds rise.

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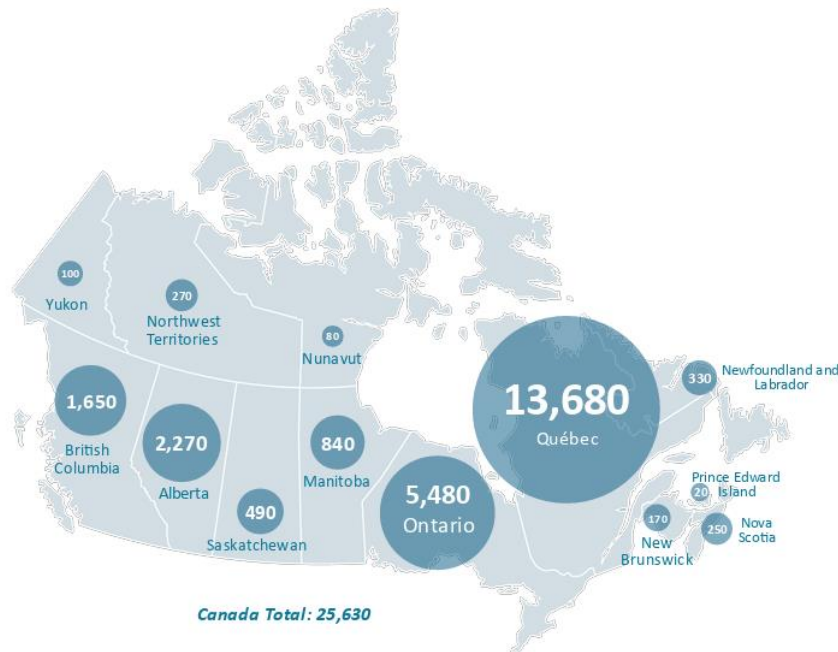
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Figure ES-5:
Distribution of *Total Direct Business Aviation Operations and Business Aircraft Manufacturing Employment (Jobs)*



To maximize these benefits and align with federal objectives on innovation and competitiveness, the Canadian Business Aviation Association recommends the following:

1. **Eliminate the Luxury Tax on Aircraft:**

The luxury tax has not achieved its intended outcomes. Instead, it discourages Canadians from buying Canadian aircraft, reduces manufacturing and maintenance activity domestically, and threatens jobs in aviation and related industries. Removing this tax will restore competitiveness and boost economic activity in Canada.

2. **Adopt Accelerated Depreciation for Aircraft:**

The U.S. recently made a permanent 100% bonus depreciation for business aircraft as part of the "One Big Beautiful Bill Act." This allows businesses to deduct the full cost of new or used aircraft in the first year, stimulating aircraft sales and supporting aviation jobs. Canada should adopt a similar policy to keep our industry competitive and attract investment.

3. Modernize Business Aviation Regulations and Expand Delegated Partnerships for Efficiency:

Modernize business aviation regulations and expand delegated partnerships to streamline processes, reduce administrative burdens, and improve efficiency across the sector.

4. Reduce Costs and Improve Access to Canada's Airports:

Reduce the cost burden on Canadians and ensure access at all major airports in Canada to enable the success of our country.

5. Demonstrate Economic Impact:

Highlight the contributions of business aviation and the broader aviation industry to job creation, GDP growth, and regional development, using precise data and case studies to support effective and targeted growth policies.

Recommendations

Recommendation 1 — Remove the Luxury Tax

Issue: The federal luxury tax on aircraft valued over \$100,000 has failed to achieve its policy goals. Instead of increasing revenue or ensuring tax fairness, it has discouraged Canadians from purchasing aircraft domestically, resulting in lost sales, reduced manufacturing, and negative impacts on maintenance and service providers.

Proposed Solution:

- Immediately repeal the Select Luxury Items Tax Act as it applies to aircraft.
- Work with industry stakeholders to assess the impact of the tax and communicate the benefits of its removal.
- Establish a task force to monitor the economic activity and employment levels in the aviation sector post-repeal.

Economic and Policy Rationale:

Removing the luxury tax will restore competitiveness to the Canadian aviation sector. Without the tax, more Canadians will purchase and operate aircraft domestically, supporting Canadian manufacturers, maintenance organizations, and high-skill jobs.

This will generate greater economic activity and tax revenue through increased industry growth, rather than suppressing it with punitive measures.

Recommendation 2 — Adopt Accelerated Depreciation for Aircraft

Issue: The United States has reinstated 100% bonus depreciation for business aircraft, allowing businesses to fully deduct the cost of new or used aircraft in the first year. Canada currently lacks a comparable policy, placing Canadian operators and manufacturers at a competitive disadvantage.

Proposed Solution:

- Introduce legislation to allow 100% first-year depreciation for qualifying business aircraft, matching the U.S. approach.
- Ensure the policy applies to new and used aircraft to maximize industry impact.
- Set clear eligibility criteria to ensure the measure targets legitimate business use.

Economic and Policy Rationale:

Accelerated depreciation has stimulated aircraft sales, investment, and job creation. By mirroring U.S. policy, Canada can retain and attract investment, prevent capital flight, and support domestic aviation manufacturing and service industries. This approach aligns with the government's goal of building a strong, united economy and supporting high-quality jobs.

Recommendation 3 — Modernize Business Aviation Regulations and Expand Delegated Partnerships for Efficiency

Issue: Current regulations for business aviation are modeled after large airlines, leading to excessive costs and delays for smaller operators. At the same time, Transport Canada (TC) faces mounting operational challenges, constrained resources, and growing delays in delivering safety oversight and regulatory services, all while dealing with shrinking budgets and the prospect of further cuts.

Proposed Solution:

Form a renewed Transport Canada industry working group to finalize risk-based CAR amendments and implement a modern, collaborative support model. This approach delegates low-risk, high-volume oversight functions to qualified industry bodies, such as the CBAA, while maintaining direct government oversight. Key components include:

- Efficiency Partnership: Establish a formal working group to streamline Special Authorizations, with CBAA acting as liaison and pre-screener for member submissions.
- Industry-Led Training: Deliver accredited CBAA-led training on SMS, compliance, and operational best practices, officially recognized by TC.
- Targeted Delegation: Assign administration of low-risk, high-volume functions (e.g., MELs, certain variances) to CBAA, with final approvals retained by TC.
- Performance Dashboard: Voluntary operator reporting on safety and compliance, managed by CBAA and shared with TC to identify trends.
- Rapid Response Advisory Panel: An expert panel to support TC in real time on regulatory changes or operational issues.
- Member Feedback Loop: Regular CBAA-led surveys to capture inefficiencies and provide actionable recommendations.

Economic & Policy Rationale:

- Reduces average operator compliance costs without compromising safety.
- Allows Transport Canada to redeploy resources toward higher-risk activities and optimize its workforce.
- Supports the Government of Canada's commitment to innovation, stakeholder engagement, and smarter service delivery.
- Enables evidence-based regulation through enhanced data sharing and voluntary compliance metrics.
- Reduces compliance delays and increases operational predictability for CBAA members.
- Mobilizes sector-specific expertise for faster, more affordable regulatory delivery, without increasing headcount.

Recommendation 4 — Reduce Airport Fees to Strengthen Interprovincial Trade

Issue: While recent measures to reduce fees on the Confederation Bridge and Marine Atlantic are welcome, they do not address the full scope of barriers to interprovincial trade. Air travel remains one of Canada's most expensive modes of transportation, with high airport improvement fees, security charges, and air traffic costs limiting the movement of goods and people, particularly from and to regions like Atlantic Canada that rely heavily on air service.

Proposed Solution:

Conduct a comprehensive review of airport fees in the context of interprovincial trade expansion to reduce charges that directly affect passengers and operators.

- Work with airport authorities and federal agencies to rebalance the cost structure and ensure fees are not a barrier to trade and travel.
- Prioritize changes that would improve affordability for routes critical to regional and interprovincial connectivity.

Economic and Policy Rationale:

Lowering the cost of air travel would improve access, boost tourism, and enhance trade within Canada, particularly between geographically distant provinces or lack alternative modes of transportation. Reducing airport fees would help build stronger economic links between regions, support growth in the aviation and logistics sectors, and align with the federal government's commitment to reducing internal trade barriers and promoting a more connected national economy.

Recommendation 5 - Demonstrate the Economic Impact of Aviation

Issue: The economic and social benefits of business aviation and the aviation industry are often misunderstood or underreported, leading to policy decisions that do not reflect the sector's actual value.

Proposed Solution:

- Collect and publish data on the aviation industry's GDP, employment, and regional development contributions.
- Share case studies highlighting the sector's role in supporting Canadian businesses and communities.
- Engage with policymakers to ensure decisions are informed by up-to-date, accurate information.

Economic and Policy Rationale:

Transparent reporting of aviation's impact will strengthen our understanding and help align

government policy with industry realities. Demonstrating the sector's value supports evidence-based decision-making and builds public and political support for pro-aviation policies.

Cross-Cutting Themes

All five recommendations collectively advance Canada's objectives to strengthen the national economy, ensure that business is at the forefront and not penalized, and foster community connectivity. They promote economic growth and regulatory flexibility, reinforce the aerospace supply chain's resilience, and align with national programs.

This unified approach underlines the importance of economic growth, regulatory agility, and sectoral resilience in building a more competitive and connected national economy.

Conclusion & Call to Action

Business aviation stands at a crossroads, and so does Canada's economy. The time for action is now. Maintaining the status quo, leaving the luxury tax in place and delaying the adoption of competitive depreciation policies puts over 53,000 high-quality Canadian jobs at risk. Each passing month is another lost opportunity, lost contracts for Canadian manufacturers, lost investments in our communities, and increased threats to middle-class prosperity across the country.

The government's economic and regional development goals cannot be fully achieved without business aviation. Our industry connects remote and Indigenous communities, supports skilled trades, and is essential to emergency response and trade competitiveness. However, these benefits are at risk as punitive policies and high costs impede growth, drive investment south, and erode Canada's position as a leader in aerospace.

We urge the Government of Canada to move quickly:

- **Immediately repeal the luxury tax on aircraft.** To date, its only measurable outcome has been job and opportunity loss.
- **Implement 100% accelerated depreciation for business aviation assets,** matching the U.S. and protecting Canada's competitiveness for future investments.
- **Lower airport fees, ensure access, and reduce regulatory red tape,** so our businesses and communities aren't left behind due to outdated, costly barriers.

The men and women of Canadian business aviation are ready to partner with the government to deliver a more connected, resilient, and prosperous nation. The time for analysis paralysis is over; decisive leadership and urgent action will keep Canada at the forefront of a rapidly evolving global industry.

Let's work together today to champion Canadian jobs, strengthen our economy, and ensure our country moves at the speed and scale demanded by a competitive, 21st-century world.

About the Canadian Business Aviation Association (CBAA)

The Canadian Business Aviation Association (CBAA) is a non-profit association formed in 1961 as Canada's voice for business aviation. Since its inception, CBAA has assumed an increasing role in its advocacy for Canadian business aviation interests. With a membership of approximately 400 companies and organizations, including operators, management companies, and suppliers, CBAA represents the entire business aviation community with a unified and collective voice.

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