

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

**Executive Summary**

Business aviation is a key productivity asset which drives Canadian economic growth and competitiveness. It enables investment, connects communities, supports supply chains, and helps businesses to operate efficiently across a country defined by distance, geography, and regional diversity.

Business aircraft are productivity tools, as they enable government officials and corporate personnel to travel on demand rather than being restricted to the schedules or limited routes of airlines. When the Prime Minister and cabinet ministers travel aboard R.C.A.F. a Bombardier Challenger or Global Express, they are assured of security and privacy while discussing sensitive issues en route. The same holds true for private sector citizens who fly aboard business aircraft, be they owned, leased or chartered.

As the Government of Canada works to strengthen growth, improve internal trade, and attract productive private investment, business aviation offers a practical and high-impact policy lever. It works for Canadians and drives our economy.

Additionally, business aircraft are essential in connecting remote and Indigenous communities, supporting emergency response, and transporting skilled tradespeople, employees, and critical equipment to projects that underpin economic activity in northern, rural, and resource-dependent regions. These capabilities contribute directly to economic inclusion, regional resilience, and national competitiveness.

Yet, Canada is losing mobile capital investment in aviation to jurisdictions with faster cost recovery and lower regulatory friction. Without targeted action in Budget 2026, this gap will widen, reducing productivity, investment, and aerospace competitiveness.

Canada's Business Aviation Fleet accounts for the following key statistics:

- More than 1,500 aircraft capable of reaching every corner of the country.
- Generates \$17.9 billion in total economic impact and sustains 53,600 high-skill jobs with an average salary of roughly \$105,000.
- Supports a world-class aerospace manufacturing cluster whose exports topped \$13 billion in 2024, reinforcing Canada's role in U.S. and global supply chains.

In addition, Canada's aerospace manufacturing sector is a key strategic industry that anchors a high-value supply chain. It drives significant economic impact, innovation through R&D, and global competitiveness. Notably, this industry supports tens of thousands of jobs and generates billions of dollars in annual economic output.

At the same time, the federal government's removal of the luxury tax has created momentum for a broader competitiveness agenda—one that should now be extended to reduce unnecessary costs and barriers for Canadian producers.

In the context of Canada's productivity crisis, persistent tariff threats from our largest trading partner underscore the need to put Canadian businesses on a more level playing field so they can compete more effectively with foreign peers in domestic and international markets.

In short, this industry is vital to Canadian sovereignty, producing advanced military technology and supporting jobs. This is a moment for the federal government to modernize policy in a way that supports growth, strengthens internal trade, and improves service delivery.



## Key Recommendations

The Government's removal of the luxury tax on the sale of business aircraft in Budget 2025 was a welcome step, and Budget 2026 should build on that progress by implementing the following recommendations:

1. Adopt accelerated depreciation for aircraft to encourage capital investment, fleet renewal, and productivity growth.
2. Modernize business aviation regulation and expand delegated partnerships for efficiency to reduce administrative burden and improve service delivery.
3. Reduce aviation-related costs and improve access to Canada's airports to strengthen interprovincial trade and regional connectivity.



## Recommendation 1 - Adopt Accelerated Depreciation for Aircraft

### Issue

Canada currently lacks a comparable tax policy to the United States' 100% bonus depreciation regime for qualifying business assets, including aircrafts, helicopters and simulators. In the United States, businesses can recover capital costs much more quickly, improving after-tax returns and accelerating investment decisions.

Canada's slower depreciation treatment puts Canadian operators, manufacturers, and service providers at a structural disadvantage. Capital allocation decisions are already being made in favour of jurisdictions with accelerated cost recovery. Without a comparable Canadian regime, firms are more likely to defer fleet renewal, locate investment elsewhere, or expand in markets that offer stronger tax treatment. The result is slower modernization, weaker competitiveness, and capital that leaves or never arrives in Canada.

### Proposed Solution

- Introduce 100% first-year depreciation for qualifying business aviation assets. This would not be limited solely to business aircraft but would also include, for example, flight simulators.
- Apply the measure to both new and used aviation assets to maximize investment impact.
- Establish clear eligibility criteria to ensure the policy supports legitimate business use.
- Include clawback provisions if the asset is sold before the full depreciation benefit has been realized.

### Economic and Policy Rationale

Accelerated depreciation would improve cashflow for Canadian businesses and enable them to redeploy capital back into the Canadian economy. This will ultimately encourage productive capital investment, improve fleet renewal, and support economic growth in sectors that depend on fast, reliable access to people and equipment. It would help Canadian firms to compete with U.S. counterparts, retain investment in Canada, and support domestic aviation manufacturing, maintenance, and operations.

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This measure would also support modernization. Newer aircraft are typically more efficient, more reliable, and better aligned with businesses seeking to lower operating costs and improve environmental performance. For Canada, accelerated depreciation is not just a tax measure - it is a tool to boost competitiveness, productivity, and long-term investment.

The capital cost allowance system in Canada is best described as a tax deferral mechanism which, given the prospect of eventual recapture upon the disposition of the asset, is in the long-run tax neutral. As such, there should be in principle little to no net tax cost to introduce an accelerated first-year depreciation model. Moreover, as this would be merely a modification to the existing capital cost allowance system, the drafting of such a measure would not be difficult to implement.

Budget 2026 should use the tax system to bolster productive investment, not discourage it.

## **Recommendation 2 - Modernize Business Aviation Regulations and Expand Delegated Partnerships for Efficiency**

### **Issue**

Business aviation is too often regulated through frameworks designed for large, scheduled airline operations, creating unnecessary cost and delay for smaller operators. At the same time, Transport Canada is facing increasing demands, constrained resources, and growing pressure to deliver timely oversight and regulatory services.

This creates a mismatch between risk and regulation. Low-risk, high-volume administrative functions consume time and resources that could be focused on higher-risk safety activities and more complex operational oversight.

## Proposed Solution

Establish a renewed Transport Canada-industry working group to finalize risk-based Canadian Aviation Regulations (CARs) amendments and implement a modern, collaborative support model.

This model should delegate low-risk, high-volume administrative functions to qualified industry bodies under clear government oversight, while preserving the federal government's role in setting standards and retaining final approval authority where appropriate.

This approach aligns with Bill C-15, which provides a legislative framework the Government of Canada can leverage to advance sandbox projects and pilot initiatives.

### Key components could include:

- Establish a formal working group to streamline Special Authorizations, with CBAA acting as a liaison and pre-screener for member submissions.
- Deliver accredited CBAA-led training on SMS, compliance, and operational best practices, formally recognized by Transport Canada.
- Assign administration of low-risk, high-volume functions, such as certain MEL-related and variance-related processes, to CBAA, with final approvals retained by Transport Canada where required.
- Create a voluntary operator reporting mechanism on safety and compliance, managed by CBAA and shared with Transport Canada to identify trends and emerging issues.
- Establish an expert panel to provide real-time support to Transport Canada on regulatory changes and operational issues.
- Conduct regular CBAA-led surveys to capture inefficiencies and provide actionable recommendations for continuous improvement.



## Economic and Policy Rationale

A modernized regulatory model would:

- reduce compliance costs without compromising safety;
- allow Transport Canada to focus on higher-risk and higher-value oversight functions;
- improve service standards and operational predictability;
- support smarter use of public resources without increasing headcount;
- strengthen evidence-based regulation through better information sharing;
- align with the Government of Canada's priorities around innovation, service delivery, and stakeholder collaboration.

This is a practical opportunity to improve federal service delivery while strengthening the competitiveness of a sector that supports investment, regional access, and high-quality jobs.

## Recommendation 3 - Reduce Aviation-Related Costs and Improve Access to Canada's Airports

### Issue

Canada's air transportation system remains burdened by high user costs, including airport improvement fees, security charges, and other cost recovery mechanisms that can limit access and suppress demand. These costs are particularly significant for regions that rely heavily on-air service, including Atlantic Canada, northern communities, and other geographically distant regions.

While measures to reduce fees on the Confederation Bridge and Marine Atlantic are welcome, they do not address the broader competitiveness issue. Air travel remains a vital part of Canada's internal mobility and trade infrastructure, yet it is often among the most expensive modes of transportation.

## Proposed Solution

- Conduct a comprehensive federal review of aviation-related fees and charges through an internal trade and competitiveness lens.
- Work with airport authorities, federal agencies, and industry stakeholders to ensure fees are transparent, proportionate, and not a barrier to investment, travel, or trade.
- Prioritize affordability and access for routes and airports critical to regional and interprovincial connectivity.
- Review how federal policy can support more competitive airport access without undermining safety or long-term infrastructure needs.

## Economic and Policy Rationale

Lower aviation-related costs would improve connectivity, strengthen interprovincial trade, support tourism, and make it easier for Canadian businesses to move people, equipment, and expertise where they are needed. In a country as large and regionally diverse as Canada, air access is not a luxury - it is part of the economic infrastructure that supports mobility and national integration.

Reducing unnecessary cost burdens would help:

- improve access for remote and regional communities;
- support aviation, logistics, and tourism activity;
- strengthen the flow of goods and services between provinces;
- align with the federal government's commitment to reducing internal trade barriers and improving productivity.

Budget 2026 should ensure that aviation policy supports connectivity and economic growth, not cost barriers that slow them down.



## Conclusion

All three recommendations advance Canada's priorities around productivity, investment, internal trade, regional connectivity, and regulatory efficiency. Together, they would help strengthen the national economy, improve service delivery, reinforce the aerospace supply chain, and support communities that depend on aviation for access and opportunity.

Business aviation stands at an important moment, and so does Canada's economy. As the Government of Canada works to unlock private investment, strengthen domestic trade, and build a more competitive and connected country, business aviation can play a meaningful role in delivering those outcomes.

The sector supports high-quality jobs, enables essential connectivity, and helps businesses deploy people and capital efficiently across the country. Yet that contribution can be strengthened further through policy that supports investment, streamlines regulation, and reduces unnecessary barriers.

We urge the Government of Canada to move forward with practical measures in Budget 2026:

- Implement 100% accelerated depreciation for qualifying business aircraft to encourage productive investment and fleet renewal.
- Modernize business aviation regulation and service delivery through risk-based oversight and delegated partnerships.
- Review aviation-related fees and charges through a competitiveness and internal trade lens to improve affordability and access.
- Strengthen the measurement of aviation's economic contribution so future policy is informed by evidence.

The Canadian business aviation industry is ready to work with the Government of Canada to support a more productive, resilient, and connected country. With decisive action, Budget 2026 can help ensure Canada remains competitive in a fast-changing global economy. Let's work together to champion Canadian jobs, strengthen our economy, and ensure our country moves at the speed and scale required in the 21st century.



## 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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