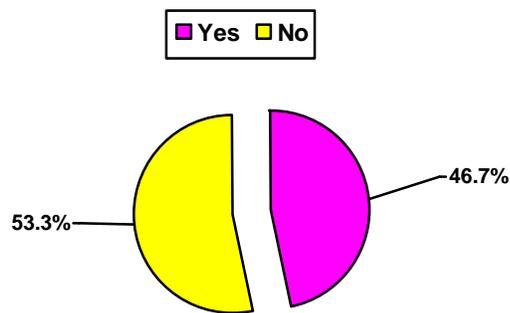


Taxation

Many horse owners within Alberta utilize their herd in a business capacity while others who are not business operators are simply looking for a tax break related to their on-going costs.

Respondents were asked whether or not they filed income tax returns on their horse related activities. The majority (53.3%) responded “no”.

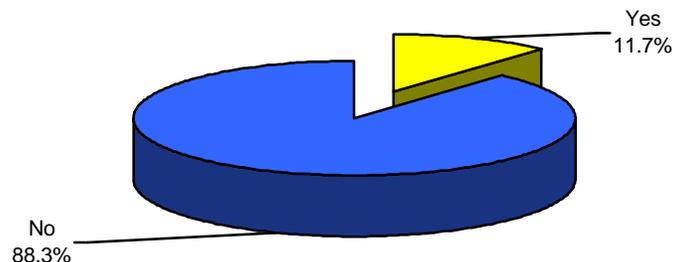
DO YOU NORMALLY FILE A TAX RETURN ON YOUR HORSE RELATED ACTIVITIES? (n=647)



Graph 74. Do You Normally File a Tax Return on Your Horse Related Activities?

Respondents were asked if they had experienced any tax issues or problems related to their horse activities, such as claiming horses as a business. The following graph illustrates that the majority of horse owners (88.3%) do not have any tax issues or problems, with 11.7% indicating that they have experienced tax related issues or problems.

ARE YOU EXPERIENCING ANY TAX ISSUES OR PROBLEMS RELATED TO YOUR HORSE ACTIVITIES (n=1,341)



Graph 75. Are You Experiencing Any Tax Issues or Problems Related to Your Horse Activities

When these results were referenced to the type of horse owners (business or sport-recreation owner), it was found there was very little difference between a business owner (6.3%) or a sport-recreation owner (5.4%) when they advised “yes” to having tax related problems.

Those respondents who answered “yes” commented that their tax issues or problems were related to the following (number of respondents shown in ()):

- ⇒ Limited allowable expense and write-offs (62)
- ⇒ Subject to minimum requirements by Canada Customs and Revenue Agency, considered small farm, not a business (44)
- ⇒ Horse vs. Cattle (i.e., no horse incentives while cattle owners receive incentives, horse products more expensive than cattle products) (14)
- ⇒ Not considered as agriculture, i.e., compensation, hay, fuel taxes (7)
- ⇒ Being audited regarding large ticket items and/or expenses (6)
- ⇒ Horse industry becoming a bad investment (investment write-offs) (5)
- ⇒ Lack of educated accountants, need for education on tax issues (4)
- ⇒ Financing (1)
- ⇒ Tourism (re: trail rides) (1)

On tax related issues or problems, there is very little difference between sport-recreation owners and business owners when compared with the issue of filing a tax return. Of the 1,793 survey respondents, 647 (36.1%) respondents indicated that they filed a tax return on their horse related activities. Of those that filed, 53.8% of these are sport-recreation owners while 46.2% were business owners. The low number of respondents who file a tax return may be due to the fact that the majority of owners own and use their horses for sport-recreational purposes, thus, feel no need to file a tax return. It may also be due to the fact that horse owners receive very few tax incentives/deductions from the government, therefore no need for a return.