JOCKEY CLUB OF CANADA CALLS FOR TAX FAIRNESS FOR FARMERS

What is Section 31 of the Income Tax Act?

Section 31 of the *Income Tax Act* is an outdated rule that puts Canadian farmers at a disadvantage. It limits legitimate farm losses that can be deducted against other income to $17,500 per year when farming is not considered a taxpayer's chief source of income. This restriction is not applied to other sectors of the economy. For horse owners, breeders and farmers who rely on diversified income, Section 31 restricts cash flow, discourages investment and makes it harder to grow their businesses. Repealing it would restore tax fairness, strengthen Canadian agriculture and help keep jobs and investment in rural communities.

Same Investment. Same Loss. Different Tax Treatment: Section 31 Explained

I **spend $100,000** on a race car.

$50,000 is on the cost of the vehicle.

$50,000 is for storage, tires and maintenance.

I **spend $100,000** on a racehorse.

$50,000 is the price of the horse.

$50,000 is on training, boarding and other equine- related services.

After paying for the car, storage, tires and maintenance, I **lose $65,000**.

After paying for the horse, training, boarding and vet care, I **lose $65,000**.

I can **deduct the full $65,000** in losses at tax time.

I can **only deduct $17,500** in losses at tax time. More than 70% of my loss cannot be claimed because of Section 31.

Canada's

HORSE INDUSTRY

$19B
Estimated industry value

154 000
Estimated total jobs

4 JOBS
Created for every 1 horse purchased

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Why Canada is Losing Horse Racing Investment to the U.S.?

Canada	U.S.
Section 31 limits Canadian horse owners to claiming a maximum of $17,500 in losses each year.	Trump's One Big Beautiful Bill allows US horse owners to immediately deduct 100% of the cost of a racehorse.
Created in the 1950s to prevent hobby farms from being used as tax shelters. Today, this limited write-off gives no incentive to invest in Canada's industry.	Introduced in 2025 to encourage US horse investment and economic growth. The Bill rewards investment in horse racing.
The zero incentive for investment has weakened Canada's horse industry and lead to losses and business closures. In 2025, BC's Hastings Racecourse and Fraser Downs closed. Hastings had been in business 130 years. In March 2026, after 62 years in business, Ottawa's Rideau Carleton Racing shutdown. Economic pressures were cited as key factors for all three closures.	The 100% write off has led to increased sales and growth of the industry in the U.S. Due to the cross -border nature of the industry, investment has headed south. U.S. horse auctions are now seeing record sales. One sale reporting $500M in spending.
Canadian jobs and businesses in farming, breeding, racing, training, veterinary, transportation, tourism and hospitality are at risk. Rural Canadian communities are hardest hit.	With more investment moving south, the U.S. horse industry is growing fast. There is an increase in jobs and economic activity in rural regions, at the expense of Canada's economy.

A simple tax fix can keep investment here at home.
Canada cannot afford to drive investment south of the border.

Why **repeal** SECTION 31?

- Keep investments in Canada
- Support jobs in rural communities
- Strengthen a $19B industry
- Keep Canada competitive

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