

High hopes for tax-free silviculture accounts

It has been a long time coming, but there now appears to be some movement toward implementing a program that would allow Canadian woodlot owners to put harvest revenue in a tax-sheltered account earmarked for future investments in forest management. The proposed mechanism, a Personal Silvicultural Savings and Investment Plan (PSSIP), would be managed by financial institutions, with administration fees paid by the contributors. It would be a recognition that woodlot revenue tends to be sporadic, especially for small landowners, and that the costs of tending a forest tend to be spread over the long term.

“You’re putting something away in a savings plan, so if I draw from that and don’t use it on my woodlot, then I would have to pay tax, but if I use it for silvicultural reasons, then I’m exempt,” says Pat Wiggin, executive director of the Federation of Nova Scotia Woodland Owners. “You’re putting money toward building and regenerating value in your woodlot – stimulating rural economies, creating jobs.”

Wiggin has been pushing for federal legislation to make this happen, working closely with Susannah Banks, his counterpart at the New Brunswick Federation of Woodlot Owners, and also with Vincent Miville, of the Fédération des producteurs forestiers du Québec. He points out that the need for a solution has become more pressing as woodlot owners work to salvage downed timber in the wake of hurricane Fiona, resulting in an unwelcome income spike.

“A lot of people had their retirement standing upright, and now it’s lying over and they’re being forced to harvest it all to recover some revenue, and now the tax man’s knocking on their door. If something like this were put in place, they could be a bit more protected,” he says. “Obviously the cleanup is happening right now, and a change in policy doesn’t happen overnight. But who’s to say another hurricane isn’t going to come through in four or five or six years – or two years, even. And to do climate-resilient forestry, it costs more, and where’s that money going to come from?”

Even in the absence of a catastrophic event like a storm, it’s hard for woodlot owners to predict the extent and the timing of forestry income and costs. Allowing them to put timber revenue in a dedicated savings account would give them the kind of flexibility that good management demands.

“A lot of landowners who are delicately managing their forests are still slapped, come tax season, because they don’t really have anything to leverage against those revenues, because all of their costs incurred happened in different fiscal years,” says Wiggin. “Forestry takes a while. It’s not like you’re a farmer, where you can seed your field, tend your crops, spray or whatever, and then harvest, and leverage all those costs against your revenues, all in the same fiscal year.”

Wiggin notes that eligible silviculture treatments would have to be based on an approved management plan, so there would be a new incentive to seek professional assistance in



Pat Wiggin, executive director of the Federation of Nova Scotia Woodland Owners, says a Personal Silvicultural Savings and Investment Plan (PSSIP) would provide more financial stability for woodlot owners, thereby fostering better forest management and stimulating rural economies.

making scientifically sound decisions. And without the threat of a heavy tax hit on woodlot revenue, landowners would also be more likely seek out an advantageous harvesting contract with a reputable operator, rather than entering a risky, under-the-table stumpage deal.

Susannah Banks also sees numerous benefits to PSSIPs, and she is cautiously optimistic that the time has finally come. “We’ve been lobbying for this for over a decade now,” she says, adding that a lot of the groundwork was laid by the former Canadian Federation of Woodlot Owners, led by the late Peter deMarsh. She says the movement gained momentum in 2021 when that group merged with the Canadian Association of Forest Owners, which included larger landowners – creating a single national group now known as Canadian Forest Owners.

“I think that amalgamation has increased our profile in Ottawa. We started to get traction just before the merger, but I think with the merger, and the pressure they’re able to exert, it’s really hopeful.”

Banks points out that establishing a PSSIP program was one of the recommendations in the 2021 Pre-Budget Report to Parliament from the House of Commons’ Standing Committee on Finance. “It’s something that’s very important to landowners,” she says. DL