

Is my woodlot a

- Personal or hobby, non-commercial woodlot
- Commercial non-farm woodlot
- Commercial farm woodlot

Personal hobby, non-commercial woodlot

- No reasonable expectation profit
- Any revenues are from an isolated transaction over a short term
- Income is reported on account of capital and taxed as a capital gain (subject to certain rules)
- Expenses or losses are not deductible

Commercial non-farm woodlot

- Reasonable expectation of profit
- Main focus is lumbering or logging
- Income is reported on account of income using accrual method of accounting
- Losses are deductible from other income and not restricted
- Intergenerational rollover to children not available
- If incorporated, possible capital gains exemption

Commercial farm woodlot

- Reasonable expectation of profit
- Able to utilize cash method of accounting when computing income eliminating the need to track and report receivables and inventory at year end.
- Intergeneration rollover to children available, but is subject to certain tax regulations and rules such as following a prescribed forest management plan
- Possibly qualify for enhanced capital gain exemption but must satisfy certain requirements
- Losses restricted if farming not chief source of income. 2500 plus $\frac{1}{2}$ the losses in excess of 2500 to a maximum deductible loss of 17500
- Must show that the main focus goes beyond lumbering and logging to include a significant amount of attention paid to the growth, health, quality and composition of the woodlot pursuant to a prescribed forest management plan
- Should document activity to prove farm focus through either a journal or diary

Woodlot Management Journal

2010 - 2020



Harvesting

Stand(s) _____

Harvest Type: _____

Volumes: Softwood _____ Hardwood _____

Harvest Costs: _____

Revenues: _____

Completed by: _____

Regeneration Plan: _____

Notes: _____

Forest Condition Monitoring

Major Changes: _____

Results of Changes to Management

Strategy: _____

Silviculture

Stand(s) _____

Treatment Type: _____

Area Treated: _____

Volumes: Softwood _____ Hardwood _____

Treatment Costs: _____

Revenues: _____

Completed by: _____

Notes: _____

Road Building

Type of Work: _____

Costs: _____

Completed by: _____

Notes: _____

Non-Timber Forest Products

Products Harvested: _____

Volumes: _____

Revenues: _____

Tending Work: _____

Costs: _____

Communications with Community

Topics of Interest: _____

Persons Involved: _____

Results: _____

Continuing Education

Training Courses: _____

Meetings/Seminars: _____

Courses/Readings: _____

Woodlot Improvements (Trails, Boundary Lines, Ponds, etc.)

Activities: _____

Time/Costs: _____

Financial Summary: _____

Total of all Revenues: _____

Total of all Expenses: _____

Total Person Time (Hours): _____

Profit/Loss: _____

Income Tax Regulations

Version of section 7400 from 2008-01-01 to 2019-03-12:

[Previous Version of section](#)

7400 (1) For the purposes of subsections 70(9), (9.3) and (10) and 73(3) of the Act, a prescribed forest management plan in respect of a woodlot of a taxpayer is a written plan for the management and development of the woodlot that

(a) describes the composition of the woodlot, provides for the attention necessary for the growth, health and quality of the trees on the woodlot and is approved in accordance with the requirements of a provincial program established for the sustainable management and conservation of forests; or

(b) has been certified in writing by a recognized forestry professional to be a plan that describes the composition of the woodlot, provides for the attention necessary for the growth, health and quality of the trees on the woodlot and includes

- (i) a description of, or a map indicating, the location of the woodlot,
- (ii) a description of the characteristics of the woodlot, including a map of the woodlot site that shows those characteristics,
- (iii) a description of the development of the woodlot, including the activities carried out on the woodlot, since the taxpayer acquired it,
- (iv) information acceptable to the recognized forestry professional estimating

- (A) the ages and heights of the trees on the woodlot, and their species,
- (B) the quantity of wood on the woodlot,
- (C) the quality and composition of the soil underlying the woodlot, and
- (D) the quantity of wood that the woodlot could yield as a result of the implementation of the plan,
- (v) a description of, and the timing for, the activities proposed to be carried out on the woodlot under the plan, including any of those activities that deal with
 - (A) harvesting,
 - (B) renewal and regeneration,
 - (C) the application of silviculture techniques, and
 - (D) responsible stewardship and the protection of the environment, and
- (vi) a description of the objectives and strategies for the management and development of the woodlot over a period of at least five years.

(2) A recognized forestry professional referred to in subsection (1) is a forestry professional who has a degree, diploma or certificate recognized by the Canadian Forestry Accreditation Board, the Canadian Institute of Forestry or the Canadian Council of Technicians and Technologists.

(3) A recognized forestry professional referred to in subsection (1) is not required to express an opinion as to the completeness or correctness of a description of past activities referred to in subparagraph (1)(b)(iii) or of information referred to in subparagraph (1)(b)(iv) if the information was not prepared by that recognized forestry professional.

NOTE: Application provisions are not included in the consolidated text;
see relevant amending regulations. SOR/2007-35, s. 1.

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