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PRE-BUDGET SUBMISSION
BUDGET 2026

0% GST/HST ON QUALIFYING SWIM INSTRUCTION AND AQUATIC LEADERSHIP TRAINING

Submitted to: Department of Finance Canada

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Tiernan Murphy, Chair

LET'S TEACH CANADA TO SWIM

EXECUTIVE SUMMARY AND RECOMMENDATION

The Canadian Swim School Alliance recommends that the Government of Canada include a measure in Budget 2026 to amend the Excise Tax Act, including Schedule VI as appropriate, so that the following supplies, where they would otherwise be taxable, bear GST/HST at a rate of 0%:

- Qualifying learn-to-swim and foundational water-safety instruction; and
- Qualifying aquatic leadership, swim-instructor, lifeguard, lifesaving and recertification training that prepares or qualifies teenagers and adults to teach swimming, supervise aquatic environments, deliver water-safety education or respond to aquatic emergencies.

Existing exemptions for public sector bodies, charities, non-profit organizations and qualifying vocational instruction should remain in place. Any consequential amendments should coordinate the new zero-rating provision with those exemptions without converting currently exempt supplies unless the government determines that broader changes are appropriate.

Eligibility should be based on the nature, purpose, curriculum, assessment and outcome of the instruction-not on the ownership or organizational status of the provider. This approach would give families a consistent consumer-facing result, preserve eligible input tax credits for registered providers making zero-rated supplies, support Canada's aquatic workforce and keep unrelated recreational, fitness and competitive activities outside the measure.

ABOUT THE CANADIAN SWIM SCHOOL ALLIANCE

The Canadian Swim School Alliance is a not-for-profit organization serving the aquatics industry across Canada. Its mission is to foster an inclusive community that enhances the Canadian learn-to-swim industry.

Private swim schools are an essential part of Canada's aquatic education system. They supplement municipal and charitable programming, expand lesson capacity, employ and train aquatic professionals, and provide families with access to swimming lessons when public programs are unavailable, fully subscribed or unable to meet local demand.

Private swim schools also contribute to Canada's aquatic workforce by delivering instructor, lifesaving, lifeguard and leadership qualifications to teenagers and adults. Graduates go on to teach swimming, supervise aquatic facilities and provide lifesaving services in municipal, charitable, non-profit and private settings.

Our shared objective is straightforward: teach more Canadians how to swim and be safe in, on and around water, while ensuring that Canada has enough qualified instructors and lifeguards to teach and protect them.

THE CURRENT TAX INEQUITY

Canadian families can face different GST/HST treatment for substantially similar swimming lessons depending primarily on the legal status of the organization supplying them.

Schedule V, Part VI, section 12 of the Excise Tax Act exempts certain supplies made by public sector bodies involving a series of supervised instructional classes or activities in athletics and other recreational pursuits. The exemption can apply where a program is expected to be provided primarily to children 14 years of age or younger and does not involve overnight supervision throughout a substantial portion of the program.[1]

Canada Revenue Agency guidance also explains that most supplies made by registered charities are exempt. Qualifying recreational programs provided primarily to children 14 years of age or younger may be exempt where substantial overnight supervision is not involved.[2]

Comparable learn-to-swim and water-safety instruction supplied by a GST/HST-registered private swim school is generally taxable unless another specific exemption applies.

The result is uneven for Canadian families. A child enrolled in a qualifying municipal, charitable or non-profit swimming program may receive instruction without GST/HST being charged. Another child receiving substantially similar instruction from a registered private swim school may be charged GST/HST.

The children may be learning the same survival skills, following comparable curricula and receiving instruction from equally qualified instructors. A family's GST/HST bill should not depend primarily on the legal status of the organization supplying substantially similar instruction.

This inequity is especially significant where municipal programs have long waiting lists, limited schedules or insufficient capacity. Many families do not select a private provider as a luxury alternative; they use one because it is the practical and available means of obtaining consistent, structured instruction.

Private swim schools also frequently operate from rented or shared aquatic facilities, including schools, hotels, fitness facilities, private clubs and community locations. The ownership of the facility does not change the purpose, quality or public value of the instruction.

THE AFFORDABILITY IMPACT

Depending on the province, families purchasing taxable swimming lessons may pay between 5% and 15% in GST/HST.[3]

Swimming lessons are commonly purchased for more than one child and across multiple sessions or years. The cumulative tax paid by a family can therefore be substantial. Zero-rating qualifying instruction would produce an immediate and visible saving at registration-the moment when a family must decide whether it can afford to enrol or re-enrol a child.

WATER SAFETY IS AN ESSENTIAL SKILL

Structured swimming and water-safety instruction should not be treated in the same manner as discretionary entertainment. Properly delivered instruction teaches individuals how to:

- Respond to an unexpected fall into water.
- Return to the surface and control their breathing.
- Float, recover and move toward safety.
- Exit the water safely.
- Recognize hazards around pools, beaches, lakes and rivers.
- Make safer decisions in, on and around water.

The National Drowning Data Snapshot-2026 Edition, prepared for Lifesaving Society Canada by the Drowning Prevention Research Centre Canada, reports 560 unintentional water-related fatalities in Canada in 2022, the most recent year presented.[4]

Drowning prevention requires several layers, including active supervision, barriers, properly fitted lifejackets, public education and effective swimming and water-safety instruction. Zero-rating swimming lessons would not, by itself, eliminate drowning. It would, however, remove an unnecessary additional cost from acquiring a foundational life and safety skill.

Teaching a child what to do if they fall into water is as important as teaching them to read or write.

AQUATIC LEADERSHIP AND CANADA'S AQUATIC WORKFORCE

Canada cannot expand access to swimming lessons without training the instructors, lifeguards, lifesaving instructors, examiners and aquatic supervisors who deliver and support those programs.

Aquatic leadership courses are not recreational swimming activities. They are structured, assessed courses that prepare teenagers and adults for employment and positions of responsibility in swimming pools, waterfronts, schools, camps, municipalities, charities, non-profit organizations and private aquatic facilities.

These courses commonly include:

- Swim-instructor and swim-teacher certification.
- Lifeguard certification and recertification.
- Lifesaving instructor, trainer and examiner qualifications.
- Aquatic supervisory and safety training.
- Required prerequisite courses forming part of a recognized instructor or lifeguard pathway.
- First aid and CPR training when delivered as an integral component of an eligible aquatic leadership program.

Participants learn to prevent incidents, recognize swimmers in distress, perform rescues, respond to emergencies, supervise aquatic environments and teach swimming and water-safety skills. These are workforce-development programs that enable participants to obtain employment, maintain qualifications and develop transferable leadership, teaching and emergency-response skills.

THE VOCATIONAL-TRAINING INEQUITY

Part III of Schedule V to the Excise Tax Act provides exemptions for certain vocational and professional instruction. However, availability depends on technical conditions involving both the qualification and the organization supplying the instruction.

CRA guidance explains that an organization generally qualifies as a vocational school only when it is established and operated primarily to provide courses that develop or enhance occupational skills. For the operating test, the CRA generally considers whether more than 50% of the organization's total annual revenue is attributable to occupational training courses.[5]

This test can create an unintended inequity for private swim schools. A school may deliver recognized, assessed aquatic leadership courses leading directly to employment as a swimming instructor or lifeguard. However, because most of its revenue comes from teaching children to swim, it may not meet the technical definition of a vocational school.

The same aquatic qualification can therefore receive different GST/HST treatment depending on which organization supplies and invoices the course. The employment value, curriculum, assessment requirements and responsibilities assumed by the successful candidate do not change. The tax may change solely because of the provider's organizational structure or revenue mix.

That is not neutral consumer-facing GST/HST treatment.

THE COST OF ENTERING THE AQUATIC WORKFORCE

Aquatic leadership courses are frequently taken by teenagers and young adults entering the workforce. Candidates may need several progressive qualifications before becoming employable, including prerequisite lifesaving courses, instructor or lifeguard certification, first aid and CPR, course materials, examinations and recurring recertification.

GST/HST may be added at multiple taxable stages. For a teenager, young adult or family paying for several courses, the additional cost can become a meaningful barrier to entering or remaining in the aquatic workforce.

Reducing this cost would help train more instructors and lifeguards, expand learn-to-swim capacity, create accessible first-employment opportunities for young Canadians and strengthen staffing across municipal, charitable, non-profit and private aquatic facilities. The proposal would support both sides of Canada's aquatic education system: the people who need to learn and those who must be trained to teach and protect them.

PUBLIC BENEFIT AND CONSUMER TAX PARITY

Municipalities, charities, non-profit organizations and private swim schools all contribute to Canada's aquatic education and safety infrastructure. They frequently serve the same families, employ similarly qualified instructors and teach comparable water-safety outcomes.

Zero-rating otherwise-taxable qualifying instruction would give families and aquatic leadership candidates a more consistent consumer-facing GST/HST result. It would reduce immediate costs, support lesson capacity and workforce development, preserve eligible input tax credits for registered providers making zero-rated supplies, and avoid extending relief to unrelated recreational, fitness or competitive activities.

WHY ZERO-RATING IS PREFERABLE TO AN EXEMPTION

The new measure should be structured as a zero-rated supply rather than simply extending an exemption to private providers.

Under zero-rating:

- Families and aquatic leadership candidates would pay GST/HST at a rate of 0%.
- Registered providers could generally continue claiming eligible input tax credits for GST/HST paid on expenses associated with delivering the instruction.
- Providers would not have to incorporate otherwise unrecoverable GST/HST into lesson and course prices.

This distinction matters because private aquatic providers incur substantial operating expenses, including pool rental, facility costs, equipment, technology, utilities, insurance and professional services.

If instruction were merely exempt, registered private providers would generally lose the ability to claim input tax credits related to making those exempt supplies. Those unrecoverable costs could be reflected in program prices, reducing the intended affordability benefit.

Public service bodies may be eligible to recover some or all otherwise unrecoverable GST/HST through public service bodies' rebates. For example, municipalities can generally recover 100% of the GST or federal component of the HST paid on eligible purchases and expenses, with varying rebates for provincial HST components. Private commercial providers generally do not have an equivalent rebate mechanism.[6]

Zero-rating therefore provides the clearest result for currently taxable instruction: consumers pay 0% GST/HST while registered providers retain the input-tax-credit treatment associated with taxable supplies.[7]

PROPOSED DEFINITION OF QUALIFYING LEARN-TO-SWIM INSTRUCTION

Qualifying learn-to-swim and foundational water-safety instruction should mean structured, instructor-led instruction whose primary purpose is to teach swimming, self-rescue or foundational water-safety skills through a documented instructional program.

The current provider-based inequity is clearest for children's programs because the public sector body exemption applies principally to qualifying programs provided primarily to children aged 14 or younger. Adult-beginner instruction should be included on the separate policy grounds of public safety and access to foundational swimming and water-safety skills.

Eligible instruction should include:

- Group, semi-private and private swimming lessons.
- Learn-to-swim and foundational water-safety programs.
- Parent-and-infant and parent-and-toddler instruction.
- Children's and youth instruction.
- Adult-beginner and newcomer instruction where foundational swimming and water-safety skills are the principal purpose.
- One or more lessons delivered under a documented learn-to-swim or water-safety curriculum.
- Instruction delivered in rented, leased, privately owned, charitable or publicly owned aquatic facilities.

Providers should maintain:

- A written curriculum or progression framework.
- Enrolment and attendance records.
- Records identifying the type and principal purpose of the program.
- Appropriate instructor qualification or documented training records.

Eligibility should exclude:

- General pool admission and open swimming.
- Facility memberships not directly attributable to eligible instruction.
- Pool or facility rentals.
- Birthday parties and general recreational activities.
- Recreational camps.
- Aquatic fitness and exercise classes.
- Competitive swimming and performance coaching.
- Programs whose principal purpose is recreation, fitness or competition rather than learning to swim or developing foundational water-safety skills.

PROPOSED DEFINITION OF QUALIFYING AQUATIC LEADERSHIP TRAINING

Qualifying aquatic leadership training should mean a structured course or program that:

- Has the principal purpose of preparing or qualifying an individual for employment as a swimming instructor, lifeguard, lifesaving instructor, trainer, examiner or aquatic facility supervisor.
- Leads to, maintains or upgrades a recognized aquatic leadership, instructional, lifesaving or safety certification.
- Uses a documented curriculum.
- Includes a meaningful assessment of the candidate’s knowledge and practical competence.
- Is administered on a pass/fail or equivalent competency-based basis.
- Is delivered by an appropriately authorized instructor, trainer or examiner.
- Produces documentation confirming successful completion or recertification.

For this purpose, a recognized qualification should be issued or authorized by a national or provincial aquatic, lifesaving or swimming-certification body; recognized by a government or regulatory body; or broadly accepted by Canadian aquatic employers under an auditable certification and quality-assurance system.

Eligible instruction should include prerequisite courses where successful completion is necessary to enter or progress through a recognized instructor, lifesaving or lifeguard pathway.

First aid and CPR instruction should qualify only when it is included or bundled within an eligible aquatic leadership program, supplied as part of the same program registration, or specifically designed and certified for aquatic rescue or aquatic employment. Stand-alone general first aid or workplace-safety courses should remain outside the measure, even when an individual intends to use them as a prerequisite for a later aquatic qualification.

FINANCIAL AND FISCAL IMPACT

The Canadian Swim School Alliance recognizes that zero-rating qualifying swim instruction and aquatic leadership training would have a fiscal cost. We ask that the cost be assessed against a clearly defined and narrowly targeted tax base and alongside the proposal's benefits for affordability, workforce development, public safety and consumer tax parity.

Relief for Canadian families

For every $1,000 in otherwise-taxable qualifying instruction purchased before tax, the purchaser currently pays:

- $50 in GST where the 5% federal GST applies.
- $130 in HST in Ontario.
- $140 in HST in Nova Scotia.
- $150 in HST in New Brunswick, Newfoundland and Labrador, and Prince Edward Island.[3]

Zero-rating would remove the 5% GST in non-participating provinces and territories and the full HST in participating provinces. It would not itself amend separately administered provincial sales taxes or the Quebec sales tax; treatment under those systems remains a matter for the relevant province.

The relief would apply directly at the point of purchase. Families would not need to retain receipts, file a tax return or wait for a credit or reimbursement.

A transparent approach to federal costing

The starting point for estimating the federal fiscal impact should be:

Tax-exclusive consideration for qualifying supplies that are currently taxable and on which GST/HST is collected
×
the 5% federal GST component

For illustration, every $100 million in such consideration would represent approximately $5 million in estimated gross federal revenue foregone annually, before accounting for behavioural responses and other interactions. This is an illustration-not an estimate of the national cost.

In participating HST provinces, the effect associated with the provincial component should be calculated separately and addressed through the applicable federal-provincial arrangements.

The cost base should include only supplies meeting the final statutory definition that would otherwise be taxable. It should exclude existing exempt supplies, recreational admissions and memberships, fitness programming, rentals, camps, competitive coaching, merchandise and other activities outside the proposed definitions.

Because private providers making taxable supplies are generally already entitled to eligible input tax credits, moving otherwise-taxable instruction to a zero rate should not itself create a new ITC entitlement for those providers. Any decision to convert currently exempt supplies to zero-rated supplies would require separate costing and is not necessary to implement this proposal.

Potential economic effects

The direct revenue cost should be reported transparently. Potential indirect effects-including increased participation, aquatic employment, leadership-course enrolment, provider capacity and related economic activity-should also be evaluated, but CSSA does not suggest treating them as guaranteed fiscal offsets without government modelling.

Government costing and data sources

CSSA recommends that the Department of Finance Canada use CRA administrative information, available Statistics Canada information and appropriate industry information to produce an official national estimate, with the federal and provincial HST components identified separately.

The fiscal question is not whether the proposal has a cost. It is whether a targeted and measurable investment in water-safety education, workforce training, family affordability and consumer tax parity represents sound public policy. CSSA believes that it does.

ADMINISTRATIVE FEASIBILITY

Established aquatic providers already maintain records relevant to administering the proposed measure, including program descriptions, enrolment and attendance records, schedules, curricula, instructor and trainer qualifications, candidate assessments, and certification or recertification results.

The government should not need to create a new national licensing system. Objective eligibility criteria could be established under the Excise Tax Act and accompanying administrative guidance, supported by ordinary business records and the CRA’s existing audit and interpretation processes.

The Department of Finance Canada should consult with the Canada Revenue Agency, the Canadian Swim School Alliance, private swim schools and aquatic training providers, municipal aquatic departments, charitable and non-profit aquatic organizations, drowning-prevention organizations, and organizations responsible for aquatic instructor, lifesaving and lifeguard qualifications.

The proposed zero-rating should take effect on a clearly defined future date. The Canada Revenue Agency should publish eligibility and implementation guidance before that date. The change should not apply retroactively.

REQUEST FOR BUDGET 2026

The Canadian Swim School Alliance respectfully asks the Government of Canada to:

- Announce in Budget 2026 its intention to zero-rate qualifying learn-to-swim, foundational water-safety and aquatic leadership instruction that would otherwise be taxable.
- Amend the Excise Tax Act, including Schedule VI as appropriate, and make any consequential amendments required to coordinate the new provision with existing public sector body, charitable, non-profit and vocational exemptions without converting currently exempt supplies.
- Establish two clear categories of qualifying instruction: instruction that teaches swimming, foundational water-safety and self-rescue skills; and instruction that qualifies or recertifies individuals to teach swimming, provide lifesaving education, supervise aquatic environments or respond to aquatic emergencies.

- Base eligibility on the purpose, curriculum, assessment and outcome of the instruction rather than the ownership, legal status or principal revenue source of the provider.
- Include required prerequisite and recertification courses forming part of a recognized aquatic leadership pathway, subject to clear rules for first aid and CPR instruction.
- Direct the Department of Finance Canada and the Canada Revenue Agency to develop an official costing, legislative language and administrative guidance in consultation with aquatic-sector and drowning-prevention organizations.

CONCLUSION

Canada needs accessible swimming lessons and a strong pipeline of qualified people to deliver them. Families should not pay different GST/HST on substantially similar instruction because of the organization supplying it. Teenagers and adults should not pay different GST/HST on the same employment-related aquatic qualification because of which organization supplies and invoices the course.

A lesson should not become taxable simply because a municipality cannot provide it. An employment-related aquatic qualification should not become taxable simply because the organization teaching it also operates learn-to-swim programs.

Budget 2026 should zero-rate otherwise-taxable qualifying learn-to-swim, foundational water-safety and aquatic leadership instruction.

The principle is straightforward:

Same essential lesson.

Same water-safety objective.

Same employment-related aquatic qualification.

Same result for families: no GST/HST charged.

REFERENCES

[1] Excise Tax Act, Schedule V, Part VI, section 12:

https://laws-lois.justice.gc.ca/eng/acts/E-15/FullText.html

[2] Canada Revenue Agency, GST/HST Information for Charities:

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4082/gst-hst-information-charities.html

[3] Canada Revenue Agency, GST/HST Calculator and Rates:

https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-which-rate/calculator.html

[4] Lifesaving Society Canada and Drowning Prevention Research Centre Canada, National Drowning Data Snapshot-2026 Edition:

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[5] Canada Revenue Agency, GST/HST Memorandum 20-4, Vocational Schools and Courses:

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/20-4/vocational-schools-courses.html

[6] Canada Revenue Agency, GST/HST Information for Municipalities:

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4049/gst-hst-information-municipalities.html

[7] Canada Revenue Agency, Taxable, Zero-Rated and Exempt Supplies:

https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-type-supply.html

[8] Department of Finance Canada, Report on Federal Tax Expenditures-Concepts, Estimates and Evaluations 2026:

https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2026/part-3.html