

Media Advisory

Business groups unite, call on Ottawa to drop federal tax changes for small business

Toronto, August 31, 2017 – 35 organizations from across the country have come together to form the *Coalition for Small Business Tax Fairness* — a unified voice to oppose the federal government’s tax proposals that would dramatically change the way incorporated small businesses are taxed in Canada.

“These proposals, while intended to target the wealthy, will hurt middle-class business owners from every sector of the economy. These are shopowners, farmers, doctors, financial planners, homebuilders and trades in all sectors — the entrepreneurial families who are the backbone of the economy and responsible for the majority of the job creation in Canada,” said Dan Kelly, President of the Canadian Federation of Independent Business (CFIB) and member of the Coalition. “Our coming together highlights the urgency of combatting these proposals which, if legislated, would signify the biggest changes to the business tax system in decades.”

"In ten years at the Canadian Chamber, I've never seen an issue that has generated greater concern among our members. To make matters worse, allotting only 75 days for comment in the midst of the summer holidays is not a consultation, it's a stealth attack on farmers and family businesses. The vast majority of our network's more than 200,000 members across Canada are SMEs. They will be contacting their MPs to say that these proposals must be scrapped and replaced with measures that support Canada's entrepreneurs," added Perrin Beatty, President and CEO of the Canadian Chamber of Commerce.

If implemented, the proposals will restrict small business owners from sharing income with family members; limit certain forms of saving in the business, making the firm more vulnerable in bad economic times and less able to innovate and grow; and change capital gains rules which could make it more difficult for business owners to transfer their business to the next generation.

The 35 business groups — on behalf of the hundreds of thousands of members they represent — have presented a letter to Finance Minister Bill Morneau asking the government to take these proposals off the table and instead meet with the business community to address any shortcomings in tax policy affecting private corporations.

Signatories of the letter include:

Advocis - Financial Advisors Association of Canada	Canadian Mortgage Brokers Association
Canadian Advanced Technology Alliance	Canadian Pork Council
Canadian Association of Farm Advisors	Canadian Taxpayers Federation
Canadian Association of Management Consultants	Canadian Water Quality Association
Canadian Association of Optometrists	Coalition of Ontario Doctors
Canadian Association of Radiologists	Conference for Advanced Life Underwriting
Canadian Bar Association	Family Enterprise Xchange
Canadian Cattlemen's Association	Federation of Ontario Law Associations
Canadian Chamber of Commerce	Grain Farmers of Ontario
Canadian Construction Association	Grain Growers of Canada
Canadian Dental Association	Independent Financial Brokers of Canada
Canadian Federation of Agriculture	Mechanical Contractors Association of Canada
Canadian Federation of Independent Business	National Exempt Market Association

Canadian Home Builders' Association
Canadian Horticultural Council
Canadian Institute of Financial Planners
Canadian Institute of Heating and Plumbing
Canadian Medical Association

Ontario Association of Radiologists
Ontario Medical Association
Restaurants Canada
Retail Council of Canada

The *Coalition for Small Business Tax Fairness* is encouraging those concerned about these changes to contact their Members of Parliament and use the hashtags #unfairtaxchanges #taxesinéquitables on social media.

For media enquiries or interviews, please contact:

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Quotes:

“These complex proposed changes will very much impact investment and growth in the ITC sector, one of the most robust sectors in Canada; and the rushed consultation process this summer is counterproductive to creating effective tax policy and is unacceptable to us.” — **John Reid, CEO, Canadian Advanced Technology Alliance**

“Budget 2017 identified Canadian agriculture as a sector primed for growth, based on the bright economic outlook for thousands of small, family-owned and operated businesses. If these tax changes are implemented as proposed, we’ll see increased tax burden for farms, reduced investment in growing our operations, and even more uncertainty and complexity for farm ownership transfers. We need to rethink these proposals to ensure that Canadian agriculture stays globally competitive.” — **Ron Bonnett, President, Canadian Federation of Agriculture**

“Small- and medium-sized businesses - many of which are also family-owned - make up the vast majority of home building and renovation companies. These entrepreneurs take significant financial risks to start their businesses and make them grow. The full impact of the proposed tax changes for private corporations will mean fewer small businesses will survive in our industry, fewer jobs will get created, and home prices will go up due to increased taxes and less competition. This is going to hurt the economy and our communities.” — **Kevin Lee, Chief Executive Officer, Canadian Home Builders' Association**

“Canadian fruit and vegetable producers will be the victims of collateral damage if these small business tax changes are allowed to go through.” — **Mark Wales, Chair of Business Risk Management Committee, Canadian Horticultural Council**

“Mortgage brokers are small business owners, who employ others - however, the proposed new tax measures will force many to terminate those employees or shut down business. The terminated employees can always collect employment insurance, but not the self employed broker, left with business debts and no safety nets.” — **Samantha Gale, Executive Director, Canadian Mortgage Brokers Association**

“Tax fairness is an important goal, but such sweeping proposals will have serious unintended consequences and warrant far more than a brief consultation period. To get it right, the Minister needs to slow down.” — **Aaron Wudrick, Federal Director, Canadian Taxpayers Federation**

“There are hundreds of thousands of small and medium sized family businesses in our country, most of them middle class Canadians, who are the backbone of our economy and responsible for the majority of job creation. These federal tax proposals send a very negative message to these family businesses about the nature and importance of their role in our economy.” — **Bill Brushett, President & CEO, Family Enterprise Xchange**

“Ninety-seven per cent of Canadian farms are owned by families who form the backbone of rural economies and face unique challenges as independent businesspeople. The proposed changes to the Tax Code will dramatically limit the ability of these families to invest in their businesses, encourage the next generation to remain on the farm, and engage in succession and retirement planning.” — **Jeff Nielsen, President, Grain Growers of Canada and incorporated grain farmer**

“Doctors face serious uncertainty following Finance Minister Bill Morneau’s proposed federal tax changes for incorporated professionals. With approximately 20,500 doctors in Ontario structuring their medical practices as private corporations, these proposals will make our country an undesirable place to practise medicine. We should be making changes to improve health care in our great country, not chasing away our best and brightest doctors.” — **Dr. Shawn Whatley, President of the Ontario Medical Association**

“We support going after tax avoidance but it is important not to sweep up legitimate business arrangements along the way, for example, the payment of incomes to family members. There's a reason why they are called family businesses, because of the involvement of family in all aspects of operations, both formal and informal and in the sharing of risk.” — **Diane J. Brisebois, President and CEO, Retail Council of Canada**

“Restaurant owners who plan to use the equity from their business for their retirement, will be devastated by a sudden change of rules, that wreak havoc with their plans and completely counter the tax planning guidance provided to them.” — **Shanna Munro, President and CEO, Restaurants Canada**