

News Release

Addressing unclear and unfair tax changes still top priority for business in upcoming federal budget

Toronto, February 14, 2018 – Tax fairness for small businesses and the need for greater clarity around a suite of proposed tax changes are top of mind for business owners across the country heading into the 2018 budget, writes the Coalition for Small Business Tax Fairness in a new letter to Finance Minister Bill Morneau.

“While the small business community recognizes that government made some improvements to its tax proposals last fall, the confusion and worry remain very high,” said Dan Kelly, president of the Canadian Federation of Independent Business (CFIB). “Virtually no business owner understands the new income sprinkling rules that are now in place and, at the same time, the business community is bracing for passive investment changes expected in the upcoming budget.”

The Coalition is deeply concerned that changes to tax rules for passive investments may severely limit small businesses’ ability to save for large investments, creating a significant barrier to innovation and growth.

“The government seemed to hear some of the coalition’s concerns last year, and we were glad to see them roll back some of their proposals. However, they need to do much more to ease the business community’s worries,” said Chamber of Commerce CEO, Hon. Perrin Beatty. “If the government proceeds without conducting proper analysis, it would hurt business owners’ confidence at a time when they are surrounded by uncertainty on other issues, such as international trade.”

With time running out, the Coalition is recommending that the federal government:

1. Immediately undertake an **economic impact assessment** of the package of proposed changes and delay implementing any changes until the assessment is complete.
2. Postpone the application of **income-splitting changes** until at least January 1, 2019, and exempt spousal income and dividends from the new rules.
3. Drop the proposed tax hike on income from **passive investments**.
4. Undertake a **comprehensive review** of Canada’s income tax system.

The Coalition for Small Business Tax Fairness is a unified voice of 75 organizations representing hundreds of thousands of business owners across the country.

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"Canada's Institute of Advanced Financial Planners and its hallmark professional designation, the R.F.P. (Registered Financial Planner), represent the highest standard of excellence in the competency of financial planning. In the 30 years since the R.F.P.'s inception, we have never before seen a government attack the ability of hundreds of thousands of Canadians to plan for their retirement. Since this attack is unfair to the business owners creating most jobs in Canada, we support the Coalition for Small Business Tax Fairness recommendations and strongly urge the Government of Canada to reconsider the recently announced changes."

- Keith Costello, BADM, MBA-Strategy President & Chief Executive Officer