

Tax Proposal Questions to ask your Member of Parliament

Compensation:

- How does the proposed tax plan compare to benefits MPs get while working and later when they are retired to that of an incorporated individual?

Passive Investments:

- As a business owner, how am I supposed to save for new office and medical equipment if I am heavily taxed on funds inside my corporate savings plan? Physicians rely on specialized medical equipment and we need to re-invest regularly in them to keep equipment up-to-date to provide the best care that we can. We rely on the capital that we save in the business to re-invest in our business. Is the government considering the realities of running medical offices?

Income Sprinkling

- The narrative of “fairness” come into play with income sprinkling? Government MPs can income sprinkle their pension with their spouse when they retire, but now the government doesn’t want to let incorporated individuals income sprinkle while working and we don’t have pensions? How is this *fair*?
- “The Prime Minister and Finance Minister are referencing TFSAs and RRSPs as savings vehicles, but those aren’t the appropriate comparisons for small businesses. This isn’t just about retirement. We need to save capital in the business to prepare for unforeseen events, business fluctuations, unilateral fee reductions imposed by a provincial government, or for an absence from the business of the principle. Do you understand the difference?”

Tax Cheats

- Minister Morneau has called incorporated individuals *tax cheats*, yet the federal government website says “*Business corporations are taxed separately from their shareholders. The corporate tax rate is generally lower than the individual tax rate. In some cases, incorporation offers some fiscal benefits.*” I find it offensive to be labelled as doing something wrong that the federal government encourages, how is that fair or accurate?

Timing / Consultation Period

- What type of planning was put into, the most significant tax overhaul in 50 years that was introduced in the summer with only a 75-day consultation period when in fact, the Carter Commission on Taxation took over 2 years with 150 accountants, lawyers and economists on board in 1962 to re-do the Canadian tax system. Are you telling me that Minister Morneau did a comprehensive investigation on his own without a full Royal Commission and only a 75-day consultation period?

- Since the response to these measures is more negative than was expected, will your government re-set the consultation? Do you plan to proceed with the 75 days concluding after October 2nd?”
 - Given the complexity of these changes, what’s the rush?
 - Do you personally fully understand the proposed changes?
 - Why was this tax proposal put forward in the middle of summer?
 - Will changes be passed?

Job Security for Middle Income Staff

- Why does the federal government believe changing the small business tax provisions is a way to help middle income Canadians? Economists and small business owners believe the suggested changes will be detrimental to employment, specifically to middle-income jobs.
- Was an impact analysis on middle-income workers undertaken? If not, why not?

Liberal MPs Challenging Tax Proposal

- Some Liberal MPs are challenging the tax proposal calling it a ‘strategic misdirection’ and siding with small-business owners who warn the changes will have a much broader impact and will harm the economy. What are your thoughts?
- ***Will you stand up for small business owners in your riding and across Canada and tell the Finance Minister to withdraw these proposed changes?***

The Reality for Small Business Owners

- Would you acknowledge that the comparison that the government is attempting to make between salaried employees and self-employed small business owners is itself not fair? Salaried employees receive many benefits that small business owners do not, including RRSP-matching or pensions, health and dental benefits, paid vacation, sick leave, personal leave, parental leave, severance pay
 - What’s more, small businesses pay for those benefits for their employees.”
- “The rationale for these changes is the growing number of CCPCs. However, the annualized growth in the number of CCPCs between 2000 and 2014 was 2.74 percent. This comes at a time when many professions only began to receive the right to incorporate. Moreover, after the 2008 recession, many people went from being unemployed to being independent contractors. Does that level of change really necessitate these changes?”