Welcome to TAX ALERT, a weekly dispatch about the proposed federal tax changes.

FEDERAL GOVERNMENT ADJUSTS ORIGINAL TAX PROPOSALS

This week, the federal government introduced some adjustments to their July 18 proposal. These changes, which are being thoroughly analyzed, are the result of our collective advocacy work on this key issue for physicians and small business owners.

The CMA Board of Directors discussed this week’s developments, and confirmed that our advocacy work through the Coalition for Small Business Tax Fairness must be maintained until the 2018 federal budget. The CMA remains firmly committed to its advocacy campaign, and we urge members to continue to work with us, the PTMAs and the national specialty societies on this file.

Our advocacy campaign will continue to enable local member engagement with their MPs, coordination with the PTMAs and the national specialty societies, and mobilization of the small business sector through the coalition.

Our president, Dr. Marcoux, continues to actively voice the concerns of the sector, and will present to the National Finance Committee in the Senate on October 25.

What we know so far:

- **Passive investments**: The government is proposing a threshold of $50K passive income per year, equivalent to $1 million in savings, based on a nominal 5% rate of return. Existing passive investments and income earned from those investments will be grandfathered in.

- **Converting income to capital**: The government will not move forward with the measures relating to the conversion of income into capital gains.

- **Income splitting**: The government announced it would simplify the proposals to allow family members to act on the rules around income splitting with more certainty. However, it plans to forge ahead and eliminate the ability of a private corporation to pay family members dividends if the family members have not made a reasonable contribution to the business.

We’re currently working with MD Financial Management and other experts to further assess how these adjustments will affect incorporated businesses going forward.

OTHER ADVOCACY UPDATES

Earlier this week, the Coalition for Small Business Tax Fairness ran an ad in this week’s edition of the Hill Times to highlight the impact of the proposed changes on the small business community. Have a look at the ad here.

OUR WORK CONTINUES

Continuing our dialogue with the government as details come to light is important. Please help us keep up the momentum by:
Tax alert — week of October 15

- using our letter-writing tool to let your MP and Minister Morneau know where you stand;
- giving your MP’s office a call to share your views — click here to find his/her contact info;
- getting up to speed by reading our latest key messages, frequently asked questions and speaking points.

NEWS STORIES OF THE WEEK

- "Morneau's latest 'step back' on tax proposals seeks to ease concerns from family farms, fishers", October 19, CBC News
- "Morneau Deepens Tax Retreat Ahead of Canada's Budget Update", October 19, Financial Post
- "Morneau adoucit encore sa réforme", October 19, Le Devoir

Please share these stories with your colleagues on your social media channels or by email to help spread the message further.

PROPOSED TWEETS FOR THE WEEK

- We continue to push @FinanceCanada to take the medical profession’s concerns into account. Read @CMA_Docs submission #TaxFairness http://bit.ly/2guq4Wp
- Changes by @FinanceCanada on #TaxFairness show the importance of working together #AdvocacyinAction #TaxFairness http://bit.ly/2guq4Wp

ADDITIONAL RESOURCES

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