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

COALITION ISSUES FORMAL RESPONSE TO GOVERNMENT
The CMA participated actively in the development of the official response from the Coalition for Small Business Tax Fairness to the October 16 announcements by the federal government. Given the complexity of the government’s proposals, the letter emphasizes that more analysis and consultation is needed to fully understand the effect on the small business community.

The following key recommendations are outlined in the letter:

- **A complete economic impact assessment** of the package of proposed changes and to delay implementing any tax changes until this assessment is complete.
- **On income sprinkling:**
  - Consider a full exemption for spousal income and dividends from the new income sprinkling rules.
- **On passive income:**
  - Drop the passive income rules until an approach to ensure there are no unintended consequences can be determined.
  - If government is committed to moving forward, it should raise the passive income threshold from $50,000 to $250,000.
  - The passive income threshold should be indexed to inflation, and cumulative over time, similar to TFSA/RRSP rules.
  - Eliminate scenarios where passive income would be taxed higher than the highest marginal tax rate (i.e. eliminate the possibility of being taxed up to 73%).
- Look at ways to make **intergenerational transfers** easier and less costly for business owners.
  - Consider implementing changes similar to Private Members’ Bill on business transfer- Bill C-691 or C-274.

The Coalition looks forward to working with the government to continue to find solutions that do not negatively affect the small business community’s ability to grow and prosper. We will keep you posted on responses to the letter in future editions of the tax alerts; if have any questions or concerns in the meantime, please don’t hesitate to reach out to us at yourvoice@cma.ca.

LEND YOUR VOICE
We encourage you to participate in the effort by:

- 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 — find their contact info;
- getting up to speed by reading our latest **key messages**, **frequently asked questions** and **speaking points**.

PROPOSED TWEET OF THE WEEK

Add your concerns! Let your MP know where you stand on proposed tax reform — send a letter right now http://ow.ly/9sgf30gzk3e #TaxFairness
ADDITIONAL RESOURCES

- Visit the taxation page on cma.ca for more information and resources.

Unsubscribe from tax alerts.

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