

## LET'S TALK FACTS AND FAIRNESS

Canada's doctors are fully committed to improving health and health care by helping families, youth and women, growing the economy and ensuring we have thriving communities from coast to coast to coast. We know that these values are shared by governments. As health care providers and as owners of medical practices operating as small businesses, Canada's doctors have been committed to these goals for decades. While the full impact of the proposed taxation changes is currently being assessed, every indication points to significant negative ramifications to frontline health care and to the Canadian economy.

Let's look at the facts:

### **FACT 1 MOST DOCTORS OPERATE A MEDICAL PRACTICE**

- Most doctors in Canada are small-business owners. They create local jobs, purchase equipment and supplies, rent or buy buildings, pay utilities, insurances, and pay their taxes.
- Doctors are essential to thriving communities, providing care to Canadians 24/7 in clinics, hospitals, long-term care facilities, in patients' homes, in cities and in rural communities.
- Doctors help grow the knowledge economy, supporting medical labs, pharmacists, therapists, and other knowledge workers.
- Besides supporting their own training costs, doctors are required to pay for their own, essential, continued medical education.

### **FACT 2 DOCTORS ARE NOT LIKE SALARIED INDIVIDUALS**

- Most doctors receive payment in the form of fees, which are negotiated by their respective provincial\territorial governments. This is not the same as a salary.
- Unlike most salaried individuals, most doctors do not have health benefits, paid leave (vacation, sick, parental), or a pension plan.
- Small business owners and salaried employees are just not the same, and it is unfair to try to treat them the same way under the tax system.

### **FACT 3 DOCTORS HAVE RELIED ON LEGITIMATE TAX MEASURES TO OPERATE VIABLE MEDICAL PRACTICES**

- Income splitting, passive investments, and capital gains provisions are sanctioned and recognized by the Canada Revenue Agency as legitimate tax measures.
- Doctors, like other small business owners, do not have pension plans. They have been encouraged by governments to use these legitimate tax planning strategies to save for retirement and provide for their families.
- The use of legitimate tax and financial planning strategies provide an essential measure of security and financial stability to doctors, which is critical for operating a viable medical practice, and retaining a sufficient number of doctors in Canada.

#### **FACT 4 THESE CHANGES, IF IMPLEMENTED, WILL DESTABILIZE HEALTH CARE DELIVERY**

- The loss of this government sanctioned tax strategy will affect physicians who operate a medical practice, forcing them to rethink their practice, hours of operation, service models and location of practice.
- The impact will be most severe for doctors who are sole income earners of their families or who are taking parental or sick leave.
- Doctors are unable to increase fees to off-set unexpected increases in costs, such as this anticipated tax change, and the GST rule changes in the past.
- With young doctors facing increasingly large debt burdens, the result of 10+ years of medical education, it will become increasingly difficult to attract students to medical schools.
- Canada's doctors depend on a tax regime that does not impede their ability to repay their education-related debt, and allows them to effectively save for retirement.

#### **FACT 5 CANADA WILL BE WORSE OFF – LET'S STOP THIS PLAN BEFORE ALL CANADIANS LOSE**

- The proposed tax changes will stagnate or, even worse erode, our knowledge economy by driving away highly skilled professionals who are engines of innovation, research, technological advancements and medical breakthroughs.
- These changes will cause severe instability in the health care sector as health professionals, including doctors in all stages of their careers, reconsider their practice.
- The changes will drive up medical costs, increasing the pressure on provincial and territorial governments. These changes, if implemented, will worsen fee-schedule negotiations between physicians and their provincial and territorial governments, causing yet more unnecessary disruption.
- Let's recognize that doctors provide tremendous supports to Canada and the Canadian economy by investing in communities, providing care to Canadians, helping to strengthen the middle class, and fostering social equity that benefits us all.

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