DEAR MINISTER MORNEAU.
WE HAVE FEEDBACK.

FIRST, WE WANT TO SAY THANK YOU.
Our coalition welcomes the federal government’s decision to reinstate its promise to reduce the small business corporate tax rate from 10.5% to 9% by 2019.

We are pleased the government has listened to business owners by stepping back from the measures relating to the conversion of income into capital gains.

We are also pleased your government has begun to recognize the important role passive income can play in the life of a business and its owner(s).

MORE DETAILS PLEASE.
While we thank you for making partial adjustments we remain very concerned by the remaining proposals that appear to be moving ahead. In fact, tax practitioners are still reviewing the revised announcements from your government and are of the view that more details are urgently needed.

OUR CONCERNS AND RECOMMENDATIONS.
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.

On capital gains.
Look at ways to make intergenerational transfers easier and less costly for business owners.

LET’S GET THIS RIGHT.
The Coalition for Small Business Tax Fairness keeps growing because the issues that brought us together continue to be of great concern to the organizations we represent and the millions of Canadians they employ. We recommend a complete economic impact assessment of the package of proposed changes and delay implementing any tax changes until this assessment is complete.

smallbiztaxfairness.ca