

Businesses Gather for a Roundtable Discussion with Deputy Leader of the Opposition on the Government of Canada's Controversial Proposed Tax Changes

NEWMARKET, Wednesday, October 11, 2017 – Businesses from across York Region gathered at the Newmarket Chamber of Commerce for a roundtable with the Hon. Lisa Raitt, Deputy Leader of the Official Opposition, for a discussion about the Government of Canada's proposed tax changes.

"I've had the good fortune to go to many townhalls across the country to discuss this issue," said Hon. Lisa Raitt. "What I always find is people are engaged on the issue, they're informed on the issue and they know it's going to have a significant negative impact on their community and their businesses." They're looking, she said, for a way to communicate that to Parliament. "My job is to take back the comments and the stories and ask the Minister and the Prime Minister in Question Period, because that's the only venue we have right now since they closed the consultation."

The Newmarket Chamber's roundtable gave invited members an opportunity to voice their concerns and feel like they've been heard, said Debra Scott, President and CEO of the Newmarket Chamber of Commerce. "We have repeatedly addressed our concerns to Minister Morneau but have yet to receive any information on changes to the proposals to offset the potentially devastating impact these tax changes could have on the business community. That's why I appreciate the Hon. Lisa Raitt coming to Newmarket to hear the concerns of business owners on the proposed tax changes by the Government."

Businesses at the event spoke about the potential impact from the changes. Among their concerns:

- Small business owners take on significant risk. They—and their families—pour savings into their businesses. And typically, they must personally guarantee debt related to their business/profession.
- Despite employing nearly half of the Canadian workforce, small business owners have no guaranteed income, pension or employment insurance.
- Business owners are self-employed. This means they have no vacation or sick days, including maternity leave—all things afforded to employees.

"Today was really helpful because once again I heard something here that I hadn't heard at any of these other 18 townhalls I've done across the country," said Hon. Lisa Raitt. "I'm going to have the ability to go and bring fresh information to the Minister and hopefully get them to understand that this is the wrong direction for the country to go in. If we want to talk about tax fairness we should start from the beginning and actually have a real conversation."

Among the many concerns business owners have expressed, particular focus has centered on the Government's plan to reduce the tax deferral on portfolio investment inside a corporation. Currently, an owner can accumulate earnings inside a corporation after paying corporate income tax rates (which are generally much lower than personal rates). Under the current tax regulations, the owner defers paying personal income or dividend taxes until the money is taken out of the business. The government is considering alternatives that would force small business owners to deplete their savings within the corporation by implementing huge tax penalties on those who retain the funds in their companies.

There are numerous reasons why cash or short-term investments must be kept in small businesses, said Marek Dabrowski, President and majority shareholder of Best Western Voyageur Place Hotel in Newmarket. "For example, during an economic downturn or an unexpected event such as the SAARS epidemic when revenues declined by some 80% for weeks, a significant cash reserve is needed to retain staff, pay fixed costs such as property taxes, insurance premiums and to service debt," he said, adding small business owners can't count on the "Bombardier style" safety nets provided by the government when they get in trouble. "Equity within the corporation is also necessary for expansion, since no lender will advance funds to a business with limited cash reserves and low working capital," he said. "What Mr. Morneau calls 'dead money' is simply a prudent business practice."

The proposed tax changes won't just significantly affect large corporations, but also new entrepreneurs and small business owners across the country. The Newmarket Chamber is strongly urging the Canadian Government to consider a comprehensive review of the Canadian tax system with a view toward fairness and simplification for all taxpayers, as was recommended by the Standing Committee on Finance in their report dated December 2016.

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About Newmarket Chamber of Commerce:

Newmarket Chamber of Commerce is the voice of business in Newmarket. It represents the interests of approximately 900 members through member programs and services, government representation and the development of public policy. Visit newmarketchamber.ca for more info.

For more information contact:

Leslee Mason
Communications Specialist
Newmarket Chamber of Commerce
905-898-5900 ext. 253
leslee@newmarketchamber.ca