The Right Honourable Justin Trudeau August 28, 2017
Prime Minister of Canada
80 Wellington Street
Ottawa, ON K1A 0A2

 **SUBJECT: Proposed legislation - “Tax Planning Using Private Corporations”**

Dear Mr. Trudeau,

I am writing to express my opposition to the proposal paper released by the Department of Finance: “Tax Planning Using Private Corporations” on July 18, 2017. As a business owner, I am very concerned with how these proposals will affect small business in not only North Vancouver, but across our country as well.

While I fully support the stated intention of the proposal paper (“to improve the fairness of Canada’s tax system”), I am strongly opposed to the means proposed to achieve this. While the proposed measures certainly will impact the ‘rich’, it is the middle-class, small business owners that will suffer the most.

Small business owners take on significant amounts of risk (financial and otherwise) when starting and carrying on a business in Canada. The current tax incentives (or ‘loopholes’ as they are often referred to), exist for a reason - to help mitigate these risks to the small business owner. By removing these incentives, what motivation would one have to start or carry on a small business? The stability of being employed by someone else would suddenly become much more appealing. If small businesses begin shutting down and entrepreneurs are deterred from starting new business ventures, who will be left to employ these individuals?

These proposals estimate to attack $250 million of revenues. With the value of the Canadian underground economy estimated at $45.6 billion in 2013, perhaps the focus of these proposals is misdirected. In fact, one of the effects of these proposals will likely be an increase in the underground economy as small business owners will no longer be able to use legitimate tax planning measures as a means to mitigate their risk as an entrepreneur. $250 million is a drop in the bucket compared to the current value of the underground economy; certainly there are measures that could be undertaken to go after those that are intentionally setting out to evade taxes by not reporting income.

Furthermore, to propose such significant changes to tax legislation that has been in place for decades, and only allow such a short time period for submitting comments, is not only unfair, it is underhanded. The average business individual may not fully grasp the implications of the proposals and granting just 75 days for Canadian taxpayers to read, absorb, research, and react to such an overhaul of current laws is unreasonable.

According to the June 2016 publishing of “Key Small Business Statistics”, over 97% of Canadian employer businesses were classified as “small businesses”. Clearly, small businesses are the backbone of our economy. With the economic uncertainty in the US, this could possibly be the worst time to take away the incentives of these entrepreneurs, limit the growth of private corporations, and ultimately burden our economy here in Canada.

I look forward to your reply.

Regards,