

The letter below is to be used as a **TEMPLATE only. Please ensure you send this directly to your local MP and ensure you change the wording to reflect how the new potential tax changes will affect you, your family and your business as a whole. The highlighted areas (in teal) below are to be updated prior to sending.*

For a listing of your local MP please visit: <https://www.ourcommons.ca/Parliamentarians/en/members>

<date>

<Local MP Name>

<Local MP office address>

Dear Mr./Miss/Mrs. <Local MP Last Name>

As my local MP, I am writing to you regarding the proposed changes to Canada's tax system that were announced on July 18th, 2017. I am very disappointed in our government and the absence of regard for the effect of these changes on small and mid-sized business in Canada. Your inherent lack of understanding of our tax system makes me apprehensive of the ability of our government to successfully lead our country.

I am a professional that dedicates my time to helping people in my community, yet I have been portrayed by our government as someone that takes unfair advantage of "tax loopholes". The choice of this language in particular gives the impression to Canadian taxpayers that my fellow professionals and I, as well as all business owners, have been exploiting illegitimate techniques to reduce tax. The planning opportunities that are currently in place are permitted by current tax legislation and current tax law. To suggest that there are loopholes that are being exploited is not true and not fair.

Below I have listed some of the specific concerns that I have with regards to the proposed changes. I would appreciate you considering the following:

1. You have proposed some major tax changes but have left a very short amount of time for analysis and implementation. The consultation period of 75 days is clearly not long enough given the negative response you have received. I recommend that you extend the consultation period to ensure that you completely understand the effect that these changes will have on small business owners. This isn't something that will be easy to fix if it goes wrong.
2. Income splitting is not a benefit limited to the wealthiest Canadians. In fact, there are many professional practices and small businesses that would not be where they are today without it. To build a practice or a business takes a large investment of time and a huge financial commitment. Income splitting affords the opportunity for spouses to take care of the personal effects of the professional or

business owner and to be remunerated as such. Indirectly this allows the time to build a practice or business, however, the proposed rules do not consider this personal time commitment. It is true that there are some people who take advantage of the income splitting system, but is there not a way to target those people specifically versus taking it away for everyone?

3. To base the future of income splitting on a theory of “*reasonableness*” seems confusing to me. Will there be a better definition of “*reasonableness*”? How do you plan to legislate “*reasonableness*” in a way that will not result in more CRA disputes and audits? Again, is there a better way to target the people that are taking advantage of income splitting without overly complicating the legislation?
4. These proposed changes seem to support RRSP investment, however, there are many business owners that take dividends from their corporation rather than salaries. As a result, they have not been generating RRSP contribution room. Will there be provisions to allow business owners the opportunity to make accelerated RRSP contributions?
5. Many business owners have not established RESP’s for their children and have instead relied on their ability to pay them dividends. There is a great deal of government grant money and capital accumulation that these taxpayers have lost out on because they were relying on paying these dividends. If dividends cannot be used to fund their education, I know there will be taxpayers that will not be able to afford post-secondary education. Will there be other government funding or incentives for students to compensate?
6. The proposal related to passive income is offensive to me. Individuals who are incorporated do have the benefit of accumulating more capital in their investment holdings. Why should they not have access to a means of building a retirement nest-egg? They do not have pension plans or RRSP top-up plans like employees do. They need to be able to fund their retirement purely based on their ability to make intelligent investment decisions. For years our tax system has fundamentally relied on the theory of integration, yet you propose to remove integration as we know it because business owners are accumulating too much capital? Nothing about this proposal is fair and I recommend that you reconsider it in its entirety.
7. All of the proposed changes are so difficult to administer that our accounting and legal costs will increase. Are there intentions to simplify the administration so we aren’t forced to pay increased fees for our tax compliance work?

I am certain that these proposed rules will negatively affect entrepreneurial families and professionals. We are the people that have been the largest source of job creation for our economy. We are not the wealthiest 1% of Canadians. We are middle class taxpayers that operate businesses and practices that are the backbone of our community.

I urge you to support your constituents in this matter and stand up for our and your own community. <Local MP Name> I voted for you and your party in the last election. If there were an election tomorrow, I would not vote for you again. You have the opportunity to win back the support of your constituents. Please do not let us down.

Should you have any questions, please do not hesitate to contact me.

Yours truly,

<signature>

<your name>

<contact info>