

Ottawa Journal by David Tilson MP ? Government's approach to closing tax loopholes raises concerns

Everyone can agree that we should all pay our fair share of taxes.

We can also agree that tax loopholes which allow some business owners to unfairly take advantage of the tax system should be closed. Finance Minister Bill Morneau recently announced that he intends to close some loopholes that allow wealthy Canadians to avoid higher tax rates. While the Minister's aim may, in fact, be well-intended, his proposed measures raise legitimate concerns for job-creating small and medium-sized business owners who play by the rules.

Minister Morneau made the announcement July 18 that the current Liberal government will begin consultations with Canadians on how to close tax loopholes and address the issue of tax planning strategies which provide unfair tax advantages to wealthy Canadians. The proposed measures that the government will be seeking input from Canadians over the coming months include closing the loophole of business owners "sprinkling" their total income among family members who sit in lower income brackets, but don't actually work for the company; taxpayers using private corporations as a substitute for a regular savings account; and taxpayers converting a private corporation's regular income tax into capital gains. The government has opened the 75-day public consultation period for the proposed measures, which will come to a close Oct. 2.

We, the Official Opposition, fully agree that Canada's tax system should be fair and equitable for all (in fact, we closed more than 85 tax loopholes when we were in government); however, we are concerned that the current Liberal government's proposed changes may negatively impact hardworking small and medium-sized business owners who play by the rules and create jobs in their communities. We know that the current Liberal government's tax hikes (higher small business tax rates, increased payroll taxes and a new carbon tax) are making it more difficult for entrepreneurs to maintain and grow their businesses. We also know Prime Minister Justin Trudeau's position on small and medium-sized businesses, as we can recall during the 2015 election campaign, he stated that a "significant proportion" of small businesses serve as a screen for wealthy Canadians who want to avoid paying taxes.

We, the Official Opposition, support policies that reduce the tax burden for small and medium-sized businesses, reduce government red tape, and allow entrepreneurs to create jobs in their communities. We will also be participating in the consultation process to ensure that the voices of hardworking small and medium-sized business owners are heard by the current government.

It goes without saying the tax system should be fair for everyone. Closing tax loopholes can assist in ensuring that everyone will pay their fair share of taxes. However, the measures or approaches taken by the government must be done carefully, to avoid negatively impacting hardworking small and medium-sized business owners who play by the rules and are job creators in their communities.

For more information on the current government's public consultation process, please visit <http://www.fin.gc.ca/n17/17-066-eng.asp>

