Ottawa Journal by David Tilson MP ? Liberal changes are attacking the family farm

The latest Trudeau Liberal tax hike will have dire consequences for rural communities across Canada.

It's a desperate attack on Canada's local business operators and their employees and it could mean the end of the family farm in Canada.

Many farmers across Canada dream of selling their farms to the kids so they can carry on the tradition. Yet the proposed changes are biased against the farm family in three ways.

First, selling the farm to the children will mean higher taxes than selling it to a stranger. Imagine a retiring farmer sells his farming company to his children for $500,000. The kids do not have the cash, so they form a holding company, buy their father's shares and provide a promissory note to pay him out using future farm earnings. Finance Minister Bill Morneau's changes would tax the $500,000 at the dividend rate of 45 per cent, instead of the lower capital gains tax rate, because the seller (the parents) and buyer (the children) are ?non-arm's length.?

However, if an unrelated entity (such as a multinational asset manager) were to buy the farm as a real-estate play, it could pay out the same $500,000 promissory note tax-free to the farmer. This means the asset management firm could have a 45 per cent or $225,000 tax advantage compared to the farm kids when bidding for mom and dad's farm company. This is an unfair advantage that will mean the end of the intergenerational family farm in just a few decades.

Second, the government's new ?income sprinkling? rules will mean ?farm spouses need to begin recording all their contributions to the farm in case the taxman decides they aren't contributing as much as they are trying to take,? according to The Western Producer. Not only does this mean the impossible task of recording every minute of informal and immeasurable work a farm spouse does, it is a paper burden that publicly-traded farm corporations will not face.

Third, according to Moodys Gartner Partner Greg Gartner, farmers wishing to retire by renting out farm land held in the family company may pay a much higher rate of tax on this so-called ?passive income,? making them uncompetitive with publicly-traded competitors.

In the end, this tax grab from Justin Trudeau and his Finance Minister are a nightmare of tax hikes and uneven treatment. So why are they doing it?

Because Justin Trudeau has a spending problem. Trudeau inherited a balanced budget and a growing economy yet he preferred to keep Canada billions of dollars over budget every year. Since forming government in Ottawa, he has increased personal income tax, cancelled the promised local business tax rate reduction, and rolled out their nationalized carbon tax that will make farming more expensive. Now he is going to local farms with his hand out, demanding they pay for it.

There's nothing fair about it. Canada's Conservatives are fighting these changes every step of the way. The proud family farming operations across this country deserve full-throated support from their government, not attacks.