

Small business owners and low-income earners to receive tax relief

Written By JOSHUA SANTOS

Ontario's Progressive Conservatives Government released a fiscal and economic update Thursday, Nov. 15. It includes spending cuts and tax relief for low income earners for small business owners among other measures.

Ontario is now projecting a 2018 to 2019 deficit of \$14.5 billion, eliminating \$500 million from it as reported by the independent Financial Commission of Inquiry, according to a news release.

“The magnitude of our fiscal challenge is real. It will require difficult decisions as we work to get Ontario's finances back on track,” said Minister of Finance Vic Fedeli in a news release. “This government believes balancing the budget and reducing Ontario's debt burden is not only a fiscal imperative, it is a moral one. The previous government spent well beyond its means, creating a structural deficit that is unsustainable. Doing nothing is not an option. We need to spend smarter and reinvent government.”

Introductions include the low-income individuals and families' tax (LIFT) credit for workers earning about \$30,000 a year. The government states the credit will provide low-income and minimum wage workers up to \$850 in Ontario Personal Income Tax relief and couples up to \$1,700. Approximately 1.1 million people across the province will benefit from the credit, according to the release. It is scheduled to take effect on Jan. 1 2019.

“Reduction or elimination of tax on low income workers to offset the Conservatives' rollback of the minimum wage increase is good for small business owners,” said Jean Carberry, chair of the Downtown Bolton Business Improvement Area (BIA) and owner of Jean Carberry Law.

The government states that a tax relief would be gradually reduced for taxpayers with individual incomes greater than \$30,000, and family incomes greater than \$60,000.

One in six Ontario taxpayers would get the LIFT credit and, on average would receive about \$450 in tax relief.

This comes as the province previously proposed to repeal much of the Fair Workplaces, Better Jobs Act, 2017 (Bill 148) and keep the minimum wage at \$14 an hour, noting that jobs may have to be eliminated if both were in place.

The government also said they will cut red tape by 25 per cent by 2022 while reversing the previous government's announced changes to Ontario's small business deduction, that they claim would have raised taxes by up to \$40,000 per year for about 7,900 companies and increase the amount of payroll that is exempt from the Employer Health Tax for eligible employers.

“It is almost always beneficial to business to cut red tape so, depending on details, we will likely welcome these measures,” said Carberry. It should be good for small businesses in downtown Bolton, who generally operate on very small margins.”

Fedeli said the government has a spending problem and not a revenue problem.

“The plan does not raise taxes, makes life more affordable for people, and safeguards vital public services and programs they rely on every day. A government that puts its fiscal house in order is a government that is truly working for the people.”

The economic outlook release notes that several positions have been eliminated such as the environmental commissioner, French language services commissioner and provincial advocate for children and youth. The ombudsman will assume those duties.

It also includes ridding of rent control on new buildings and extending store hours at the Beer Store, LCBO and grocery stores from 9 a.m. to 11 p.m., seven days a week.

The Canadian Federation of Independent Business (CFIB) applauded the government's new fall update, specifically the new LIFT credit. They said it will keep more money in employee pockets without threatening jobs.

“Additionally, increasing the Employer Health Tax (EHT) threshold by \$40,000 to \$490,000, effective next year will provide some much-needed payroll tax relief, especially in light if the incoming federal Canada Pension Plan (CPP) increases,” said Ryan Mallough, senior policy analyst for CFIB Ontario, in a news release. “CFIB remains committed to continuing its work with the province to gradually increase the EHT exemption to \$1-million in the medium-term.

They also commended the province on tackling the deficit.

“Balancing the budget and reducing the debt were small businesses' top pre-election priorities for the new government,” said Mallough. “It's encouraging that the government has committed to a modest and reasonable timeline to bring the books back into balance. We look forward to more specifics in next year's budget.”