

September 8, 2017

Mr. Ron McKinnon
Member of Parliament
101 - 3278 Westwood Street
Port Coquitlam, BC
V3C 3L8

Dear Mr. McKinnon,

Thank you for taking the time to meet with the local business community today. Taking the time to hear and understand the concerns of the individuals that will be impacted is a critical step to ensure that any changes made to an already complicated Income Tax Act are done in a fair and reasonable manner. Many business owners, and advisors to them, fear that the manner in which these proposals were announced (in the middle of summer when the majority of MP's, owners and advisors are on vacation) and the limited time for consultation (a scant 75 days) show that the government is not serious about listening to Canadians. I hope that is incorrect.

The Income Tax Act is an extremely complicated piece of legislation that when combined with an enormous amount of interpretation provided by the courts and the Canada Revenue Agency makes it impossible for the average citizen to comprehend.

The current legislation has for the most part been in place for many years without too radical of changes and people have made significant personal and business decisions based on those rules. Unfortunately the current proposed legislation and what seems to be the government's view of how the current tax system operates and their proposed changes penalizes people for decisions made in past.

There are areas in the Income Tax Act that need to be fixed; however, these proposals are much too broad and they encompass too many scenarios that Prime Minister Trudeau and Minister Morneau have explicitly stated publically that they will not effect—either they have a complete lack of understand their own legislation or they are outright lying to the Canadian public.

Tax advisors have spent time reviewing the draft legislation and proposals outlined by Minister Morneau and based on the wording of the draft legislation the simple truth is that it will lead to higher tax on the sale of family business to other family members than to 3rd parties. The simple math proves that the proposed legislation will lead to situations (that are not uncommon) where tax burden exceeds 70%.

Enclosed with this letter are documents that outline real life, common situations that illustrate how these proposed new rules will operate. These documents have been prepared by tax advisors who have reviewed the proposals and simply applied them to their clients.

In reviewing the enclosed documents you will see that these proposals will not impact the wealthy (their assets are well protected and mobile) but it will impact and harm the very people and small businesses that your government claims to be a champion for.

Yours truly,
Rise CPA

Adam Plank, CPA, CGA
Tax Partner