

Look at The Numbers: There's No Justifying a Tax Hike On Employers

The Blog; Huffington Post

Bill Morneau's discussion paper proposing changes to the taxation of small businesses completely misrepresents the facts.

I'm curious to know why you believe it's in Canada's best interest to discourage business and encourage socialism.

It is my opinion that your discussion paper proposing changes to the taxation of small businesses completely misrepresents the facts, and it's hard

for me to imagine what your objective is. Hundreds of thousands of Canadians have spent their entire working lives building this country, and yet under the banner of "fair" you set out to destroy their businesses, and ultimately, their retirement plans. In many cases you're not simply changing the rules; you're changing the entire game.

In your discussion paper, you talk about what the government stands to gain from eliminating income splitting and increasing the tax rate on passive income within corporations, but nowhere do you quantify the cost. Have you and Mr. Trudeau thought about what the cost of your proposals will be?

We've heard from business owners all across Canada and regardless of the business, they all agree that higher taxes mean higher costs. Higher costs that will ultimately be borne by consumers — it's just that simple!

In the discussion paper, you use an example of neighbours who each earn \$220,000 per year. Have you looked at the statistics? According to Statistics Canada less than 2.35 per cent of Canadians make \$220,000 or more per year.

What you have failed to do is describe the difference between an employee and someone who's taken a chance and gone into business for themselves.

You are trying to convince the Canadian public that all business people are rich and that they use all these tax loopholes to reduce or avoid.

What you have failed to do is describe the difference between an employee and someone who's taken a chance and gone into business for themselves.

In the discussion paper, on page 13 you introduce us to Jonah and Susan. Jonah has a private corporation and Susan is an employee.

You state that Susan's household pays \$35,000 more income tax than Jonah's, and that just isn't fair.



I've taken the liberty to outline the differences between being a self-employed private business owner and employee.

Let's look at the job description for a private business owner:

- Variable income not guaranteed
- No job security or workplace accommodation
- Must personally guarantee company/business debt
- No Employment Insurance (EI) coverage
- Canada Pension Plan (CPP) coverage at twice the legislated employee cost
- Hours extremely variable (can vary from 0 to 90 hours per week).
- Must be willing to work additional 20 hours or more a week without notice
- No overtime pay
- No paid holidays
- No paid parental/maternity leave
- No paid bereavement leave
- No extended health, dental or insurance benefits
- No employer matching retirement program
- Statutory holidays will not be covered
- Should you require additional employees for completing your work, you shall be personally liable for:
 - guaranteeing they have a steady and reliable minimum income
 - covering 58 per cent of their EI cost
 - covering 50 per cent of their CPP cost
 - meeting all statutory labour requirements for work hours, overtime hours and pay, holiday leave and pay, statutory holidays and parental/maternity leave.
 - accommodating them for any limitation preventing them from completing the work they are providing you
 - damages should you no longer require their assistance

Now let's talk about Susan the employee. Let's say she's one of your deputy ministers. A federal deputy minister makes about \$220,000 per year. What else would they be entitled to? Correct me if I'm wrong, but I think it looks something like this:

- Employer's pension contribution up to \$25,000
- Employee benefits \$6,000
- Employer CPP contributions \$2,569
- Employer EI contributions \$1,170
- Up to eight weeks of vacation (worth) \$33,846
- 10 statutory holidays (worth) \$8,461
- Up to 15 sick days per year (worth) \$12,692

All of these entitlements add up to \$89,738.

Did I miss anything? I'm not sure if I should add anything for employer paid parties, food and drinks.

Whether it's a physician or a plumber, it makes no difference. All businesses take risks. It looks to me like the extra \$35,000 that Susan is paying in income tax might not represent the full picture. When including the almost \$90,000 in benefits that she is entitled to that a business owner is not, she is in a much better position than the example you used to justify your changes and might actually be better off than Jonah.

You can't and shouldn't be allowed to compare an employee with an employer. What makes Canada great is having individuals who are willing to put their financial lives on the line to start businesses and employ those who chose not to take the chance. Whether it's a physician or a plumber, it makes no difference. All businesses take risks. What you're proposing strikes directly at the heart of small business. If Canadians really understood what the facts were I don't think they'd be inclined to support your proposal.

I ask, on behalf of all Canadians, kindly leave the current integrated tax system alone and honour the system that was put in place by your party 45 years ago.