

Subject: Important message to CANS members re: Proposed Changes to Canada's Tax Code
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From: Construction Association of Nova Scotia
To: Colleen Fiske



CONSTRUCTION
ASSOCIATION OF NOVA SCOTIA
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The Federal Government has proposed three changes to the tax code that could seriously hurt your business:

- Currently, adult family members and family trusts can own shares of a corporation and receive dividends. Under the new rules, stringent "reasonable tests" will have to be met for such a dividend otherwise, the tax rate is over 50%.
- Passive investment income – Accumulating investments in a corporation tax deferral. Many businesses retain excess earnings in their corporation. This may be done for future expansion, to purchase future capital items, or for retirement. The government is proposing to tax the accumulation of passive investments at 50%.
- Limiting the amount of capital gains exemption on sale of your business to family members.

The federal government has established a public consultation to hear from Canadians before deciding whether or not they will adjust the tax regime. **The public consultation closes on October 2, 2017.** It is important to act now to your voice heard. This timeframe leaves little opportunity to consult or respond.

Small businesses are vital to the Canadian economy. Small business owners are hardworking, and contribute vastly to the economy by hiring employees, paying property taxes, HST and income taxes. Minister Morneau says this legislation is about "closing loopholes" and "most small businesses won't be affected." This is not true. **Every small business owner will be affected by these changes.**

Minister Morneau's references to small business owners having tax advantages and abusing the system are offensive. Small business owners are law-abiding and follow the current tax code. Small business owners take risks and should not be penalized for being successful. Small business owners don't get paid vacation or sick days. Small business owners don't retire with lucrative government pensions. Small business owners don't get bank loans to expand their business without having significant assets in their corporation.

How You Can Get Involved

- If you are concerned about the length of the consultation period, [please](#)

[sign this petition.](#)

- Send a submission directly to the Department of Finance. Submissions can be sent to: fin.consultation.fin@canada.ca
- Contact your local Member of Parliament. [Here is the list of our local MP's in Nova Scotia.](#)

What We're Doing

The Canadian Construction Association (CCA), along with other organization across Canada, joined the 'Coalition for Small Business Tax Fairness' and sent a letter to Minister of Finance, Bill Morneau. [Read this letter.](#)

The Construction Association of Nova Scotia (CANS), along with other local businesses and associations, have joined forces to ensure your voices are heard. Collectively, we are sending a letter similar to CCA's to encourage Premier Stephen McNeil to support small businesses in Nova Scotia by opposing the tax changes currently being proposed by the federal government.

Your voice is important. Please get involved in any way you can.

If you have any questions about the proposed legislation or the possible implications to your business, please contact me.



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