September 6, 2017

Name, MP

Riding

Address

Address

Dear Member of Parliament:

As a member of your constituency, I am writing to you today regarding the proposed changes to Canada’s tax system announced on July 18, 2017.

Veterinary hospitals are the epitome of small business, with many employing ten or fewer employees. Despite their small size, veterinary hospitals across Ontario and Canada employ thousands of highly-educated and dedicated people, who work tirelessly every day to promote and protect animal and human health.

The federal government has asserted that the proposed tax changes are intended to target rich Canadians who are unfairly exploiting tax rules that were designed to help small businesses thrive. Unfortunately, the proposed changes will have the exact opposite effect. Instead of assisting the middle class, as the government has suggested, these changes will make it more difficult for veterinarians and other small business owners to reinvest and grow their businesses, buy new equipment and hire more employees.

Of particular concern is the proposal to increase taxation on passive income held in professional corporations. As small business owners, veterinarians do not have pension plans funded by their employers. They rely on investments within the corporation to be a source of income in their retirement years, or as a safety net during periods when practice revenue has declined. The tax implications under this proposal are excessive. Further, given limitations on RRSP contributions, veterinarians are unable to receive a deduction for the full amount of savings they would need to set aside to put them on equal footing with employees with good pension plans, such as teachers or government employees.

As business owners, we must also invest significantly in our businesses, purchasing expensive capital assets such as radiography, surgical, laboratory, and ultrasonography equipment, as well as the veterinary facility itself. The proposed changes will create significant challenges for veterinarians needing to replace these capital assets, by penalizing those who choose to leave money in their professional corporations to pay for future equipment purchases, and discourage both expansion and growth.

The proposal in its entirety imposes a significant degree of uncertainty on myself and my colleagues as small business owners, which will hinder growth and employment opportunities. The consultation period has also been needlessly truncated. I feel strongly that complex changes to the nation’s tax system should be considered extremely carefully, as there are often unconsidered, unintended, and deleterious consequences when changes are implemented without due process.

I encourage you to push for more detailed consultations on these changes, and to more broadly consider the implications they will have on the ability of small businesses to grow, prosper and offer much-needed employment opportunities to educated, hard working Canadians.

Thank you very much for taking the time to review these concerns. If you have any questions on this matter, please do not hesitate to contact me.

Sincerely,