August 31, 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 also have a significant impact on middle-class small business owners, who are working hard to improve their businesses, buy new equipment and hire more employees, all of which help to grow the Canadian economy.

Of particular concern is the proposal to increase taxation on passive income held in professional corporations. As small business owners, veterinarians must continuously use that income to invest in their businesses, purchasing expensive capital assets such as radiography, surgical, laboratory, and ultrasonography equipment, and refurbishing the veterinary facility itself. They also rely on investments within the corporation to be a safety net during periods when practice revenue has declined. After those goals are met, veterinarians may withdraw excess funds to provide a source of income in their retirement years.

Veterinary practice owners do not have company pensions, and often rely on the funds they are able to withdraw from the practice to put them on an equal footing with employees with good pension plans, such as teachers or government employees. Their retirement planning has no doubt been done based on current investment and taxation rules. If the proposed tax changes are implemented, veterinarians may suddenly be facing a shortfall in their anticipated retirement income. To avoid having to reduce their standard of living during retirement, the proposed taxation changes will encourage veterinarians to withdraw more funds from their businesses, discouraging investment in capital and job growth, and putting more businesses at risk during difficult times.

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,

Name