

September 15, 2017

Dear Ms. Pamela Goldsmith-Jones, Member of Parliament for West Vancouver-Sunshine Coast-Sea to Sky Country

The Whistler Chamber of Commerce has received significant feedback from businesses on the recent proposed tax changes. 93% of our Members are small and medium businesses with less than 50 employees. 51% have under 10 employees. These business owners are the backbone of our successful resort and they represent the middle class.

The government has proposed the most radical tax overhaul in 50 years. We're particularly worried about the impact on business from (1) a new tax on investment income in a corporation and (2) tough new rules for compensation in family businesses. Why is the government doing this? The Minister says it's all about "fairness," and his consultation document compares the tax treatment of a business owner with that of an employee to point out corporations have "unfair" advantages. The comparison makes no sense—there are good public policy reasons for why owners are taxed differently. Business owners have invested their own money to get the business started or pledged personal assets (house, car) as collateral for a loan. Business owners have employees who depend on stability and if there are "dead seasons," as in Whistler Resort or myriad of other business challenges, owners may not earn a penny while keeping the business afloat.

Whistler has so many success stories of business owners who have risked everything to develop and build business, employment and success. Few businesses in Canada operate in such a cyclical economy with busy seasons, dead seasons, snow years and challenging low snow years.

In virtually every advanced economy in the world, businesses can accumulate and invest after-tax retained earnings so they have money to get them through an economic downturn or to make big capital investments. The government wants to tax "passive" (invested) income that many businesses use to offset a dead season or plan for expansion. The report says it's a crackdown on "high income individuals," but the rules would apply to all incorporated businesses in Canada, most of whom are restaurants, retailers, farmers and consultants. Finance Canada also expects to raise \$250 million by cracking down on "unreasonable" salaries paid to family members, which it says diverts corporate income into lower tax brackets. But, to pull in \$250 million, CRA will have to tax over \$1 billion in salaries and audit hundreds of thousands of businesses. Imagine the litigation! You're compensating your spouse \$40K, but the CRA believes he or she should only be earning \$20K. Do you go to Tax Court?

Painting business owners as cheaters is unfair and discriminatory." Incredibly, Finance Canada has managed to design a set of tax measures that would hit the maximum number of businesses in the most complicated way for a small amount of revenue. The expected \$250 million is less than 1% of the federal deficit. Nobody supports tax evasion or loopholes, but these changes will punish legitimate businesses that are the foundation of our Whistler community and our resort's international success.

Whistler is a built by people who roll up their sleeves, get creative and work hard to move mountains. We ask you to make the voices of Whistler business heard and extend the consultation process with small business owners and their advisors. The Whistler Chamber and local businesses will continue to provide feedback and suggestions as part of the consultation.

Kind Regards,

Melissa Pace  
Chief Executive Officer  
Whistler Chamber of Commerce