



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Alistair MacGregor

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October 05, 2016

The Honourable William Francis Morneau, MP
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario, K1A 0G5

The Honourable Bardish Chagger
Minister of Small Business and Tourism
House of Commons
Ottawa, Ontario, K1A 0A6

Dear Ministers Morneau and Bardish,

RE: Bill C-274: Transfer of small business, family farm or fishing operation

I am writing to you in support of Bill C 274, my colleague MP Guy Caron's Private Member's Bill to end taxation on small family business transfers.

As you may know, Bill C-274 seeks to facilitate the transfer of small businesses, family farms and fishing operations between members of the same family. Specifically, it would give owners and buyers of the same family the same rights and privileges extended to non-related persons involved in a transaction.

In Canada, when an individual sells a business to a family member, the difference between the sale price and the price originally paid is considered a dividend. If the individual sells the business to an unrelated person, it is considered a capital gain. That makes it highly disadvantageous to transfer a business to a family member because the transaction does not include the right to a lifetime exemption and is more heavily taxed. This unfair situation penalizes our small businesses, family farms and fishing operations.

Owners of small businesses, family farms and fishing operations all agree that current tax rules discourage the transfer of their businesses to their children. Bill C-274 would remedy that by helping to ensure local businesses remain in the hands of local people. Not only would this legislation protect family businesses, but it would also create local jobs.

Since the introduction of Bill C-274 in the spring, the bill has received support from numerous farming, fishing and small business organizations, as well as from Chambers of Commerce across the country:

“Many small business owners are telling us that tax rules discourage them from passing on their firm to their children. Mr. Caron’s bill addresses this unfairness and will help small business owners ensure their firm remains locally owned, creating and protecting local jobs.”

Dan Kelly, President, Canadian Federation of Independent Business

“Simply put, if taxation barriers aren’t addressed, we will see fewer and fewer family farms in Canada. We support Mr. Caron and his colleague’s commitment to addressing these tax burdens that could cause significant administrative burden, cost”

Ron Bonnett, President, Canadian Federation of Agriculture

“Bill C 274 will mean security for many of our members who have already begun the steps to transfer their business to one of their children. It’s absurd that the current rules do not give business owners any incentive to keep their business in the family. Many of our convenience store owners with well-established community businesses want to sell to their children but have to pay more tax when they do. It’s high time to change the rules.” [Translation]

Yves Servais, Director General, Association des marchands dépanneurs et épiciers du Québec

I urge you to support Bill C-274 to give owners and buyers of the same family the same rights and privileges extended to non-related persons involved in a transaction to ensure the survival of our small businesses, family farms and fishing operations.

Thank you for your consideration.

Sincerely,



Alistair MacGregor, MP
Cowichan-Malahat-Langford

CC: Constituents’
 Duncan Cowichan Chamber of Commerce
 Westshore Chamber of Commerce
 Lake Cowichan Chamber of Commerce
 Port Renfrew Chamber of Commerce
 Guy Caron, MP, NDP Finance Critic
 Gord Johns, MP, NDP Small Business and Tourism Critic