



## Chamber presentation to Senate Committee on Finance

By David Duplisea, CEO Saint John Region Chamber of Commerce

Good morning, My name is David Duplisea, I am the CEO of the Saint John Region Chamber of Commerce. We represent close to 37,000 people in the greater Saint John region who work for our member companies.

I have been with the Chamber of Commerce for a number of years now and I have to tell you I have never seen a reaction like this from our membership. We've had daily phone calls and emails from concerned businesses all across our region, and from other parts of Canada. In fact, for the first time in decades, our new membership is up by 30% in the last quarter alone. The majority of whom have indicated that the primary reason for joining is advocacy,

Although I have heard from some government officials that the response has died down, and the changes are not as much of

an issue as they once were, I assure you that is not the case, and I question the motivation for promoting such a narrative.

Changes to the structure of the tax system in Canada is a major undertaking. I am not here to speak of specific changes and how each one of them could affect individual businesses, I will leave that to others who will speak of their specific circumstances. In fact we have 6 of our member companies that will be speaking as part of this hearing process on various aspects of the proposed changes. Together, our presentations will provide a genuine reflection of our members views and concerns.

We do appreciate this attempt to change the model in taxing small and medium businesses in Canada, the current model has

been in place for decades and it is not in dispute that changes are required to reflect the dynamics of the Canadian economy and the evolving nature of business itself.

When the initial package was released, it seemed as if the finance department had proposed tax measures that would affect the maximum number of businesses, using the most complicated avenues, only to collect minimal revenues. There is no question that the Minister has made a number of changes since the initial release.

However, we are concerned that there is so little detail in the announcements that it is difficult to arrive at consistent

interpretations, and determine how they would be applied.

The key areas I would like to draw your attention to are:

- First, Communications- the communications over the proposed changes and the process could have been better handled from the very beginning. It appears the Federal Government chose to set one class of Canadians against another for political purposes. The result is a portrayal of small business owners and professionals as tax avoiders in a system filled with loopholes creating an impression that small businesses are cheating fellow Canadians.
- Second, This has become a targeted attack on small group of business people- why is the government restricting their

attack on tax policies they refer to as loopholes only to small business owners?

Recent reports in the media and by leading authorities show that there is major tax avoidance being undertaken by wealthy individuals and companies in Canada but nothing is being done about this class of individual. The Federal government should not promote class divide by targeting certain groups while allowing others to escape scrutiny

- And third, Process- We question the decision of the Federal government to commence a short, 75 days consultation period, in the middle of the summer with limited background material available outlining their intentions. The Finance Department provided information

that was general in nature, with broad statements of intention of what they wanted to accomplish with the changes. Limited specific information has resulted in owners and professionals having to seek advice and direction from tax planners who could only provide potential outcomes in a general sense, not what would be expected of changes that when enacted are specific in nature and subject to interpretation

The Federal Government must focus more on these 3 key areas.

To assist in this effort, we would like to propose the following steps to assist:

- Undertake a Comprehensive Tax Review- If the Federal Government is looking to get more revenue from the tax

system then they should look at the entire system to see who and where are the real loopholes that need to be corrected. To target small business owners when many struggle to make a living, face many challenges and have no safety net to protect them as employees do; all the while as the media is full of stories of off shore investments going untaxed, or family trusts holding family fortunes away from the tax man. If the government wants to close loop holes let's do it for everyone not just a select group.

- Protect the Entrepreneurial Spirit – If the Federal Government wants to promote and encourage the entrepreneurial spirit they need to Identify and develop a

tax system that encourages entrepreneurial activity in Canadians, one that respects the risks they take and the lack of traditional safety nets. Our economy is changing, with more individuals working multiple jobs, more term/casual positions, more women in the workforce and especially more benefits for public employees while private sector workers lose benefits. We cannot afford to have our young people seek government positions as the only way to secure their futures. To penalize the very entrepreneurs who the most successful, those that motivate others to do better will only create a system of mediocrity.

- There are probably a small percentage of people taking advantage of the tax rules for business when they shouldn't but to attack an entire sector of our economy is wrong and demands a proper recognition by the government. Failure to do so taints the purpose of the government action and undermines the people involved in the sector.

In closing I congratulate your Committee for coming out of Ottawa and listening to what the country has to say.