

PRIVATE BUSINESS REPS REBUFF REFORM

ROBERT WILLIAMS TELEGRAPH-JOURNAL



Dr. Dharm Singh, president of the New Brunswick Medical Society PHOTO: ROBERT WILLIAMS/TELEGRAPH-JOURNAL

SAINT JOHN • Representatives of New Brunswick private business pleaded their case Wednesday at the Delta Saint John to the senate committee tasked with compiling a report on the controversial federal tax reform system.

“I am not a tax cheat,” said Patricia Forgeron, a physical medicine and rehabilitation specialist based in Saint John.

Forgeron, who was joined by fellow members of the medical and dentistry community, was part of the first set of speakers heard by the senate committee Wednesday. The committee will file a report to Finance Minister Bill Morneau ahead of the first round of January implementations of the bill.

Members of the business community, tax experts, veterinarians, lawyers and economists round out the scheduled set of speakers over the two days of hearings in Saint John.

The committee has been travelling the country to hear from Canadians over their hesitancy with the proposed change, with New Brunswick being the final stop on their East Coast tour. The report is due Dec. 15.

The consensus among the speakers is to halt the process, and take the time needed to undergo a full investigation of the current tax model.

“I have to admit that the people we have heard from are very, very concerned and they wanted more time for the consultation process,” said Sen. Percy Mockler, acting chair of the committee.

“If tax reform is the objective of the federal government, let’s start over and take the time to do it right,” said Forgeron. “Undertake a comprehensive and fair review of the entire tax system, keeping in mind all sectors and the need to maintain safety net provisions for independent business persons.”

The medical community in particular has been very vocal about the possible ramifications of the tax reform on the health-care system in New Brunswick.

As previously reported, the New Brunswick Medical Society polled its members and found 65 per cent of physicians said they would consider leaving the province, 82 per cent said they would consider reducing their hours and 38 per cent reported they would consider retiring early.

With 30 per cent of family doctors and 20 per cent of specialists in New Brunswick already over the age of 60, Forgeron said the reforms could be “catastrophic.”

The province has about 50,000 without a family doctor, said Dr. Dharm Singh, president of the New Brunswick Medical Community, and has about 90 physician vacancies.

It is increasingly challenging to attract physicians to new Brunswick, he said, adding the proposed change will make it harder.

During the question period, Sen. Anne Cools said she would attempt to consult Health Minister Ginette Petitpas Taylor after hearing how deeply the reform could impact Canada's health-care system.

The changes

Among the proposed changes with the new reform, income sprinkling and taxation on passive income were the most heavily debated Wednesday.

Income sprinkling refers to a corporate business's ability to spread its income among family members. The law permits incorporated business owners to split their income with their spouse and any kids between the ages of 18 and 24.

The proposed change would allow for a "lower tax rate" of 52 per cent for anything under \$50,000 gained on passive-investment income, which equals out to roughly five per cent on \$1 million in savings. Anything over that would jump to a tax rate of 72 per cent.

Morneau has said that roughly \$300 billion in assets are sitting in the passive investment accounts of just two per cent of all private corporations.

Forgeron argues, echoed by David Duplisea and Krista Ross, the executive directors of the Saint John Region Chamber of Commerce and the Fredericton Region of Commerce, that money is used to reinvest in the company, to cover slow periods, and to save for retirement.

It simply doesn't make sense to be forced to take that money out, have it taxed, only to put it right back into the business, said Forgeron.

Many of the senators could be seen shaking their head in agreement throughout the presentations, with members like Sen. Nicole Eaton and Sen. Elizabeth Marshall commending some of the speakers during the question period.

Others outright agreed the reform needs more time to be examined.

"It really bothers me when we have a federal government that actually targets professionals and says you're making too much money and we have to change the tax system just for you," said Sen. Richard Neufeld, the former minister of energy, mines and petroleum resources for British Columbia.

With these new changes, Forgeron said her accountants have showed her she will have to work an extra 10 years to make it through retirement or consider working abroad for two years to gain that same amount.

Hearings will conclude Thursday at 1 p.m., and the committee will travel back to Ottawa to consider the advice heard from across Canada to table a report for the Dec. 15 deadline.

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SEN. RICHARD NEUFELD

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