



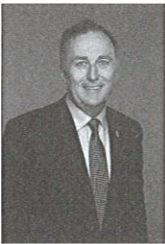
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Re: Tax Measures Consultation Feedback from the Bay of Quinte

September 14, 2017

Dear Honourable Minister Morneau,

Like all of my colleagues, I've been in close contact with my riding over the summer and have had a chance to speak with local health professionals, and other business owners, regarding the Ministry of Finance's tax consultation, and its potential impact on incorporated private medical practices, as well as other professional and commercial small businesses.

In the Bay of Quinte riding, we are battling a health crisis owing to a severe shortage of doctors, both GPs and specialists. Veterans in my riding, who suffer from PTSD, are struggling to find a family physician. As Chair for the Standing Committee on Veterans Affairs, I believe this situation needs immediate rectification. Earlier this year, I reached out to a number of family physicians asking if they would take on a Veteran. *A number of them responded saying they just do not have the capacity to take on more patients.*

Most of the medical practitioners in the Bay of Quinte are concerned that these proposed taxation changes may cause them to cut back on their overhead costs, reducing staff and service hours, thereby affecting the intake volume and quality of care available to patients.

During these discussions, I've heard many reasons why incorporation has sustained our local doctors, thus far. Actively promoted as the best alternative to fair wage increases for medical practitioners, incorporation has become a crucial foundation of their operational success. Direct investment into a practice provides doctors with the legal, and sustainable, means to plan for retirement or save for their children's education costs; and prepare to cover the out-of-pocket costs, or earning losses, associated with *not* having Medical and Dental Benefits, or paid Parental Leave and Vacation.

Furthermore, income splitting has provided practitioners, who live in rural areas, with the ability to accommodate and support spouses who may not be able to secure employment in their own field; or who must stay at home, to provide childcare, when other care options that are amenable to a parent's demanding and rotational work schedule cannot be found.

No riding is immune to the need for doctors, but I am truly concerned that additional tax constraints placed on incorporated medical practices will directly deter doctors from coming and staying to work, in the Bay of Quinte. This will, in turn, have dire consequences on all our community members but most especially on our Veterans.



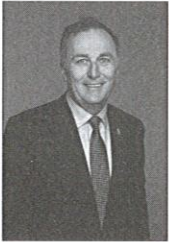
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Equally, I am also concerned that this may also have an impact on Bay of Quinte entrepreneurs, agricultural industry leaders and other professionals, from all sectors, who will be less likely to continue investing in our rural communities when healthcare supports are lacking, or non-existent.

Local business owners who have incorporated, have asked us to consider the climate of challenges that they face; both in accessing financing, navigating compliance with existing regulations, and managing the considerable personal financial risks involved with their enterprise. All cite the tensions already produced by CPP and EI premium increases, provincial carbon pricing and labour reforms, as potential reasons for small business closures.

Specifically, our agricultural specialists have also expressed concern that changes to capital gains taxation regulations will negatively deter many rural families from choosing generational transfers of farms, and other small businesses, when planning for succession and retirement. In rural areas, ensuring the success of multi-generational family farms is a formidable aspect of ensuring the social and economic wellness of the wider community as a whole.

I trust this update, from the Bay of Quinte, is useful towards your evaluation of all the incoming strategies and recommendations. I have full confidence that with careful consideration of all the nuances, during this consultation, the Ministry will be able to craft a viable solution to balance tax fairness with the means to sustain and retain our medical practitioners, farmers, and small business owners. The health and vitality of our rural and remote communities depends on it.

Warmest regards,

Mr. Neil R. Ellis
M.P. Bay of Quinte