

November 9, 2017



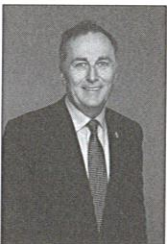
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To the Bay of Quinte small business owners,

I'm very grateful for your contributions towards the Ministry of Finance's consultation concerning taxation changes for private corporations. The time and energy it took to bring your concerns and recommendations to my attention at all stages of this process is truly appreciated.

During the consultation, the Ministry of Finance received an exceptional scale and volume of feedback from small business owners, and their employees—both from the Bay of Quinte and across Canada.

Our local Chambers of Commerce in Belleville, Prince Edward County and Quinte West did an incredible job of providing strong advocacy on this issue, and in collecting feedback from across the riding. It was my pleasure to share these perspectives, both in caucus and with the Ministry of Finance. I'm proud that the Bay of Quinte's small business operators expertly raised their concerns, on key components of the proposal. This feedback was similar to the concerns raised in other regions— both rural and urban.

Please be advised that the Ministry has now completed its review of these recommendations. Going forward, the Ministry has refreshed its proposal to accommodate key areas of expertise provided by Canadians. This proposal will soon be presented to Parliament, in the House of Commons, for debate.

Although Budget 2018 will outline the full details of changes to come, I trust you'd appreciate some advanced specifics, on the key aspects that will be part of our tax policy, moving forward. **Please be assured that, after listening to your feedback, the government of Canada is ready to implement:**

- Lowering the small business tax rate to 9% by 2019;
- Retention of income splitting for family members that are active contributors to a business;
- Maintenance of incentives for venture capitalists and angel investors;
- Retention of Lifetime Capital Gains Exemption;
- Retention of conversion of income to capital gains, in order to best support intergenerational transfers and insurance policies held inside corporations; and
- A new threshold on annual passive investment income to help small business operators continue to save maternity or parental leave, sick leave, or their retirement, complementing their continued ability to save for new equipment. Based on today's current Bank of Canada rate of return for a GIC, set at 0.90% for a one year term, this would allow for small business operators to save an equivalent of \$5,500,000 dollars to meet this new threshold set at \$50,000



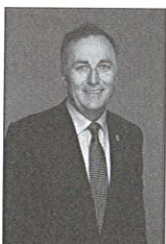
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dollars, on a go-forward basis. If this rate of return were adjusted to 5.0%, this would equate to savings of \$1,000,000 dollars; alternately, if the rate were set to 2.5% this would allow for savings of \$2,000,000 dollars.

In reviewing these amendments in greater detail, I'm very pleased to see that the Government of Canada has crafted the best policy decisions possible from the feedback received from Canadians—the Bay of Quinte being no exception. This discussion has truly been about how to implement tax fairness in balance with the best provisions of support for our farmers, doctors and other health practitioners, small business owners and independent professionals who work so incredibly hard to make our rural communities thrive and succeed.

Hopefully, this update has been able to supply encouragement that yes, indeed, your voice and that of other small business owners *was* heard. I *know* that supporting business owners, who invest in our communities when they create jobs, strengthen entrepreneurship and grow our economy, is critical to the Bay of Quinte's wellbeing. However, *your* commitment to raise your voice made this more easily achievable.

I trust you find these changes are positive proof of our government's continuing commitment to listen and respond to Canadian's interests—in this, and all other areas. After all, that's our job! Once again, thank you for supporting my ability to serve in this capacity, as best as I possibly can, for you and the entire Bay of Quinte riding.

Please continue to reach out to me, again, on any issues that matter most to you.

Warmest regards,

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