



**THE MANITOBA CHAMBERS OF COMMERCE**  
**ENTREPRENEURIAL SPIRIT - COMMUNITY VALUES**

September 29, 2017

The Honourable Brian Pallister  
Premier of Manitoba  
204 Legislative Building  
450 Broadway  
Winnipeg, MB R3C 0V8

Dear Premier Pallister:

On behalf of the Manitoba Chambers of Commerce (MCC), along with our 71 local Chambers, and close to 10,000 business, I would to thank you for your comments regarding the federal government's proposed tax changes and the impact they will have on our businesses. With that said, I'm writing to you because I worry that big changes to federal tax policy could derail future economic growth in Manitoba, which remains an important issue for our province.

At the upcoming First Minister's meeting on October 3<sup>rd</sup>, MCC urge you to put the federal government's proposed tax changes at the top of the agenda with the Prime Minister.

The federal government has proposed the most radical changes in 50 years, including (1) a new tax (effectively 65%-73%) on investment income in a corporation, (2) a much higher tax rate for compensation in a family business deemed "unreasonable," and (3) new, tougher rules for converting income to capital gains that would make it difficult to pass a business along to family members.

We believe the tax changes will:

- Lead to lower savings within their businesses, eroding sustainability and future investment for business growth;
- Make it more difficult to pass down ownership of family-run businesses to the next generation;
- Discourage entrepreneurship;
- Reduce venture capital available to Canadian business;
- Send foreign investors away to friendlier markets; and
- Reduce economic growth and job creation in (insert your province/territory name)

For many Manitoba businesses, these changes will greatly impact the way they think about their future business decisions. Some of our members have shared their concerns and have told us they are unsure how they will be able to grow their business or pass it along to the family because of these proposed changes.

There is no need for the government to rush ahead with radical tax changes. The clear message from the Manitoba Chamber network is to urge the PM to take these proposals off the table, and launch meaningful, extensive, and detailed consultation with the business community to address any shortcomings in tax policy without unfairly targeting small businesses.

Sincerely,

Chuck Davidson  
President and CEO  
Manitoba Chambers of Commerce

