



January 15, 2019

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

By email: bill.morneau@canada.ca

Dear Minister:

Re: Government of Canada – 2019 Pre-Budget Consultation

The Conference for Advanced Life Underwriting (CALU) is pleased to have this opportunity to provide input to the Government of Canada's 2019 Pre-Budget Consultation process. CALU is a national professional membership association of established financial advisors, accounting, legal, tax and actuarial professionals. For over 25 years, CALU has engaged in public policy advocacy on behalf of its members and the members of its sister organization, Advocis. We represent more than 13,000 insurance and financial advisors and in turn, the interests of millions of Canadians.

I would like to focus on one key issue of extreme importance to small business owners. An increasing number of small business owners are now reaching retirement age and contemplating the transfer of their business to the next generation of family ownership. Unfortunately, current tax rules penalize business owners who wish to keep the business in the family.

As noted in our September 29, 2017 submission on intergenerational transfers of family businesses, we believe modifications should be made to section 84.1 of the Income Tax Act to ensure that business owners are not penalized from transferring their businesses to family members because the tax treatment of the proceeds is less advantageous than selling the business to a third party.

In response to the concerns expressed by CALU and other organizations, in October 2017 you indicated that the Government plans to "work with family businesses, including farming and fishing businesses, to make it more efficient, or less difficult, to hand down their businesses to the next generation." It was further indicated that the Government would work with "business owners to develop proposals to better accommodate intergenerational transfers of businesses while protecting the fairness of the tax system."



CALU remains committed to and supportive of the government's review of these rules and ***recommends that you announce legislative changes in this area as part of its 2019 federal budget.***

We would be pleased to engage in further discussions with yourself and the Department of Finance as part of the process of implementing such legislative changes.

Yours truly,

Marty McConnell
Chair

Guy Legault
President

cc. Justin To, Deputy Chief of Staff and Director of Policy
Dev Saxena, Senior Policy Advisor