

Small business owners to would-be entrepreneurs: don't do it

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Perrin Beatty, president of the Canadian Chamber of Commerce, left, and federal Finance Minister Bill Morneau during a question-and-answer session at the chamber's annual general meeting in Fredericton. (Stephen Llewellyn/The Daily Gleaner)

Photo: Stephen Llewellyn/The Daily Gleaner

As you've likely heard, the Trudeau government is planning punitive changes to the tax code that tax and policy experts across the country have labelled as business killers.

We share that point of view.

We are among those who stand to be most impacted: entrepreneurs who've given it their all and risked everything to build sustainable businesses, create jobs and contribute to growing our local economy.

Our contribution is significant. According to Opportunities New Brunswick, there are 25,000 small businesses in this province. Together, we employ 158,000 people – which accounts for 32 per cent of all employment – and generate 25 per cent of New Brunswick's GDP.

It's no secret that small businesses drive New Brunswick's economy. Even so, if you asked us today if you should start your own business, we'd tell you not to do it. The potential rewards no longer justify the risk.

In a supposed quest for "fairness," the Trudeau government is currently consulting on a new tax regime that has been roundly characterized as punishing to small business owners. Experts have forecast they will stifle the growth of small businesses and startups.

Instead of recognizing the high risk that entrepreneurs take when setting up on their own – risks that often include putting the family home up as collateral, giving up access to Employment Insurance, a company pension, or paid parental leave – the federal government is proposing legislation that would result in fewer new hires, stalled innovation and even layoffs.

Let's put aside that the government has given us only 75 days to respond to their proposed changes, changes that are so complex they have taken highly trained tax advisors days to grapple with and understand, changes that amend a tax system that has been in place since 1972 and was established following 10 years of proper consultation.

Let's also put aside that the government is painting small business owners as tax cheats, saying we use loopholes to pay less tax than our employees, even though the Canadian Federation of Independent Business has said there's no evidence that the small business rate is being used to save on taxes.

If you were thinking about opening your own business, we'd urge you to reconsider. There's no pay off. The federal government's proposals will make it too costly to do it.

As a new small business owner, you'd have to consider things like how to pay for your parental leave, or how to save for that new piece of equipment. You'd have to think about how to expand your business or hire new workers. The federal government, under the new tax laws, wants to tax all of your investments twice. If you were going to be taxed twice, how would you buy that extra piece of equipment? How would you hire that extra member of staff? How would you break ground on that new expansion?

Small business owners are not the wealthy few that the federal government says they want to target with these proposals. We are everyday Canadians. We own your neighbourhood tire shop, your local market, or your favourite local restaurant. We have been working with the current tax laws to grow our businesses and support our employees and now the federal government wants to change the rules.

We are not opposed to tax reform. We just want to see that the implications of these proposed changes have been fully analyzed, and that they don't result in the predicted job losses and stalled innovation and business closures.

New Brunswick relies on the success of its small businesses. Our tax laws should contribute to growth here, and across Canada, not the opposite.

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