

Democracy has spoken! A day after the Department of Finance confirmed that changes to tax rules facilitating the intergenerational transfer of small businesses are now law, a House of Commons committee met Tuesday to sort out any remaining confusion around Bill C-208's implementation.

The private members bill introduced by Conservative MP Larry Maguire received royal assent June 29th despite not being supported by the Liberal government. A day later the Department of Finance issued a release saying it would delay the bill's implementation until Jan 1st, 2022 over concerns that the bill creates an opportunity for tax avoidance "that undermines the equity of Canada's tax system".



"Someday all these anonymous offshore accounts will belong to shell companies of which you will deny all knowledge."

On the eve of the House finance committee's emergency meeting on Tuesday to review Finance's intervention -Parliament responded directing the Finance Department to follow the law, chastising them that it is Parliament, and not the Finance Department that is legislatively supreme.

The Liberal minority government announced that it will introduce draft legislative amendments for consultation, with finance proposals in another Bill that would apply at some point in the future. However, of note is that a Small Business Owner selling a business to a family member in the near term -relying on Bill C-208, would not be affected by retroactive amendments that might be enacted.

The Canadian Federation of Independent Business (CFIB) also welcomed Finance's clarification after what the small business lobby group called a "a break with procedure". The bottom line is that Small Business Owners have been waiting for this change to the tax act for years, and have realized their goal of fairness for family-owned businesses. An estimated three-quarters of business owners internet to exit their business by 2028. And with C-208, business owners are no longer penalized for selling their business to a family member.

Even more important is the sanctity of law in this country. If departments of government were able to unilaterally decide what Parliamentary laws they chose to follow, the very meaning of democracy in Canada would be rendered null and void. Parliament derives its legitimacy from the express consent of the people. Elections matter, votes matter and it is both that send MPs to Ottawa every four years. The recognition of Bill C-208 as the de facto and de jure law of the land is a win for all Canadians that live in our wonderful Parliamentary Democracy.

Be safe, be well!

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