



## 2017 FEDERAL ANNOUNCEMENT CHANGES TO SMALL BUSINESS TAXATION

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### Third Update

Drip, drip, drip...

For the third time this week, Finance Minister Bill Morneau has today, on October 19, 2017, announced further changes to the taxation of small businesses in Canada. Rather than release these changes all at once, there seems to be a concerted effort to break it up into smaller announcements. As with Monday's and Wednesday's announcements, today's announcement again softens proposals relating to the Government's proposed changes to the taxation of private corporations, as released by consultation paper on July 18, 2017 (the "Consultation Paper").

Today, the Government has announced that they will not proceed with proposals relating to the conversion of income into capital gains contained in the Consultation Paper. This will resolve a myriad of significant negative impacts resulting from the original proposals, including the impact on post-mortem tax planning options.

It is unclear why the Government has chosen to release the changes in this sporadic manner. A cynical person might suggest it is an attempt to make a retreat look less like a retreat. We will continue to keep you informed as further changes are announced.

Thank you for your business!