

CFIB's top tax changes and simplifications recommendations

Small business tax rate

- 1- Reduce the small business tax rate from 9% to 6%.

Thresholds

- 2- Increase the small business tax deduction (SBD) threshold (unchanged since 2009) from \$500,000 to at least \$700,000 and index it to inflation moving forward. (House of Commons' INDU committee recommended increasing the SBD to \$1 million in their most recent report on productivity).
- 3- Increase the passive income limit from \$50,000 to at least \$250,000.
- 4- Increase the GST/HST threshold (unchanged since 1991) from \$30,000 to at least \$60,000 and index it to inflation moving forward.
- 5- Increase the GST/HST Quick Method of Accounting (unchanged since 2002) from \$400,000 to at least \$700,000 and index it to inflation moving forward.
- 6- Increase the CPP Basic Exemption (unchanged since 1998) from \$3,500 to \$7,000 and index it to inflation moving forward.
- 7- The GST/HST remittance thresholds (unchanged since 2007) and the source deductions remittance thresholds (unchanged since 2014) should be indexed to inflation. This would bring the annual GST remittance thresholds from \$1.5 million to \$2.2 million and the monthly source deduction remittance threshold from \$25,000 to \$35,000.

Capital Gains Tax

- 8- Introduce a lower capital gains inclusion rate for all small firms of 33% on the next \$2 million of gains beyond the LCGE.
- 9- Include gains from the sale of assets, not just shares, under the LCGE for all sectors, not just farm and fishing property.
- 10- Exempt taxes from gains following the sale of a business (shares and assets) when the proceeds are reinvested in a Canadian CCPC within the next three years (rollover policy).
- 11- Expand Immediate Expensing to the remaining types of capital investment currently excluded.

Other measures

- 12-Lower Employment Insurance (EI) premium for smaller employers by allowing them to pay the employee amount for total wages under \$600,000 (similar to the EI Small Business Job Credit of 2015/2016).
- 13-Provide the self-employed with some type of standard business deduction or refundable tax credit of up to \$20,000 similar to the Qualified Business Income (QBI) Deduction recently made permanent in the USA.