



February 9, 2016

Via email: [Bill.Morneau@canada.ca](mailto:Bill.Morneau@canada.ca); [sbt.minister-ministre.pet@canada.ca](mailto:sbt.minister-ministre.pet@canada.ca)

The Honourable William Morneau, P.C., M.P.  
Minister of Finance  
17th floor  
90 Elgin Street  
Ottawa, ON K1A 0G5

The Honourable Bardish Chagger, P.C., M.P.  
Minister of Small Business and Tourism  
C.D. Howe Building  
235 Queen Street  
Ottawa, ON K1A 0H5

Dear Ministers:

**Re: Changes to the Taxation of Small Business Corporations**

On behalf of the Canadian Bar Association, I would like to congratulate you on your respective appointments. We look forward to working with you throughout your mandate.

The CBA is a national association representing over 36,000 jurists, including lawyers, notaries, law teachers and students across Canada. Our primary objectives include improvements to the law and the administration of justice. The CBA has members across Canada practising in all areas of law and in every size of practice, from large national firms to small and sole practitioners.

I am writing now about changes that may be proposed by your government to the taxation of small business corporations – specifically Canadian-controlled private corporations (CCPCs). The CBA has concerns that changes may be made to the small business corporate income tax rate without full consultations with all stakeholders, including lawyers. Like other small business owners, many lawyers carry on business through CCPCs which are taxed at the small business corporate income tax rate.

The small business rate is a longstanding feature of the Canadian tax system that assists small and emerging businesses, including many small and sole practitioners in the legal profession. Many rely on the small business rate to sustain the viability of their practices. For example, in 2013, there were approximately 90,000 practicing lawyers across Canada, of which approximately 20,000 were sole practitioners. At that time, sole practitioners called to the bar in 2010 reported a median income of \$60,000, with the bottom 25% earning less than \$35,000.

Lawyers practicing as part of a small partnership, or as a sole practitioner are essential to the provision of legal services to the public, contributing significantly to Canadians' access to justice in many regions and across diverse communities.

Changes to the small business rate could affect the cost of, and access to justice for millions of Canadians who are served by members of our profession. The CBA thus encourages your government to engage in a broad consultative process with all stakeholders, including members of our profession, and various groups of Canadians who are served by our members, before any legislative changes are proposed.

Thank you for considering the CBA's views. We are available to discuss any points raised in this letter, including by meeting with you and your officials to further discuss this important issue.

Yours truly

*(original letter signed by Janet M. Fuhrer)*

Janet M. Fuhrer

cc. François-Philippe Champagne, M.P., Parliamentary Secretary to the Minister of Finance  
Gudie Hutchings, M.P., Parliamentary Secretary to the Minister of Small Business and Tourism