

Oct 4-17 Corporate Tax Changes

Good Afternoon to All:

We are hearing repeated leaks from the PM office that he and Finance Minister Bill Morneau are BACKING DOWN on many of the proposed tax changes for the Incs!!!

You may recall from my Aug 31 summary that there were three areas of concern for my clients:

#1 Income Splitting-Sprinkling—to lower taxed family members via a variety of means with the Inc. setup

#2 Taxation of Passive Income ---this was the big one BUT good news here...see PDF attachments

#3 Lifetime capital gains Exemption--- we are not sure about this one yet

So the good news is that Morneau has stated that the tax changes will apply on a **GO-FORWARD** basis and that any current assets will be exempted, so this is a BIG WIN!!!!

And it sounds like the restrictions on the Inc. going forward will ALSO BE WATERED down...see the enclosed notes-attachments pertaining to this.

I expect that we will get more concrete proposals on the changes in the near future so stay tuned BUT overall good news and no need to panic here!!

Terry

PS—all sorts of “suggestions” in the press on how to get ahead here BEFORE the official announcements (e.g. Set up an IPP, crystalize Cap Gains now, etc.) but I think we just need to wait and see here and not jump the gun! They are listening to us and as you will read in the attachments---the proposed changes were simply not fair for most of us!! It seems that Morneau has heard us and that they will only be going after those really rich folks who are abusing the Inc. tax system...that exempts 99.9% of doctors and dentists from what I can see.

PS---make sure you consult your accountant on this as well as I am the investing guy.....