

September 29, 2017

The Honourable Brad Wall
Premier of Saskatchewan
Room 226 2405 Legislative Drive
Regina, SK S4S 0B3

Dear Premier Wall:

On behalf of the Saskatchewan Chamber of Commerce, I want to thank you for your strong leadership in steering the economy of Saskatchewan through these challenging times. I am writing to you because I worry that sweeping changes to the taxation of private corporations could derail the fragile economic recovery currently underway in the province.

At the upcoming First Ministers' Meeting on October 3rd, the Chamber strongly urges you to put the Government of Canada's proposed tax changes at the top of the agenda with the Prime Minister.

The Government of Canada has proposed some of the most radical changes to the *Income Tax Act* since 1972, including:

- An average or effective tax rate of 65%-73% on passive investment income earned within a Canadian-Controlled Private Corporation (CCPC)
- A much higher tax rate for compensation in a family business deemed "unreasonable" by the Canada Revenue Agency
- New and tougher rules for converting income to capital gains that would make transferring business shares to family members even more difficult

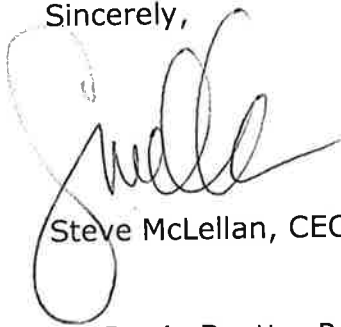
The Saskatchewan Chamber of Commerce believes the tax changes will:

- Lead to lower savings within their businesses, thus eroding their ability to weather economic downturns and build up capital for future expansion;
- Make it more difficult to pass down ownership of family businesses to the next generation;
- Discourage entrepreneurship;
- Reduce the amount of venture capital available to Canadian business;
- Send foreign investors away to friendlier markets; and
- Reduce economic growth and job creation in Saskatchewan

There is no need for the Government of Canada to rush ahead with such radical tax changes. The Chamber recently met with officials from the Department of Finance Canada to express its concerns with the stakeholder consultation process and the specific proposals themselves. Despite the Chamber's plea that the Government of Canada retract the draft legislation and hit the reset button on the entire process, representatives from the Government of Canada stated in no uncertain terms that the consultation process would not be extended and that they were pushing ahead with the changes.

That is why we urge you to tell the Prime Minister to take these proposals off the table and launch meaningful consultations with the business community to address any shortcomings in tax policy without unfairly targeting small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve McLellan', written over a large, light-colored circular mark or stamp.

Steve McLellan, CEO

cc: Perrin Beatty, President and CEO, Canadian Chamber of Commerce