

Greenco Consulting Corp.

27 September 2017

To: Rt. Honourable Bill Morneau
To: Honourable Andrew Scheer
To: Dept. of Finance, Ottawa

CC: Jacquie Green (co-owner)
CC: Brent Insley, Accountant
CC: Bob Kidd, Corporate Advisor

Subject: Proposed Changes to Tax Law Affecting Private Corporations

I am the President and CEO of a small, private, Canadian corporation. My wife and I have been running this business for the past 25 years.

During that time our company has embarked on several different entrepreneurial ventures: from using advanced renewable energy projects, to developing student rental housing, to creating art work that is now being sold in Canada and the US and to a new venture to develop a special a winter boot for working women. But the crown jewel of our operation has been my work in leading and growing private, Canadian, technology service companies. Those companies have provided high-paying service jobs for over 200 professional software engineers and their families, over the past 25 years.

Your proposals to rewrite the tax rules for private Canadian corporations like Greenco, and the companies that I work with, will have severe and damaging effects on all of us.

In this letter, I want to specifically draw your attention to one proposal that I am asking you to reconsider:

Proposed Tax Increase on Passive Investment Income

- We depend on the money we have retained and invested from our business - during the good years of our operations, to ensure we have the resources to weather the natural ups and downs of being a small business and to deal with changes in the economy
- As recently as 2010, we had to use those investments AND take out a mortgage on our house, to weather the fall-out from the financial collapse of 2008/2009
- In addition, the companies I work with want to expand; their ability to grow internally and through acquisition, depends on them having built significant savings to fund that growth; because unlike larger corporations that can look to Bank support for expansion, there are few-to-no other options for small

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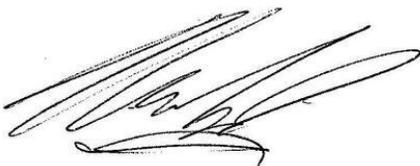
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companies to finance their growth; most of them need to build their own financial reserves for that

- Your proposal to tax the income on the money they have saved and invested - at a tax rate of up to 73%! - will dramatically hurt the ability of small companies like ourselves to build the cash reserves we need (to be able to continue operating in difficult times, and for growth)
- **So your proposal is terribly punitive and totally unfair to small Canadian corporations**
- Of course it would be different, if like Mr. Morneau and the Prime Minister, we had \$20M in investments; we could elect to set up a passive investment holding company; then this new tax would not apply to us; but is that fair? Does that make sense?
- Or, if my wife and I decided to move ourselves and our company to the US, and THEN continued working here in Canada...these proposed new rules would not apply to us; is that fair? Does that make sense?
- As it stands now, your proposal to dramatically increase the tax on passive investment income amounts to a financial attack on small businesses who decide to stay in Canada
- This is a significant penalty for trying to run a small business, as a Canadian, here in Canada
- *Is this what you are trying to do?* I hope not.
- So on behalf of all of the other small Canadian companies and owners like ourselves, I hope that after careful reconsideration, you will see the damage that this will cause, and decide NOT to proceed with that proposal

Respectfully yours,



Michael J. Green
President & CEO (and co-owner)
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