

June 17, 2022

Trevor McGowan
Director General, Tax Legislation Division
Department of Finance
90 Elgin Street
Ottawa, On
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Via email: intergenerational-transfers-transferts-intergenerationnels@fin.gc.ca

Dear Mr. McGowan,

RE: Budget 2022 Consultation on Bill C-208

We are pleased, on behalf of Family Enterprise Canada (FEC) to make this submission in response to the consultation announced in Budget 2022 on Bill C-208.

On behalf of the family enterprise community in Canada we want to express our support for government's effort, through Bill C-208 and the related amendments to section 84.1, to remove tax inequities and bring more fairness to genuine intergenerational transfers of ownership in family businesses. It is essential the government creates a tax system that supports the transition and continuity of family business in Canada considering the significant economic role they play today and into the future.

We would also like to express our support at this time for the submissions of the Conference for Advanced Life Underwriting (CALU) and the Society of Tax and Estate practitioners (STEP) on the various technical aspects of the legislative amendments. Their expertise and knowledge on the taxation implications of business transitions are invaluable to the family enterprise community. And they too understand how important continuity of family-owned businesses are to Canada.

Family-owned businesses are the backbone of the Canadian economy. Research completed in 2019 by the [Conference Board of Canada](#) states that family-owned enterprises are an integral part of our private sector. They account for **63% of all private sector firms and generate approximately 49 per cent of Canada's private sector real gross domestic product (GDP) (\$574.6 billion) and close to 7 million jobs.** They are present in practically every community and region across Canada and across all industries. Not only are they important economically, but business families are also well-known for giving back to their communities and supporting important social issues.

Our recent [research survey](#) on transition intentions of family business owners shows that ownership of **more than 60% of family enterprises will be changing hands within the next decade**. Within an even shorter span – seven years – close to 40% of next gens will take control of their family enterprises. Transitions between generations face many challenges and we need a legislative environment that enables successful transitions not inhibits them. If families cannot transition their business successfully to the next generation, the impact will be huge including significant potential loss of employment particularly in communities outside major urban areas where family-owned firms are the mainstay and driver of the local economy. We should be doing everything we can to support and promote the longevity of family-owned business including supporting the transition between generations.

[Family Enterprise Canada](#) is a national member association for business families and designated Family Enterprise Advisors (FEA). Our overall purpose is to ensure the well-being, success and continuity of business families and their family enterprises across generations. As a national community we strive to connect, support, inspire, educate and speak for the family enterprise community across Canada. We strongly believe in the importance of family business to our economic and social well being.

We thank you for the opportunity to make our submission and would welcome the opportunity to continue the dialogue on family-owned business and the importance to Canada's economic and social well being.

Sincerely,

Susan St Amand

Susan St Amand
Chair

Bill Brushett

Bill Brushett
President & CEO