

# Mr. Benson's White Paper seriously affects YOUR future

The successful student of today will be more adversely affected than any other group of Canadians. You can do something about it if you act NOW.

If the Government White Paper on tax reform becomes law, you will pay about 50% more income tax than you would in the United States. The small businessman will be struggling just to survive under a 50% tax burden. A young doctor, lawyer, dentist or accountant will face great obstacles in starting his own practice.

Are you content to sit back and let these things happen? If not, read the frightening facts in this article and make your views known to your Member of Parliament:

The Government White Paper is an ominous document. As it moves rapidly towards legislation, only public protest and outcry from concerned Canadians can stop it.

This article is presented by such a group of alarmed Canadians. They come from many walks of life. They are opposed, not from a personal point of view (many of them would pay less tax under the White Paper), but because of what it holds for Canada and all Canadians.

No Canadian can honestly quarrel with the White Paper's efforts to lower the tax burden for people at the low end of the income scale. Or with a tax at a reduced rate on realized capital gains. Or with enforcing laws to eliminate tax avoidance schemes and expense account abuses.

But the White Paper is a complete tax reform that will kill incentive to work and save, increase the brain drain to the more attractive tax climate in the United States, lead to the withdrawal of capital from Canada and slow down the development of our natural resources.

For the young Canadians who are planning careers in Canada, some White Paper proposals will raise disturbing questions:

### Will you be able to resist the attractive tax climate in the United States?

Mr. Benson says, "Canada needs the full effort of those with outstanding ability." Yet his White Paper seems to offer more incentive for emigration than effort.

The table below is a comparison of personal income taxes in Canada and the United States that has been prepared by an international firm of chartered accountants.

Personal Gross Income	Canada White Paper Tax	State of Ohio Average Homeowner Tax	U.S. Lower By	% Difference
\$ 8000	\$ 1044	\$ 527	\$ 517	49.52%
10000	1658	839	819	49.39
12000	2327	1186	1141	49.03
15000	3370	1660	1710	50.74
20000	5262	2620	2642	50.20
25000	7434	3608	3826	51.46
40000	14711	7723	6988	47.50
50000	19631	11030	8601	43.81

In releasing "White Paper Highlights" the Government gave out a deceptive U.S.-Canada tax comparison that has been analysed by this accountancy firm. The government had compared the most highly taxed state against the lowest taxed province — had not included special U.S. home owners' deductions — had included high pension (Social Security) levies in the U.S., and many other things to give the appearance that U.S. taxes are not approximately half the Canadian. The Canadian government told the public the U.S. taxes are lower by only

Gross Income	(7.22)%	instead of	49.52%
\$ 8,000	6.95	instead of	49.03%
12,000	10.73	instead of	50.79
15,000	14.87	instead of	51.46
25,000	6.84	instead of	43.81

For further confirmation of fact write Colin Brown, Box 272, London, Ontario.

If you move to the United States, your income tax will be lower by about 50%. Even though the United States has been financing an incredibly expensive war in Vietnam and has sent billions of dollars to the moon.

The brain drain has been a problem in Canada for many years. The White Paper promises to make it a bigger problem. Our tax system should be competitive — particularly with the United States — if we are to keep our talent at home.

### Will you be able to go into business for yourself?

Canada has always prided itself on being a land of opportunity for men with ideas and enthusiasm. The small businessmen have had tremendous incentives. And they, in turn, have blossomed into many of our large companies today. They have contributed a great deal to the country's prosperity. The White Paper will change all that. The White Paper will make it difficult for the small business man to survive, and doubly difficult for him to expand and grow. It may well discourage bright young people with ideas from setting out on their own. Example: Right now the small businessman is entitled to a low tax rate of 23% on the first \$35,000 of taxable income. This gives him the all-important cash to put back into his business. This cash is what keeps him afloat, and later helps him to grow. Under the White Paper, he will pay a flat 50% on all taxable income. He will have to put out additional thousands of dollars in cash for taxes. Money he sorely needs just to survive in the early years.

### If you're in law or medicine, will you ever be able to set up your own practice?

The first two years are the toughest for any professional man on his own. The experts say that you should be able to carry yourself for at least one year without cash income from your practice. That's why, under the present tax system, you pay tax on a cash basis — on what money comes in. Under the White Paper, you will pay on an accrual basis — on accounts receivable and time billed.

It makes little difference to the Government in amount of money collected over a period of years. But it presents a high hurdle for the young doctor, lawyer, dentist, accountant or veterinarian starting out on his own.

Example: Under our present tax system a young lawyer (married, no children) has just finished his first year in practice. He has billed his clients for \$40,000 and collected \$30,000 cash. After paying \$20,000 for office expenses, his tax would be \$500 — leaving him with \$9,500 as net income. Under the White Paper, he will be taxed \$18,000 that year on the \$40,000 he has billed even though he may have collected only \$30,000 from his clients. Assume his office expenses come to approximately \$20,000; then he would be in debt by \$8,000 and received no salary. What can he do but join a large firm?

### What Canada might be like after a few years of White Paper taxation.

- There will be a slow but sure decline in the number of small businesses.
- There will be a sharp decline in risk-taking by Canadians.
- The brain drain of talented young Canadians to other countries will grow. They will go where there are greater incentives for hard work and bright ideas.
- Foreign investment in Canada will slow down because of the unfriendly tax climate.
- There will be a withdrawal of capital from Canada as people with modest wealth leave this country to retire elsewhere because of our Estate Tax and Capital Gains Tax systems.
- The cost of money will rise as capital is removed from Canada and the remaining capital is diverted from debt to equity situations.
- The new tax structure will prevent the build-up of private capital in the hands of individuals. Ultimately all economic power and capital will be transferred to an all-powerful Government. (per Geo. Orwell's 1984)

### What are you going to do? Here are some ideas.

- (1) Write a letter to your Member of Parliament telling him what you like and don't like about the White Paper. Send a copy of your letter to Finance Minister Benson.
- (2) Fill in a coupon below. Put it in an envelope and mail it to Box 4430 Ottawa. If you put your name and address on the envelope, it will go directly and unopened to your MP.
- (3) Encourage your parents or friends to write to their Members of Parliament and to send in coupons.

**WHEN THE WHITE PAPER BECOMES LEGISLATION, YOUR MP WILL BE VOTING ON YOUR BEHALF. LET HIM KNOW WHAT YOU THINK.**

<p>My Member of Parliament P.O. Box 4430 Ottawa, Ontario</p> <p>I am strongly opposed to a number of proposals in the White Paper. As my elected representative, I urge you to work toward shelving the White Paper for further study.</p> <p>Name .....</p> <p>Address .....</p> <p>(Please print your name and address on the envelope as well.)</p>	<p>My Member of Parliament P.O. Box 4430 Ottawa, Ontario</p> <p>I am strongly opposed to a number of proposals in the White Paper. As my elected representative, I urge you to work toward shelving the White Paper for further study.</p> <p>Name .....</p> <p>Address .....</p> <p>(Please print your name and address on the envelope as well.)</p>	<p>My Member of Parliament P.O. Box 4430 Ottawa, Ontario</p> <p>I am strongly opposed to a number of proposals in the White Paper. As my elected representative, I urge you to work toward shelving the White Paper for further study.</p> <p>Name .....</p> <p>Address .....</p> <p>(Please print your name and address on the envelope as well.)</p>
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