

OSMBC Concerned Proposed Federal Small Business Tax Changes Will Hurt the Competitiveness and Growth of Canada's IT Sector

- Coalition of Small and Medium IT Firms calls on Government to halt IT business-killing tax changes

TORONTO, Thursday, September 14, 2017: The OSMBC is speaking out against the federal government's proposed tax changes, fearing that these misguided policies will harm small and medium-sized IT firms and ultimately undermine the culture of growth, innovation, and support needed to have Canada's IT firms compete and win at home and around the world.

"As the voice of small and medium IT companies in Ontario, the OSMBC opposes the proposed tax changes as we believe it will hurt IT firms and Canada's ability to build the Silicon Valley of the North," said interim President, Bud Derakhshani. "We have an amazing talent in Canada, and we need to do everything possible to support that, help them open and grow their businesses, and succeed - these proposed changes will only hurt those efforts. The government should allow for a more fulsome consultation and deliberation to study their full impact before moving forward with the changes."

Members of the OSMBC, which represents small and medium IT firms in the Ontario, are in communities large and small right across Ontario and employ thousands of people in highly skilled jobs – helping to strengthen both their local community and the local economy. They know firsthand the challenges of starting and building a small business and specifically formed out of the need to help create a competitive, sustainable and supportive environment. The proposed tax changes, if implemented, will hurt small business owners' ability to reinvest in their businesses, innovate and pass it down to the next generation.

The OSMBC is concerned that the proposals will discourage the creation of IT businesses as well as members' ability to grow their businesses. Specifically, these proposals will:

- Inhibit hiring family members, almost always necessary for a small business to succeed, resulting in fewer business start-ups and a higher rate of failure;
- Not allow businesses to use savings to grow or remain stable during economic downturns; and,
- Attract start-up capital which is the life-blood of many small IT businesses

"The proposed changes will not ensure the 'tax fairness' the government intends, but will absolutely have negative effects on small IT businesses, and in fact all small businesses, hampering their ability to succeed and grow," concluded Derakhshani. "Ultimately, they will undermine Canada's ability to attract IT talent from around the world, hurt its ability to build the next generation of IT jobs, the next wave of innovation, and the next era of growth in highly-skilled and highly-specialized IT services. We call on all IT businesses to write their MPs and tell them to stop these business-killing tax changes."

About OSMBC: The Ontario Small and Medium Business Coalition (OSMBC) is a volunteer association of members that specialize in providing IT Subject Matter Expertise on-demand and IT solutions, and services to the government of Ontario, the government of Canada, municipalities, and private sector organizations. Our members deliver high quality services to the public and private sectors to help drive innovation in Ontario.

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