



Blog/Humour Article appearing on Saint John-Rothesay Liberal Candidate Wayne Long's Website

<http://waynelong.liberal.ca/241/>

Posted June 14, 2015

In A Canadian's Life & Death: "It's Just – the Taxes!"

By Brian McLaughlin

An age ol' saw emphasizes: "There's two things you can't escape – death and taxes!"

Many Canadians might agree: CRA taxation formulas, combined with shifting federal, provincial HST formulas always make you feel each year's increasing deductions to your personal income and/or wealth is akin to a slow, painful death.

So far – ahead of the next federal Writ being dropped to decide which federal party will assume King John's rule over treasured purse of the 'True North Strong and Free' – the Conservatives and Liberals have laid out their respective taxation schemes.

Under the Tory tax plan: Proponents argue income splitting will benefit wealthy income earners by lowering taxes they pay, transferring up to \$50,000 of their earnings to their lesser earning spouse – with a non-refundable credit

up to \$2,000. Stephen Harper says it's one way he's working to help "help hard-working Canadian families make ends meet." Problem is an ever growing number of economists and tax experts are stepping forward with hard numbers showing how the \$12.650 billion scheme disproportionately benefits high-income earners representing a very small percentage of all Canadian families. On business side of the tax equation, Conservatives also argued by keeping corporate taxation rates at 15 percent, it'll stimulate economic growth insuring corporations retain profits to reinvest in economic stimulus for regenerating much needed GDP. Under C-brand steering the CRA, the net tax rate has been **15 percent since January 1, 2012 – it's been dropping aggressively since** January 1, 2011 (16.5 percent), and January 1, 2010 (18 percent). For Canadian-controlled private corporations claiming small business deduction the net tax rate is **11 percent**.

Yet their income splitting plan has also been criticized by the Parliamentary Budget Office (the nation's budget watchdog) in a March 2015 report — because it'll help less than 1-in-6 Canadian families. And have 'near zero' impact amongst Canada's low income households – costing Ottawa \$2.2 Billion. Critics have called Harper's plan for income splitting socialism for the wealthy. Before his death, income splitting was even criticized by the late-Jim Flaherty, former-Conservative Minister of Finance. Shortly before he died, Jim Flaherty said of his party's income-splitting proposal: "I'm not sure that overall it benefits our society."

A recent National Post Op-Ed stated the *Grit tax plan* will be "difficult to attack, even for Conservatives." The Liberal tax scheme will ensure those making over \$200,000 a year will be taxed at a new, higher rate of 33 per cent. Coined as fairer plan for all Canadians – and engineered to balance next year's budget – it'll hike taxes for the wealthiest one percent to pay for more generous child benefits and an across-the-board income tax cut for the middle class. It'll reduce middle-class income taxes by up to \$670 per annum per individual taxpayer. A Toronto Star editorial recently stated Trudeau "hits right note with fairer tax plan" – A family making \$90,000 with two kids would get \$5,875 annually instead of \$3,300 – a substantial difference to a nation whose citizens now surpass US consumers' statistics in level of personal debts! Supporters offer accolades for a Liberal philosophy of a taxation plan that, as stated by Trudeau, is "reinvesting in the people who actually need it." Yet Conservative critics not wanting to be out-gunned argue the Liberal plan miscalculated by almost a billion dollar shortfall (indicating a \$900-million shortfall in Liberal projections for next year). Stating the Liberal's child-benefit proposal doesn't account for benefit's taxable status by abandoning Stephen Harper's universal child care benefit. Harper *-ites* argue by excessively taxing high income earners making above \$200K per year at a 33 percent rate – plus combining respective provincial tax grabs (as an example: in NB it would mean a combined federal and provincial tax rate of 58.75 percent for every extra dollar earned in excess of the \$250K) – it'll simply fail to spur growth in a stagnant transnational economy.

As someone buoying between low-to-middle income status at the best of times, I can't help but be skeptical of any notion the nation's wealthiest earners out-merit me on privilege of being granted a social license for a taxation reprieve, or that of extending any further increased tax holidays for major national and multinational corporations. My thinking follows a dismay/dissent like Voltaire's, who felt clergy and French aristocracy under the rule of Louis XVI were given unjust taxation reprieves at the expense of many middle-income and lower income masses. A contemporary case in point: corporations in Canada under successive Harper economic action plans have acquired a 21st-Century nobility status for near tax absolutism – akin to passing off a heavy Sisyphus-ian tax bolder onto near broken shoulders of middle- and lower-income Canadians.

It's difficult to swallow any C-brand administered CRA taxation pill which has a record of coming down hard on low-level tax avoiders/tax evaders, yet is loath to tackle the nation's largest tax avoiders and tax-evaders. Recall the Lichtenstein affair: an international banking tax evasion scandal which made international news in 2008 and 2009. In Canada, 81 of the nation's richest families were distilled in a CRA list for avoiding paying taxes (harsher critics feel they were actually evading taxes); and when finally caught in the snare of CRA tax violations, 22 of those families were ordered to pay \$24.7-million in additional taxes, and received what was tantamount to a slap on their Rolex wearing wrists for what lesser high-, middle-, and lower-income Canadians could've received a felony conviction for.

Aristotle's view of the middle class (*Politics*) was it's "the fabric of the state". Its existence, and its sense of security being crucial to safeguarding the state from the upheavals of the coveting impulses of lower income masses. A sustained middle class effectively acts as a buffer against cataclysmic political, economic and social upheavals as the antecedent forces of revolutions and unrest. The very first Conservative, Aristotle also posited the 'golden mean' was the measure of equitable virtue in any society – and in any exercise.

For many New Brunswickers, curiosity will always be an unrevealed apparition of just how many of those wealthiest Canadian families caught in the Lichtenstein scandal were from a province now crippled with seemingly insurmountable fiscal burdens. People who least need to save caught up in their own self-serving greed. It would seem the degree to which their wealth increased correlated to the degree to which their greed became more insatiable.

Over the next 3-4 months, as I wrestle with whose taxation scheme is more beneficial, I'm inclined to think Aristotle's 'golden mean' banks on the side of a fairer taxation for the many at the expense of the richest in Canada.

You'll have to decide which party's tax plan best suits you. And which will be unrealised political promises? Meantime, here's an allegory to burst any illusions of death as final release from worldly worries.

My wife once dreamt of a heavenly visit from her loved, late-father. In Canadian life, her dad was an honourable man. A very hard-working "Joe" always seeming to be paying too much taxes – a small business entrepreneur who struggled to make a decent living. Yet throughout much of his adult life, CRA and provincial tax men always seemed to be on his doorstep with a philosophy of "what a serf takes a year to grow the King takes in a day". Owing taxes were always the bane of his budgetary year-end. Well, in the dream, she asked her father: "How was Heaven?" Standing before her he looked a glow. He was surrounded by a graceful *aura*. Pleased, he told her: "It's Wonderful!" But she noticed almost immediately he developed a worried frown. And, with a furrowed forehead, he replied again: "It's just...." He paused. And he looked at her more intently! He looked distressed. Concerned, she asked him: "What Dad? What's wrong?" After a moment-or-two more, he finally responded: "It's just – the taxes!"

Which suggests: that even in death, we may not escape "the taxes!"

So vote wisely!

-Finis-

Brian McLaughlin Bio:

A Maritime Canadian freelance/humour writer, Brian McLaughlin has written extensively on politics, education, economic development, energy (oil, electricity, gas), as well as on alternative technology and contemporary business issues. His articles have appeared in local, regional, national and international publications (The Daily Gleaner, Telegraph Journal (NB Reader), Atlantic Business and Natural Resources magazines, Atlantic Progress and National Fisherman magazines; plus Energy Exchange and Alberta Oil magazines).