



March 4, 2021

Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa, Ontario K1A 0A6

Dear Committee Members:

The Agricultural Producers Association of Saskatchewan (APAS) supports passage of Bill C-208, An Act to amend the Income Tax Act (transfer of small business or family farm or fishing corporation), which would remove the distinction between “arm’s length” and “non-arm’s length” as they relate to the sale of farm businesses.

It is estimated that 95% of Saskatchewan farming operations are family-owned and operated. The number of agricultural producers nearing retirement is growing however, and a significant portion of these operations plan to transfer their assets to another family member to maintain their farm business as a family operation for the next generation.

Provisions in the Income Tax Act disadvantage families that would like to sell their farm to another family member. Under the current tax rules, businesses sold within a family are considered “non-arm’s length” and treated as dividends, while businesses sold to an entity outside the family are considered “arm’s length” and treated as capital gains. The capital gain is eligible for the lifetime exemption and the dividend is not.

Bill C-208 represents an opportunity to address this longstanding inequity that has negatively impacted the transition plans of family farms across Canada.

APAS appreciates the hard work of House of Commons members that have listened to the concerns of agricultural producers and we encourage you and your colleagues to continue supporting Bill C-208 until it is passed.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Lewis", with a long horizontal flourish extending to the right.

Todd Lewis
President, APAS