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May 7, 2024

Right Hon. Justin Trudeau, Prime Minister
80 Wellington Street
Ottawa, Ontario, K1A 0A2

Proposed New Capital Gains Tax Structure

Dear Prime Minister Trudeau,

We are writing to ask the government to mitigate the application of the proposed new higher rate for annual capital gains over \$250,000 in order to avoid unintended consequences for Canadians who do not fall within the wealthiest 0.13 per cent.

According to the recent budget, this proposed tax structure is aimed at, and is only expected to impact, Canadian individuals who are the wealthiest 0.13 per cent, a group of about 40,000 individuals with an average income of \$1.4 million. However, this change would also affect many of the average Canadian families who have dedicated their lives to maintaining family cottages and fall outside of the target ultra-wealthy sector. This includes most of the approximately 3,000 families represented by the Georgian Bay Association (GBA).

GBA is an umbrella organization for 18 community associations along the east and north shores of Georgian Bay that has been advocating on behalf of our members for over 100 years. We estimate that we reach and influence more than 30,000 residents of the Georgian Bay. Our mandate is to work with our water-based communities and other stakeholders to ensure the careful stewardship of the greater Georgian Bay environment.

In a survey we conducted recently, we found that the average occupancy of Georgian Bay cottages was nearly 12 people. This suggests that multiple generations and siblings are sharing the financial burden of rising property taxes, higher maintenance costs, and the overall increased cost of living in order to be able to keep their much-treasured properties in the family for future generations. That is not the profile of the ultra wealthy.

This issue also extends well beyond Georgian Bay. In all of Canada, there are over half a million family cottages facing similar challenges.

With rising property values over the years, being able to afford the capital gains to transfer cottages to the next generation has always been an issue. This capital gains tax rate increase will only make that more difficult. Although the impact is greater for long-held family cottages, it will also eventually affect new owners of family cottages.

Given that the legislation as written will likely impact a large segment of the Canadian population outside of the target demographic, we are confident that you can put in place appropriate mitigation strategies to ensure that the new tax only targets the ultra wealthy.

We thank you for your consideration.

Yours sincerely,

A handwritten signature in blue ink that reads "Rupert Kindersley". The signature is written in a cursive style with a horizontal line underneath the name.

Rupert Kindersley
Executive Director

Copy to:

Jagmeet Singh, Leader, NDP Party

Hon. Chrystia Freeland, Minister of Finance

Hon. Marie-Claude Bibeau, Minister of National Revenue

Hon. Anita Anand, President of the Treasury Board