

# Canadians divided on changes to tax treatment of private corporations

National survey released October 2<sup>nd</sup>, 2017

Project 2017-1082



THE GLOBE AND MAIL 

 NANOS SURVEY

# Summary

Canadians are largely split in saying whether the federal government's changes are a step in the right direction or in the wrong direction, with Canadians who are personally affected being much more likely to say it's a step in the wrong direction. The vast majority of Canadians are aware or somewhat aware of the changes recently proposed by the federal government to the tax treatment of private corporations, with just over one in two Canadians saying that they are not personally affected by these changes. Nearly six in ten Canadians oppose or somewhat oppose allowing the owners of small corporations to split income like this to reduce taxes paid, however Canadians who are personally affected by the tax changes have much higher levels of support than those who are not affected. Nearly one in two Canadians say small business owners should be able to invest and earn money within their private corporation, and support for this idea decreases with relative proximity to the tax changes.

- **Over three in four Canadians are aware or somewhat aware of the changes recently proposed by the federal government to the tax treatment of private corporations** – When asked their awareness of recent changes to the tax treatment of private companies proposed by the federal government, the majority of Canadians say they are aware (42%) or somewhat aware (35%). Fourteen per cent are unaware, while seven per cent are somewhat unaware. One per cent are unsure.
- **Majority of Canadians says that they are not personally affected by these changes** – When asked if they, a family member or a friend are affected by these changes, with multiple responses accepted, 52 per cent of Canadians say that they are not personally affected. Seventeen per cent say that a friend is personally affected by these tax treatment changes, 16 per cent say someone in their family is personally affected and 13 per cent say they are personally affected. Eighteen per cent are unsure.
- **Canadians are divided as to whether the federal government's changes are a step in the right direction** – When asked if federal government's changes are a step in the right direction or in the wrong direction based on what they have heard, 37 per cent of Canadians say right direction and 35 per cent say wrong direction. Twenty nine per cent are unsure. Of Canadians who say they are not personally affected by the tax changes, half say the changes are a step in the right direction (50%), compared to less than two in ten saying the same if they are personally affected (17%), and less than three in ten saying it is the right direction if someone in their family (27%) or a friend is personally affected (29%).



# Summary continued

- **Nearly six in ten Canadians oppose or somewhat oppose allowing the owners of small corporation to split income to reduce taxes paid** – When asked their level of support for allowing self-incorporated individuals who receive income through a private corporation they own to split income to reduce taxes paid, 56 per cent of Canadians say they oppose (32%) or somewhat oppose (24%) this, while just over four in ten Canadians say they support (21%) or somewhat support (20%) it. Four per cent are unsure. Canadians who are personally affected by the tax changes have much higher levels of support, with a strong majority saying they support (49%) or somewhat support (16%) it, and over half saying the same for individuals who have family affected (support: 33%, somewhat support: 23%) and who have a friend affected (support: 32%, somewhat support: 22%).
- **Nearly one in two Canadians say small business owners should be able to invest and earn money within their private corporation** – When asked about small business owners currently being allowed to use their private corporation to make investments and earn income that are unrelated to their business such as company stocks, 48 per cent of Canadians say that small business owners should be allowed to invest and earn money within their private corporation, while 37 per cent say that small business owners should not be able to pay less tax just because they are incorporated. Fifteen per cent are unsure. Over four in five Canadians who are personally affected by the tax changes say that small business owners should be able to invest and earn money within their private corporation (83%), compared to only two in five saying the same if they are not personally affected by the tax changes (40%).

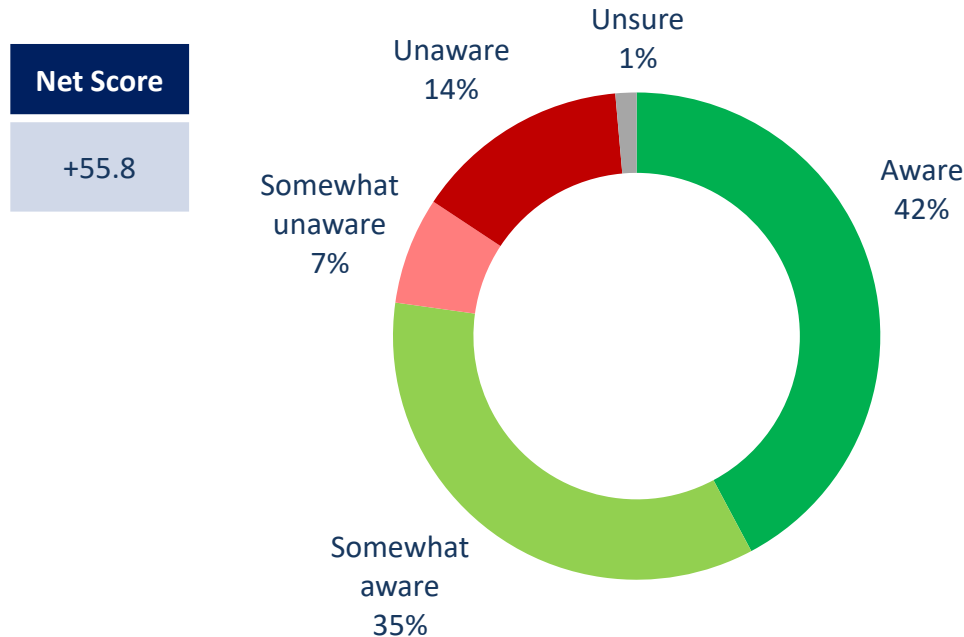
These observations are based on a Nanos RDD dual frame (land- and cell-lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, conducted between September 23<sup>rd</sup> and 26<sup>th</sup>, 2017 as part of an omnibus survey. Participants were randomly recruited by telephone using live agents and administered a survey online. The margin of error for a random survey of 1,000 Canadians is  $\pm 3.1$  percentage points, 19 times out of 20.

This research is commissioned by The Globe and Mail and conducted by Nanos Research.



# Changes to tax treatment of private corporations

Source: The Globe and Mail/Nanos Research, RDD dual frame hybrid telephone and online random survey, September 23<sup>rd</sup> to 26<sup>th</sup>, 2017, n=1000, accurate 3.1 percentage points plus or minus, 19 times out of 20.



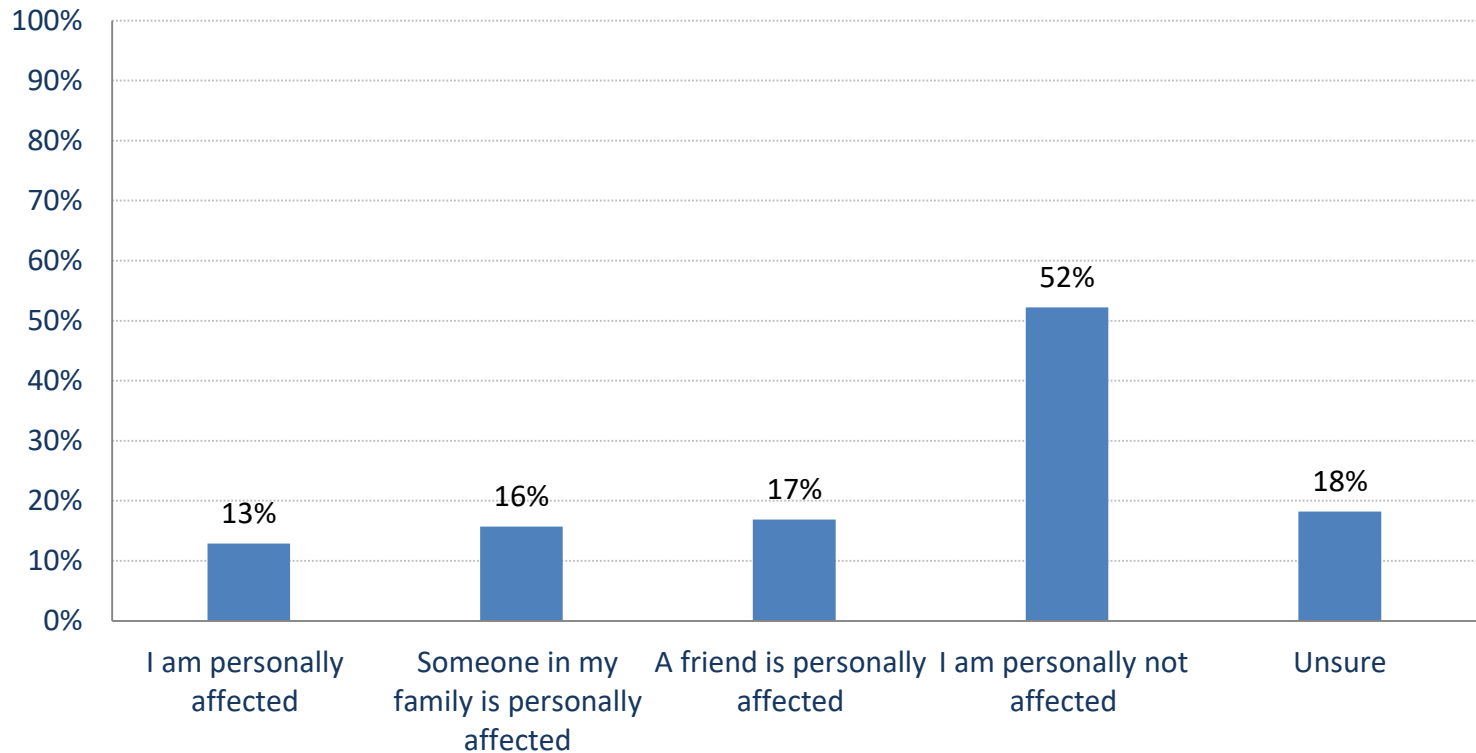
Subgroups	Aware/ Somewhat aware
I am personally affected (n=128)	93.8%
Someone in my family is personally affected (n=156)	94.0%
A friend is personally affected (n=166)	93.3%
I am personally not affected (n=531)	84.7%
Unsure (n=176)	30.6%

**\*Note:** Charts may not add up to 100 due to rounding

**QUESTION** – The federal government recently proposed changes to the tax treatment of private corporations. Are you aware, somewhat aware, somewhat unaware, or unaware of these changes?

# Proximity to change effects

Source: The Globe and Mail/Nanos Research, RDD dual frame hybrid telephone and online random survey, September 23<sup>rd</sup> to 26<sup>th</sup>, 2017, n=1000, accurate 3.1 percentage points plus or minus, 19 times out of 20.

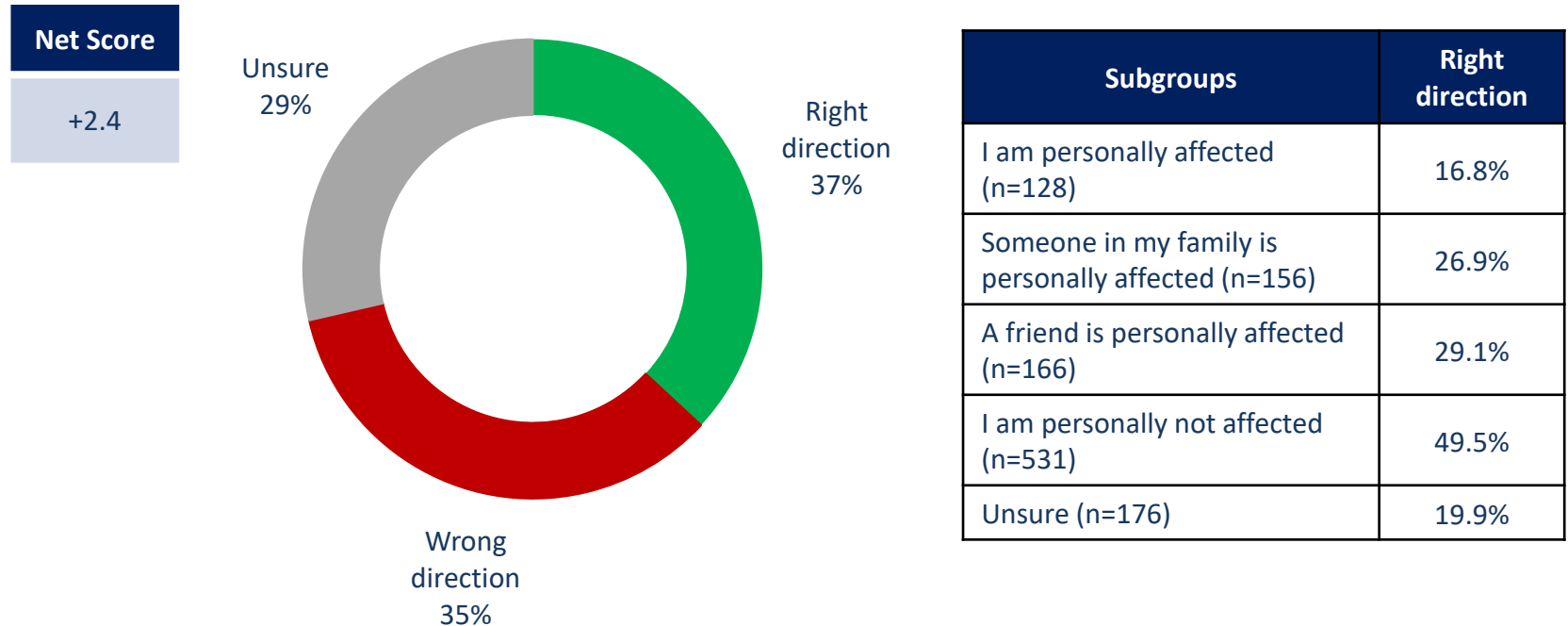


**QUESTION** – As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]



# Opinion on tax changes

Source: The Globe and Mail/Nanos Research, RDD dual frame hybrid telephone and online random survey, September 23<sup>rd</sup> to 26<sup>th</sup>, 2017, n=1000, accurate 3.1 percentage points plus or minus, 19 times out of 20.

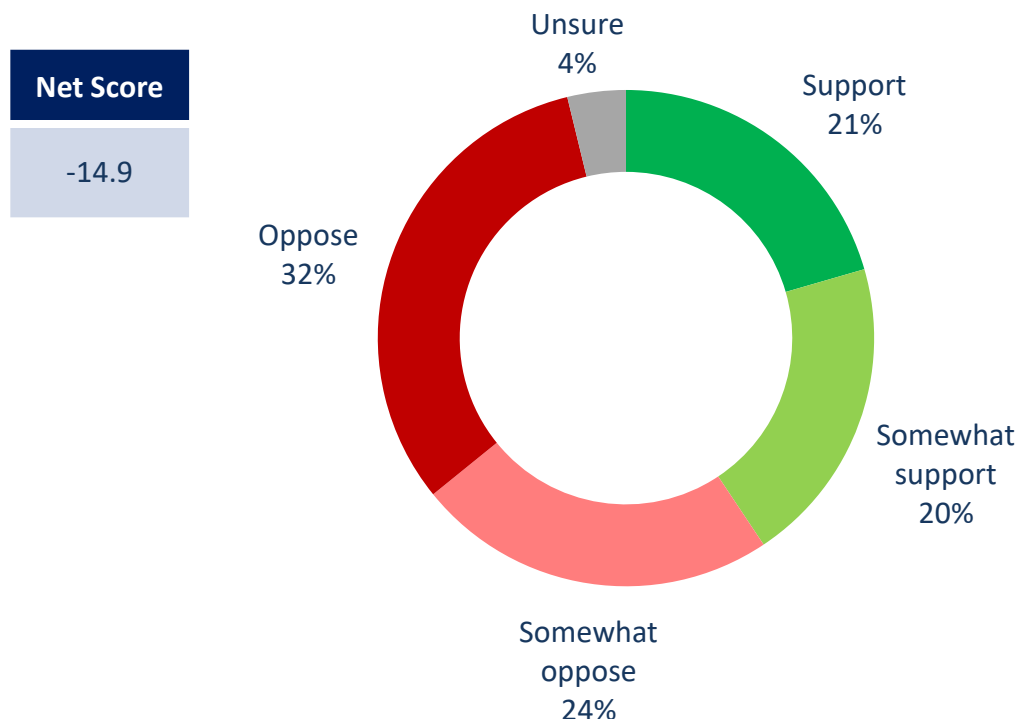


**\*Note:** Charts may not add up to 100 due to rounding

**QUESTION** - Based on what you have heard, would you say the federal government's changes are a step in the right direction or in the wrong direction?

# Income splitting for self-incorporated individuals

Source: The Globe and Mail/Nanos Research, RDD dual frame hybrid telephone and online random survey, September 23<sup>rd</sup> to 26<sup>th</sup>, 2017, n=1000, accurate 3.1 percentage points plus or minus, 19 times out of 20.



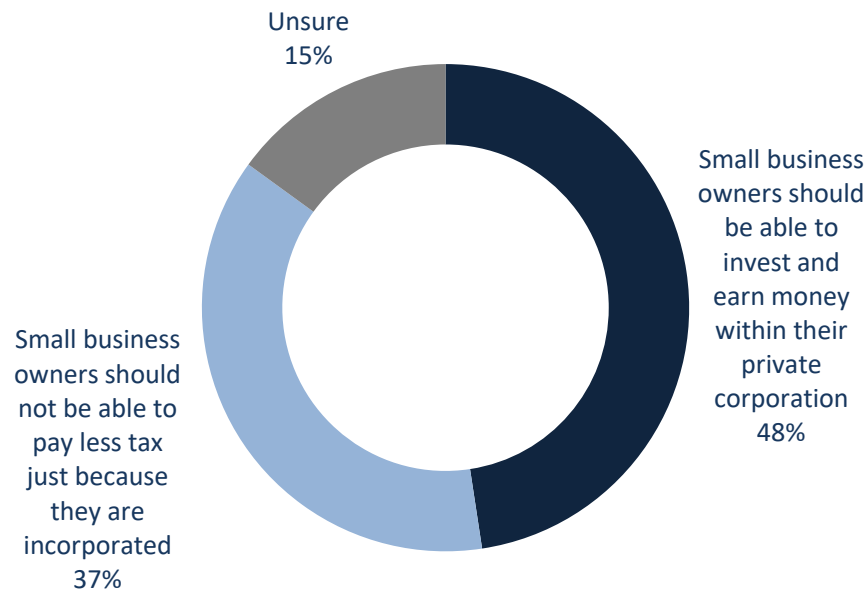
Subgroups	Oppose/ Somewhat oppose
I am personally affected (n=128)	33.9%
Someone in my family is personally affected (n=156)	40.9%
A friend is personally affected (n=166)	46.0%
I am personally not affected (n=531)	63.5%
Unsure (n=176)	56.5%

**\*Note:** Charts may not add up to 100 due to rounding

**QUESTION** – Under current rules, there are self-incorporated individuals like doctors and farmers who receive income through a private corporation they own. Under certain conditions, this allows them to be able to share or split their income with spouses and adult children to reduce taxes paid, regardless of whether or not the family members work for the business. Do you support, somewhat support, somewhat oppose, or oppose allowing the owners of small corporation to split income like this to reduce taxes paid.

# Small business owners investments

Source: The Globe and Mail/Nanos Research, RDD dual frame hybrid telephone and online random survey, September 23<sup>rd</sup> to 26<sup>th</sup>, 2017, n=1000, accurate 3.1 percentage points plus or minus, 19 times out of 20.



**\*Note:** Charts may not add up to 100 due to rounding

Subgroups	Small business owners should be able to invest and earn money within their private corporation
I am personally affected (n=128)	82.7%
Someone in my family is personally affected (n=156)	62.2%
A friend is personally affected (n=166)	58.8%
I am personally not affected (n=531)	39.9%
Unsure (n=176)	40.9%

**QUESTION** – Small business owners are currently allowed to use their private corporation to make investments and earn income that are unrelated to their business such as company stocks. Some say this arrangement allows small business owners to save for retirement and to have a source of emergency funds. Others say small business owners should not be able to pay less tax just because they are incorporated.





## Methodology

# Methodology

Nanos conducted an RDD dual frame (land- and cell-lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between September 23<sup>rd</sup> and 26<sup>th</sup>, 2017 as part of an omnibus survey. Participants were randomly recruited by telephone using live agents and administered a survey online. The sample included both land- and cell-lines across Canada. The results were statistically checked and weighted by age and gender using the latest Census information and the sample is geographically stratified to be representative of Canada.

Individuals randomly called using random digit dialling with a maximum of five call backs.

The margin of error for a random survey of 1,000 Canadians is  $\pm 3.1$  percentage points, 19 times out of 20.

The data presented in this research is part of a joint project by The Globe and Mail and Nanos Research.

Note: Charts may not add up to 100 due to rounding.



# Technical Note

Element	Description	Element	Description
Organization who commissioned the research	Globe and Mail	Weighting of Data	The results were weighted by age and gender using the latest Census information (2014) and the sample is geographically stratified to ensure a distribution across all regions of Canada. See tables for full weighting disclosure
Final Sample Size	1,000 Randomly selected individuals.	Screening	Screening ensured potential respondents did not work in the market research industry, in the advertising industry, in the media or a political party prior to administering the survey to ensure the integrity of the data.
Margin of Error	±3.1 percentage points, 19 times out of 20.	Excluded Demographics	Individuals younger than 18 years old; individuals without land or cell line could not participate.
Mode of Survey	RDD dual frame (land- and cell-lines) hybrid telephone and online omnibus survey	Stratification	By age and gender using the latest Census information (2014) and the sample is geographically stratified to be representative of Canada. Smaller areas such as Atlantic Canada were marginally oversampled to allow for a minimum regional sample.
Sampling Method Base	The sample included both land- and cell-lines RDD (Random Digit Dialed) across Canada.	Estimated Response Rate	14 percent, consistent with industry norms.
Demographics (Captured)	Atlantic Canada, Quebec, Ontario, Prairies, British Columbia; Men and Women; 18 years and older. Six digit postal code was used to validate geography.	Question Order	Question order in the preceding report reflects the order in which they appeared in the original questionnaire.
Demographics (Other)	Age, gender, education, income	Question Content	This was module three of an omnibus survey. Preceding modules asked about the top unprompted national issue of concern, and government policies and climate change.
Fieldwork/Validation	Live interviews with live supervision to validate work as per the MRIA Code of Conduct	Question Wording	The questions in the preceding report are written exactly as they were asked to individuals.
Number of Calls/	Maximum of five call backs.	Survey Company	Nanos Research
Time of Calls	Individuals were called between 12-5:30 pm and 6:30-9:30pm local time for the respondent.	Contact	Contact Nanos Research for more information or with any concerns or questions. <a href="http://www.nanosresearch.com">http://www.nanosresearch.com</a> Telephone:(613) 234-4666 ext. Email: info@nanosresearch.com.
Field Dates	September 23 <sup>rd</sup> to 26 <sup>th</sup> , 2017.		
Language of Survey	The survey was conducted in both English and French.		

# About Nanos

Nanos is one of North America's most trusted research and strategy organizations. Our team of professionals is regularly called upon by senior executives to deliver superior intelligence and market advantage whether it be helping to chart a path forward, managing a reputation or brand risk or understanding the trends that drive success. Services range from traditional telephone surveys, through to elite in-depth interviews, online research and focus groups. Nanos clients range from Fortune 500 companies through to leading advocacy groups interested in understanding and shaping the public landscape. Whether it is understanding your brand or reputation, customer needs and satisfaction, engaging employees or testing new ads or products, Nanos provides insight you can trust.



## Tabulations

**2017-1082 – Globe and Mail/Nanos Survey – Federal Tax on Private Corporations - STAT SHEET**

			Region						Gender		Age		
			Canada 2017-09	Atlantic Canada	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	35 to 54	55 plus
Question - The federal government recently proposed changes to the tax treatment of private corporations. Are you aware, somewhat aware, somewhat unaware, or unaware of these changes?	Total	Unwgt N	1000	100	250	300	200	150	504	496	208	390	402
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	Aware	%	42.2	39.2	30.5	43.7	50.3	49.6	49.9	34.7	35.1	43.9	45.6
	Somewhat aware	%	35.0	39.3	38.9	31.7	33.1	34.7	31.2	38.7	29.9	36.8	36.9
	Somewhat unaware	%	7.1	5.6	8.5	7.7	5.2	7.1	6.5	7.7	10.2	6.7	5.3
	Unaware	%	14.3	12.9	19.5	16.3	10.6	7.5	11.4	17.1	24.4	11.6	9.6
	Unsure	%	1.4	3.0	2.5	.6	.8	1.2	1.0	1.9	.4	1.0	2.5

			Region						Gender		Age		
			Canada 2017-09	Atlantic Canada	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	35 to 54	55 plus
Question - As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]	Total	Unwgt N	1000	100	250	300	200	150	504	496	208	390	402
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	I am personally affected	%	12.9	9.2	8.4	12.9	17.4	16.9	14.8	11.1	15.3	15.7	8.8
	Someone in my family is personally affected	%	15.7	12.5	11.3	12.4	25.0	19.5	15.5	16.0	15.4	14.0	17.5
	A friend is personally affected	%	16.9	14.0	12.9	15.6	22.7	20.5	20.3	13.6	20.7	16.6	14.5
	I am personally not affected	%	52.2	56.6	58.0	50.0	46.8	50.9	54.2	50.2	38.2	50.6	63.2
	Unsure	%	18.2	18.8	18.1	23.5	13.0	14.6	14.1	22.2	26.4	17.0	13.6

Nanos conducted an RDD dual frame (land- and cell- lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between September 23<sup>rd</sup> and 26<sup>th</sup>, 2017. The margin of error for a random survey of 1,000 Canadians is  $\pm 3.1$  percentage points, 19 times out of 20.

[www.nanosresearch.com](http://www.nanosresearch.com)

**2017-1082 – Globe and Mail/Nanos Survey – Federal Tax on Private Corporations - STAT SHEET**

			Region						Gender		Age		
			Canada 2017-09	Atlantic Canada	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	35 to 54	55 plus
Question - Based on what you have heard, would you say the federal government's changes are a step in the right direction or in the wrong direction?	Total	Unwgt N	1000	100	250	300	200	150	504	496	208	390	402
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	Right direction	%	36.9	36.9	38.9	37.1	27.3	45.7	36.7	37.0	28.1	32.0	47.2
	Wrong direction	%	34.5	34.7	26.9	33.1	51.0	27.9	39.1	30.1	35.4	41.1	28.2
	Unsure	%	28.6	28.4	34.2	29.8	21.7	26.3	24.2	32.8	36.5	26.9	24.6

			Region						Gender		Age		
			Canada 2017-09	Atlantic Canada	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	35 to 54	55 plus
Question - Under current rules, there are self-incorporated individuals like doctors and farmers who receive income through a private corporation they own. Under certain conditions, this allows them to be able to share or split their income with spouses and adult children to reduce taxes paid, regardless of whether or not the family members work for the business. Do you support, somewhat support, somewhat oppose, or oppose allowing the owners of small corporation to split income like this to reduce taxes paid.	Total	Unwgt N	1000	100	250	300	200	150	504	496	208	390	402
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	Support	%	20.5	12.2	15.6	23.6	30.0	15.6	23.1	18.1	25.5	21.6	16.1
	Somewhat support	%	20.1	20.3	15.0	19.8	24.5	23.4	19.6	20.6	16.5	23.3	19.9
	Somewhat oppose	%	23.5	25.6	28.5	22.8	17.5	23.3	19.1	27.8	20.7	24.5	24.6
	Oppose	%	32.0	41.1	36.3	30.6	23.3	33.3	35.4	28.7	33.2	26.9	35.6
	Unsure	%	3.8	.8	4.6	3.2	4.8	4.4	2.8	4.7	4.0	3.7	3.7

Nanos conducted an RDD dual frame (land- and cell- lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between September 23<sup>rd</sup> and 26<sup>th</sup>, 2017. The margin of error for a random survey of 1,000 Canadians is  $\pm 3.1$  percentage points, 19 times out of 20.

[www.nanosresearch.com](http://www.nanosresearch.com)

**2017-1082 – Globe and Mail/Nanos Survey – Federal Tax on Private Corporations - STAT SHEET**

			Region						Gender		Age		
			Canada 2017-09	Atlantic Canada	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	35 to 54	55 plus
Question - Small business owners are currently allowed to use their private corporation to make investments and earn income that are unrelated to their business such as company stocks. Some say this arrangement allows small business owners to save for retirement and to have a source of emergency funds. Others say small business owners should not be able to pay less tax just because they are incorporated.	Total	Unwgt N	1000	100	250	300	200	150	504	496	208	390	402
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	Small business owners should be able to invest and earn money within their private corporation	%	47.6	43.9	39.1	50.9	55.7	46.8	48.9	46.4	48.7	50.7	44.1
	Small business owners should not be able to pay less tax just because they are incorporated	%	37.4	40.9	46.4	34.2	29.6	36.7	39.3	35.6	34.9	34.4	41.8
	Unsure	%	15.0	15.2	14.5	14.8	14.7	16.5	11.8	18.0	16.4	14.9	14.1

Nanos conducted an RDD dual frame (land- and cell- lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between September 23<sup>rd</sup> and 26<sup>th</sup>, 2017. The margin of error for a random survey of 1,000 Canadians is  $\pm 3.1$  percentage points, 19 times out of 20.

[www.nanosresearch.com](http://www.nanosresearch.com)



**2017-1082 – Globe and Mail/Nanos Survey – Federal Tax on Private Corporations Crosstabs - STAT SHEET**

			Question - As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]					
			Canada 2017-09	I am personally affected	Someone in my family is personally affected	A friend is personally affected	I am personally not affected	Unsure
Question - The federal government recently proposed changes to the tax treatment of private corporations. Are you aware, somewhat aware, somewhat unaware, or unaware of these changes?	Total	Unwgt N	1000	128	156	166	531	176
		Wgt N	1000	129	157	169	522	182
	Aware	%	42.2	73.9	60.5	63.2	42.1	8.8
	Somewhat aware	%	35.0	19.9	33.5	30.1	42.6	21.8
	Somewhat unaware	%	7.1	4.7	4.8	5.1	5.3	14.3
	Unaware	%	14.3	1.6	1.2	1.5	9.0	50.0
	Unsure	%	1.4	.0	.0	.0	1.0	5.1

			Question - As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]					
			Canada 2017-09	I am personally affected	Someone in my family is personally affected	A friend is personally affected	I am personally not affected	Unsure
Question - Based on what you have heard, would you say the federal government's changes are a step in the right direction or in the wrong direction?	Total	Unwgt N	1000	128	156	166	531	176
		Wgt N	1000	129	157	169	522	182
	Right direction	%	36.9	16.8	26.9	29.1	49.5	19.9
	Wrong direction	%	34.5	77.9	61.7	55.5	23.3	19.3
	Unsure	%	28.6	5.3	11.5	15.4	27.2	60.8

**2017-1082 – Globe and Mail/Nanos Survey – Federal Tax on Private Corporations Crosstabs - STAT SHEET**

			Question - As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]					
			Canada 2017-09	I am personally affected	Someone in my family is personally affected	A friend is personally affected	I am personally not affected	Unsure
Question - Under current rules, there are self-incorporated individuals like doctors and farmers who receive income through a private corporation they own. Under certain conditions, this allows them to be able to share or split their income with spouses and adult children to reduce taxes paid, regardless of whether or not the family members work for the business. Do you support, somewhat support, somewhat oppose, or oppose allowing the owners of small corporation to split income like this to reduce taxes paid.	Total	Unwgt N	1000	128	156	166	531	176
		Wgt N	1000	129	157	169	522	182
	Support	%	20.5	49.2	33.4	32.0	14.3	13.3
	Somewhat support	%	20.1	16.4	22.9	22.0	18.2	23.7
	Somewhat oppose	%	23.5	16.3	21.2	24.5	25.6	23.8
	Oppose	%	32.0	17.6	19.7	21.5	37.9	32.7
	Unsure	%	3.8	.6	2.7	.0	4.0	6.5

			Question - As far as you know, are you, a family member or friend affected by these changes [Select as many as apply]					
			Canada 2017-09	I am personally affected	Someone in my family is personally affected	A friend is personally affected	I am personally not affected	Unsure
Question - Small business owners are currently allowed to use their private corporation to make investments and earn income that are unrelated to their business such as company stocks. Some say this arrangement allows small business owners to save for retirement and to have a source of emergency funds. Others say small business owners should not be able to pay less tax just because they are incorporated.	Total	Unwgt N	1000	128	156	166	531	176
		Wgt N	1000	129	157	169	522	182
	Small business owners should be able to invest and earn money within their private corporation	%	47.6	82.7	62.2	58.8	39.9	40.9
	Small business owners should not be able to pay less tax just because they are incorporated	%	37.4	13.2	24.1	30.3	44.9	38.8
	Unsure	%	15.0	4.1	13.8	10.8	15.2	20.4