

Fact Sheet

Small Business Tax

- In line with the federal phase out announced in 2013, B.C. Budget 2014 amended the Income Tax Act to phase out the provincial preferential income tax treatment for credit unions over 5 years starting next year in 2016.
- The effective tax rate on credit unions is expected to rise from 16.5 per cent in 2013 to 22.6 per cent in 2020.
- The provincial preferred rate will continue in all other provinces, even though credit unions there are also affected by the federal phase out

Talking Points: Small Business Tax

- By making the temporary deferral permanent, the government can prevent one of the largest tax increases on B.C.'s credit unions in history.
- Credit unions will lose \$24 million in retained earnings annually which translates into approximately \$395 million in loans.
- Retained earnings are important to credit unions, as they can't easily access capital markets.
- All other provincial governments have maintained the small business tax rate for credit unions.

Credit Union Investment in British Columbia

- B.C. credit unions play an important role in driving economic growth in the communities they serve.
- In 2014, credit unions in B.C. produced approximately \$1.19 billion in GDP
- Credit unions serve over 1.9 million members in 142 communities across B.C., including 42 communities where there are no other financial institutions.
- In 2014, B.C. credit unions and Central 1 together accounted for \$1.62 billion in salaries and benefits for the 17,897 jobs they create.

Talking Points: Credit Union Investment in British Columbia

- Credit unions are strong, stable cooperative financial institutions committed to the prosperity of the communities they serve.

Other facts

- Credit unions are among the top lenders to small businesses.
- Every \$1 million of interest income generated at a credit union results in 14 jobs compared to only 8 for other financial institutions.