CFIB Webinar

Key Updates on Federal Budget and Programs

Webinar series #65
TODAY’s CFIB PRESENTERS

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AGENDA

1. Welcome
2. Small business take on federal budget
3. Changes to the temporary foreign worker program
4. Covid supports ending - What you need to know
5. Your questions
When you forget your mask at the coffee shop...

All tuckered out
Try to be a rainbow in someone’s cloud.

- Maya Angelou
State of Small Business

Small businesses are still feeling the impacts of the pandemic, with only 2 in 5 making normal sales (42%), just over a third reporting no pandemic related debt (35%) and less than 1 in 5 indicating they are not holding any pandemic-related stress (18%).

- **Normal sales**: 42%
  - About the usual (33%)
  - Better than usual (9%)

- **No pandemic debt**: 35%
  - Repaid all of it (11%)
  - Not applicable – never took on pandemic-debt (24%)

- **Recovered from pandemic stress**: 18%
  - Completely recovered (11%)
  - Not applicable – never had pandemic-stress (7%)

Source: CFIB, Your Voice - April 2022 survey, April 8-12, 2022, preliminary results, n (sales) = 1,284, n (debt) = 1,278 and n (stress) = 1,280.
Currently, how difficult are the following for your business?

Small businesses are having the greatest of difficulties keeping up with general costs, such as gas and inputs (90%), and with government costs, such as taxes and fees (82%). A majority are also finding it difficult finding staff, getting the products they need, and making a profit.

<table>
<thead>
<tr>
<th>Difficulty</th>
<th>Very difficult</th>
<th>Somewhat difficult</th>
<th>Not very difficult</th>
<th>Not difficult at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping up with other costs (such as gas, inputs, insurance, etc.)</td>
<td>53</td>
<td>37</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Keeping up with government costs (such as taxes, premiums, fees, etc.)</td>
<td>41</td>
<td>41</td>
<td>14</td>
<td>2</td>
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<tr>
<td>Getting the products we need for production/sales</td>
<td>42</td>
<td>39</td>
<td>10</td>
<td>3</td>
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<tr>
<td>Finding staff</td>
<td>47</td>
<td>33</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Making a profit</td>
<td>33</td>
<td>41</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Getting customers to return to buying our products and/or services, including in-person</td>
<td>12</td>
<td>32</td>
<td>29</td>
<td>15</td>
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</tbody>
</table>

Source: CFIB, Your Voice - April 2022 survey, April 8-12, 2022, preliminary results, n = between 1,246 and 1,287 per option.
Note: Not shown in the middle of the bars: shares of respondents indicating “Don’t know/Unsure” and “Not applicable”.
Federal Budget

Overall

- Missed opportunity to help small business recover from COVID
- Heavy focus on new spending in many areas including defence, housing, environment, social programs (e.g. dental care) and more
- Deficits projected for next 5 years with 2022/23 deficit expected to be $52.8 billion but still at $8 billion by 2026/27
Federal Budget

Some good news

- Will increase taxable capital limits on the small business tax rate from $15 million to $50 million.
  - Means capital-intensive firms will no longer lose access to the lower 9% tax rate on the first $500,000 in corporate income when they reach $15 million in taxable capital.

- Will establish Employee Ownership Trusts to support employee ownership.
  - Could be an important succession option for those looking to exit their business.
Federal Budget

Some more good news

- Will introduce a Labour Mobility Deduction, which would allow tradespersons to deduct up to $4,000/year in eligible travel and temporary relocation expenses starting in 2022.

- Will examine the rollover provisions for small business investments which allows investors to defer tax on capital gains to ensure the tax system is providing adequate support to growing businesses.

- Will introduce a new banking complaints handling system which will hopefully include small business and payments related complaints
Federal Budget

Not-so-good news

- No further COVID-related measures to support small business debt or recovery. All pandemic relief programs will end May 7th.

- Very little to reduce costs of doing business
  - Increases to both EI and CPP in 2023. EI deficit reaching $33 billion in 2022/23.
  - No new action on reducing credit card fees despite previous budget promises
  - No mention of freezing carbon taxes or making carbon tax fairer to SMEs
  - No broad movement on reducing red tape

- Eliminating the 100% Canadian wine excise tax exemption by June 2022
Helpfulness of the measures announced in the 2022 federal budget according to small businesses

76% of business owners found the measures announced in the 2022 federal budget not helpful at all (36%) or not very helpful (40%). Only 15% indicated they would be useful for their business.

Source: CFIB, Your Voice - April 2022 survey, April 8-12, 2022, preliminary results, n = 1,317.
Question: How helpful will the measures announced in the 2022 federal budget be to your business?
Proposing to create the Employee Ownership Trust so business owners can more easily transfer their business to a group of their employees

Introducing new housing measures, including support for affordable housing and first-time home buyers

Providing a $4,000 deduction for tradespeople and apprentices for temporary relocation expenses

Improving access to the Temporary Foreign Worker (TFW) Program

Phasing out all COVID-19 business support programs as of May 7, 2022

Introducing a national dental care program

Raising the taxable capital limit to access the federal small business tax rate from $15 million to $50 million

Delaying plans to balance the budget with the deficit projected to be $8.4 billion by 2026/27

Source: CFIB, Your Voice - April 2022 survey, April 8-12, 2022, preliminary results, n = between 1,294 and 1,305 per option.

Note: Not shown in the middle of the bars: shares of respondents indicating “Don’t know/Unsure” and “Not applicable”.

Question: Please indicate your level of support for each of the following elements that may impact your business that were announced in the 2022 federal budget.
Changes to Temporary Foreign Worker Program

Changes include:

- Removal of the Refusal to Process policy.
  - This policy limited the ability of businesses in accommodation, food services and retail trade to access TFWs when the regional unemployment rate was more than 6%. **Effective April 30th.**

- For some sectors, such as Accommodation and Food Services, employers will be allowed to hire up to 30% of their workforce through the TFW Program for low-wage positions for one year.
  - All other employers will be allowed to hire up to 20% of their workforce through the TFW Program for low-wage positions until further notice, an increase from the former 10% cap for many employers. **Effective April 30th.**
Changes to Temporary Foreign Worker Program (cont’d)

• Labour Market Impact Assessments (LMIA) will be valid for 18 months (up from 9 months)
  • This will reduce the potential for duplication of application and costs should an LMIA expire prior to a work permit being issued. **Effective immediately.**

• No longer a limit to the number of low-wage positions that employers in seasonal industries, can fill through the TFW Program
  • The maximum duration of these positions will be increased from 180 days to 270 days per year. **Effective immediately.**

• The maximum duration of employment for High-Wage and Global Talent Streams workers will be extended from two years to three years. **Effective immediately.**
Federal COVID Programs Winding Down

COVID Relief Programs - Period ending May 7th will be final period for which you can apply. This includes:

- Tourism and Hospitality Recovery Program
- Hardest Hit Business Recovery Program
- Canada Recovery Hiring Program

You will have up to 180 days after the end of a claim period to apply.

- For period 28, which runs from April 10th to May 7th - you will have until November 3rd, 2022, to apply.
- You have until April 21st, 2022, to apply for period 21 which ran from Sept. 26 to Oct. 23rd, 2021.
Federal COVID Programs Winding Down

COVID Relief Programs - Other programs

- Canada Emergency Business Account (CEBA) ended June 30\textsuperscript{th}, 2021
  - Program now fully closed - no further adjustments will be made
  - Collections of loans for those deemed not eligible will start soon (about 5% of all applicants)
- Highly Affected Sector Credit Availability Program (HASCAP) ended on March 31\textsuperscript{st}, 2022.

CFIB continues to call on government to help hard-hit small business with COVID-related debt relief. This could include:
- increasing the forgivable portion of the CEBA loan
- extending the CEBA repayment deadline to end of 2024
Upcoming

Webinar with Deputy Prime Minister and Finance Minister, Chrystia Freeland - Thursday, April 14th at 3pm EDT

You can still register, here