



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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The small business vote

Priorities for British Columbia's Provincial election 2026

Summary of B.C. Small Business Top Priorities

The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses, representing 103,000 members across every industry and region, including over 10,000 small businesses in British Columbia. Ahead of the October 24, 2026, provincial election, CFIB is asking every party and candidate to commit to five priorities that B.C. small business owners say would make the biggest difference:

1. [Lower the cost of doing business](#): reduce the small business tax rate toward zero by 2030 and raise the small business deduction threshold to \$700,000, indexed to inflation.
2. [Hold the line on payroll costs](#): raise the Employer Health Tax exemption to \$1.5 million, indexed to inflation, offset the cost of employer paid sick days and don't add any more.
3. [Cut red tape](#): restore a minister responsible for red tape reduction, legislate a two-for-one rule, set predictable response times for government processes and get B.C. back to an A on CFIB's [Red Tape Report Card](#).
4. [Get the province's books in order](#): restore the ministerial salary holdback tied to a balanced budget and commit to a credible plan to eliminate the nearly \$13.8 billion deficit without new costs for small businesses.
5. [Make the PST pause permanent](#) by repealing the Budget 2026 expansion to professional services. The pause was the right call, and a temporary regulation is not the same as a repeal.

"Ultimately if it is the desire of the province that small businesses continue to be able to offer and even expand employment opportunities for BC residents, small businesses cannot be taxed or experience increased financial burdens as there is a limit as to what we can pass on to consumers before it starts to negatively impact the traffic/amount of business we get."

— Retail Business Owner, Qualicum Beach, B.C.

Small Business Priorities for B.C.'s Next Government

On October 24, 2026, British Columbians will elect a new provincial government, two years ahead of the fixed election date. The next government's decisions on taxes, payroll costs, regulation and the province's finances will shape whether small businesses can survive, invest and grow. CFIB is asking every party and candidate to commit to five practical priorities that will lower costs and make it easier to run a small business in B.C.

This election comes at a critical time for entrepreneurship in British Columbia. The province is experiencing an [entrepreneurial drought](#), with more businesses closing than opening for five consecutive quarters.¹ More than one in four B.C. small businesses (27%) describe their condition as weak or critical,

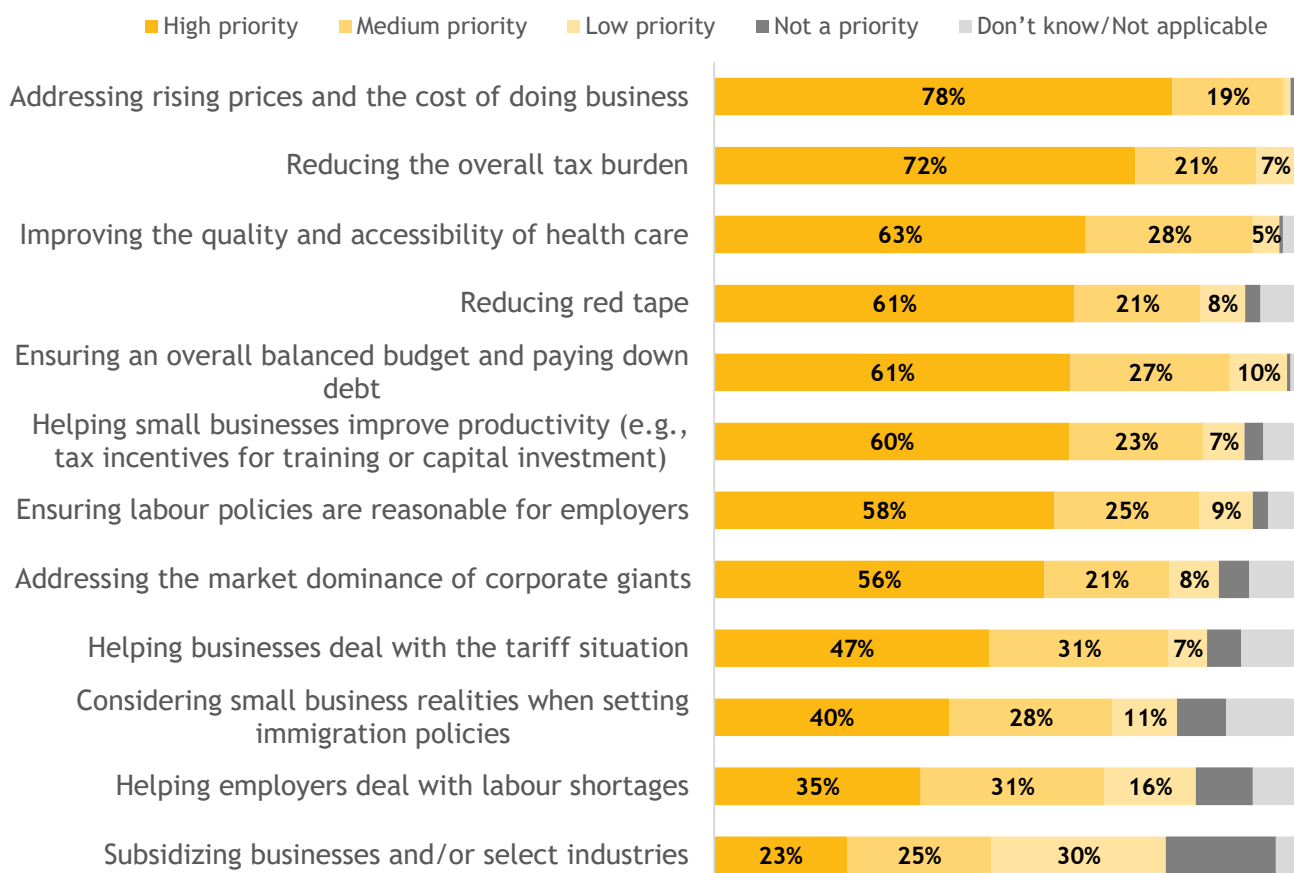
¹ CFIB, "Budget 2027 consultation committee calls for cancellation of PST expansion to professional services," news release, August 11, 2026, <https://www.cfib-fcei.ca/en/media/budget-2027-consultation-committee-calls-for-cancellation-of-pst-expansion-to-professional-services>; CFIB, *Canada's Entrepreneurial Drought*, <https://www.cfib-fcei.ca/en/site/canadas-entrepreneurial-drought>.

and more than half (56%) of owners say they would not advise someone to start a business now. Among those owners, 92% point to the high cost of doing business, 74% to the tax burden and 54% to heavy government regulation.² CFIB's [Business Barometer®](#) confidence index for B.C. fell to 54.2 in September, well below its recent high of 67.4 in December 2025,³ and 92% of B.C. owners are not confident the provincial government has their back as a business owner.⁴ Without action, B.C. risks losing the local jobs, services and independent businesses that keep communities across the province strong.

Small business owners want the next provincial government to bring down costs, hold the line on payroll taxes, cut red tape, get the province's finances back on track and take the PST expansion off the books for good. Figure 1 shows how B.C. small business owners rate the priority governments should place on key issues in 2026.

FIGURE 1

Share of B.C. small business owners rating each issue as a priority for governments in 2026



Source: CFIB, Your Voice Survey - February 2026, February 5-25, Final Results, B.C. n=154-155.

² CFIB, Your Voice Survey – August 2026, August 18-31, Final Results, B.C. n=227-229. Reasons are based on B.C. owners who would not advise someone to start a business now, n=126.

³ CFIB, "B.C. small businesses confidence drops heading into snap election," news release, September 24, 2026 (*Monthly Business Barometer®*, September 2026).

⁴ CFIB, Your Voice Survey – April 2026, April 9-27, Final Results, B.C. n=189.

Small Business Priorities

Based on this feedback and CFIB's ongoing work with small businesses across the province, CFIB is calling on all parties and candidates to commit to these five priorities in the 2026 provincial election.

Priority 1: Lower the Cost of Doing Business

Rising costs are the top concern for B.C. small business owners. More than three-quarters (78%) say addressing rising prices and the cost of doing business should be a high priority for governments, and 72% say the same about reducing the overall tax burden.⁵ Taxes also weigh more heavily here than elsewhere: 59% of B.C. owners name taxes among their biggest challenges, compared with 48% nationally.⁶ Tax and regulatory costs (71%) are the cost pressure B.C. owners cite most often, ahead of wage costs (65%) and fuel costs (57%).⁷

Nearly three-quarters (74%) of B.C. small business owners say the high cost of doing business, including taxes and payroll costs, is a challenge when deciding whether to invest in their business. When asked which taxes governments should prioritize for cuts, B.C. owners put the small business corporate income tax at the top of the list (62%).⁸

“Reduce! Reduce! Reduce! Reduce spending, reduce bureaucracy, reduce taxes. Every increase in costs WILL be passed on to consumers/end users.”

— Manufacturing Business Owner, Langley, B.C.

B.C.'s small business corporate income tax rate is 2% on the first \$500,000 of active business income, and income above that limit is taxed at the 12% general rate.⁹ The \$500,000 threshold is not indexed to inflation, so rising prices push more growing firms over the limit each year. A lower rate and a higher, indexed threshold would leave more money in the business to pay staff, invest and absorb shocks like U.S. tariffs and higher fuel costs. Removing PST from capital purchases would help too: CFIB's [Removing Roadblocks](#) report estimates that exempting machinery and equipment alone could boost small business investment in B.C. by about 17%, or \$1.6 billion.¹⁰

Recommendations

- ✓ Reduce the small business corporate income tax rate from 2% toward zero by 2030.
- ✓ Raise the small business deduction threshold from \$500,000 to \$700,000 and index it to inflation.

⁵ CFIB, Your Voice Survey – February 2026, February 5-25, Final Results, B.C. n=154-155.

⁶ CFIB, Your Voice Survey – April 2026, April 9-27, Final Results, B.C. n=194; national n=1,611.

⁷ CFIB, “B.C. small businesses confidence drops heading into snap election,” news release, September 24, 2026 (*Monthly Business Barometer*®, September 2026).

⁸ CFIB, Your Voice Survey – June 2026, June 4-29, Final Results, B.C. n=188 (investment challenges) and n=197 (tax priorities).

⁹ Canada Revenue Agency, British Columbia – Provincial corporation tax, updated March 17, 2026. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/provincial-territorial-corporation-tax/british-columbia-provincial-corporation-tax.html>.

¹⁰ CFIB, *Removing Roadblocks: Unlocking Small Business Capital Investment*, January 2025. <https://www.cfib-fcei.ca/en/research-economic-analysis/removing-roadblocks-unlocking-small-business-capital-investment>.

- ✓ Remove PST from capital investments, including machinery and equipment, and from key business inputs.
- ✓ Provide ongoing relief from high fuel and energy costs, including provincial fuel tax relief.
- ✓ Lower the provincial school tax rate on eligible small business properties.
- ✓ Enable municipalities to create a small business property tax subclass within the commercial class, with relief that flows through to small business tenants.

Priority 2: Hold the Line on Payroll Costs

Payroll costs hit small employers whether their business is profitable or not. Under the Employer Health Tax (EHT), employers with B.C. payroll between \$1 million and \$1.5 million pay 5.85% on the amount above \$1 million, and those above \$1.5 million pay 1.95% of their total payroll.¹¹ The \$1 million exemption has not changed since 2024, while the minimum wage rose to \$18.25 an hour on June 1, 2026.¹² B.C. employers must also provide up to five paid sick days a year to employees with at least 90 days of service, and employers carry the full cost.¹³

Because the EHT exemption is not indexed, wage increases and new hires push more small employers into the tax each year, even when their profits are flat. Raising the exemption to \$1.5 million and indexing it to inflation would mean growing employers do not pay more simply because they raise wages or add staff.

Paid sick days carry real costs for small employers, who often pay both the absent employee and the person covering the shift. More than 10,000 people signed CFIB's petition against moving to 10 employer-paid sick days.¹⁴ The next government should

In their own words: B.C. business owners on payroll costs

"...The health tax should not be funded by business. At the moment, there is no bearing on income; a mid-size business could literally make no income at all and still pay the tax."

— Retail Business Owner, East Kootenay, B.C.

"...The list of small business hardships including the EHT, mandatory annual wage increases, increasing mandatory employer-paid sick days continues to grow, making the pastures of Alberta seem increasingly greener."

— Manufacturing Business Owner, Vancouver, B.C.

"...After paying for all these things including the BC sick leave program, employers are stretched- with the result that employers are not able to provide yearly wage increases."

— Wholesale Business Owner, Richmond, B.C.

¹¹ Province of British Columbia, Employer health tax overview, updated June 17, 2026. <https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview>.

¹² Province of British Columbia, Ministry of Labour, "B.C.'s minimum wage increases to \$18.25, June 1," information bulletin, May 26, 2026. <https://news.gov.bc.ca/releases/2026LBR0021-000581>.

¹³ Province of British Columbia, Paid sick leave. <https://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/paid-sick-leave>.

¹⁴ CFIB, "My BC business can't afford 10 paid sick days!" petition, more than 10,000 signatures as of March 2026 (CFIB internal petition data). The petition has since closed.

offset this cost and not increase the number of paid sick days.

Recommendations

- ✓ Raise the Employer Health Tax exemption threshold from \$1 million to \$1.5 million and index it to inflation.
- ✓ Offset the cost of employer-paid sick days for small businesses.
- ✓ Do not increase the number of employer-paid sick days beyond five.
- ✓ Legislate automatic rebates or premium reductions when WorkSafeBC's funding exceeds defined surplus thresholds.
- ✓ Pause and revise WorkSafeBC's treatment of employee tips and gratuities as assessable payroll.

Return WorkSafeBC surpluses to employers automatically

WorkSafeBC plans to distribute about \$960 million in surplus in 2027, including \$283 million in direct credits to employers, and to hold its average base rate at \$1.55 per \$100 of payroll.¹⁵

That is a step CFIB has long pressed for, but surplus returns should not depend on a year-by-year decision. More than eight in 10 (84%) B.C. owners support legislation requiring workers' compensation boards to return surplus funds to employers.¹⁶

Counting employee tips as assessable payroll adds cost and paperwork. Three in four (76%) B.C. owners with tipped staff say it would hurt their business.¹⁷

Priority 3: Cut Red Tape and Make Government More Accountable

Red tape costs small businesses time and money they cannot get back. It is different from useful regulation: red tape adds paperwork, delays and complexity without improving health, safety or the environment. Nearly four in 10 (38%) B.C. owners name government red tape among the biggest challenges facing their business, higher than the national average (34%).¹

"Our interactions with government bureaucracy have been appalling. ... Wait times to have things processed are unbelievable. For example, fifteen weeks for a simple foreign worker registry certificate when you have already been registered and you are registered with WorkSafeBC."

— Hospitality Business Owner, East Kootenay, B.C.

¹⁵ WorkSafeBC, "WorkSafeBC holding the average base rate flat in 2027 for 10th consecutive year," news release, July 13, 2026; WorkSafeBC, 2027 preliminary premium rates, <https://www.worksafebc.com/en/insurance/know-coverage-costs/industry-premium-rates/2027-rates>. Rates remain preliminary until WorkSafeBC's Board of Directors approves final rates later in 2026.

¹⁶ CFIB, Your Voice Survey – June 2026, June 4-29, Final Results, B.C. n=181.

¹⁷ CFIB, Special Survey: CRA and WorkSafe BC, June 18-25, 2025, Final Results, B.C. owners whose employees accept tips, n=83.

A new layer of paperwork for small employers

WorkSafeBC has proposed new psychological health and safety requirements for employers. In a September 2026 CFIB flash survey, 70% of B.C. owners said complying would be very or extremely challenging, and 81% said a formal risk assessment would be impractical for their business.¹ It is one more example of a well-intended rule that lands hardest on the smallest businesses, which have no HR department to absorb the extra work.

CFIB's *Canada's Red Tape Report* puts the cost of regulation to B.C. businesses at \$8.3 billion in 2024, up 13% since 2020. Nationally, CFIB estimates about 35% of regulatory costs are red tape that could be cut without compromising the public interest, and the smallest firms pay the most: \$10,208 per employee on compliance, compared with \$1,374 at businesses with 100 or more employees. Three in four (74%) B.C. owners say they would not advise the next generation to run a business because of the regulatory burden.¹

B.C. earned a B+ on CFIB's *2026 Provincial Red Tape Report Card*, ranking fourth behind Alberta, Ontario and Nova Scotia. B.C. scored well on measuring and reducing its regulatory burden but earned a C for political priority. In 2014, B.C. was the only province to earn an A, and with stronger political leadership it can get back there.¹ Six in 10 (61%) B.C. owners say reducing red tape should be a high priority for governments, and the multi-party Select Standing Committee on Finance and Government Services has recommended a formal regulatory reduction and competitiveness strategy for B.C.¹

Red tape also pulls doctors away from patients. *Losing Doctors to Desk Work*, research by the Canadian Medical Association and CFIB, found B.C. physicians spend about 9.7 hours a week on administrative work, and roughly three million hours a year of that work is unnecessary, the equivalent of about 1,400 full-time doctors.¹

Recommendations

- ✓ Restore a dedicated minister responsible for red tape reduction.
- ✓ Legislate a two-for-one rule requiring the removal of two regulations for every new regulation introduced.
- ✓ Set and publish predictable response times for permits, licences, inspections and correspondence, so business owners know when to expect an answer.
- ✓ Launch a “red tape button” so business owners can flag unnecessary, duplicative or outdated rules, with a public commitment to report back on what gets fixed.
- ✓ Commit to earning an A on CFIB's *Red Tape Report Card* within the next government's first term, and report progress publicly.
- ✓ Set a target to cut physicians' administrative burden by at least 10%, simplify private insurance forms and support safe, practical use of AI to reduce repetitive clinical paperwork.
- ✓ Protect private property rights with transparent, timely land-use and permitting decisions, clear notice, accessible appeals and fair compensation rules where provincial decisions restrict the use or value of business property.

Priority 4: Get the Province's Books in Order

B.C.'s finances have deteriorated quickly. The province now forecasts a deficit of nearly \$13.8 billion for 2026-27, \$450 million higher than projected in Budget 2026, with deficits of about \$12.2 billion and \$11.5 billion expected over the following two years.¹ This spring, Moody's, S&P and Fitch all downgraded B.C.'s credit rating, each with a negative outlook.¹

Small business owners are worried that today's deficits will become tomorrow's tax increases. More than nine in 10 (92%) B.C. owners are not confident the province will reduce its deficit in the coming years, and 61% say ensuring a balanced budget and paying down debt should be a high priority for governments.¹

Those worries are well founded. Budget 2026 turned to new revenue from businesses and families, and B.C. owners opposed its key tax measures:

- 80% opposed expanding the PST to professional services
- 75% opposed raising the first-bracket personal income tax rate to 5.60%
- 73% opposed pausing the indexation of tax brackets.¹

Accountability matters too. Until 2022, 20% of each B.C. cabinet minister's salary was held back, with half tied to government-wide results, including a balanced budget. The province then cut the holdback to 10%, removed the balanced-budget condition and suspended the *Balanced Budget and Ministerial Accountability Act's* ban on deficit budgets through 2028-29.¹ Small business owners are held to their budgets. Ministers should be too.

"...Small businesses do not have the ability to run sustained deficits. We cannot print money. When revenue drops, we cut spending. When costs rise, we absorb them or reduce operations. Government must demonstrate the same discipline..."

— Professional Services Business Owner, Victoria, B.C.

Recommendations

- ✓ Restore the ministerial salary holdback tied to a balanced budget under the *Balanced Budget and Ministerial Accountability Act*.
- ✓ Publish a credible, multi-year plan to eliminate the deficit without new taxes or costs for small businesses.

Priority 5: Make the PST Pause Permanent

Budget 2026 legislated an expansion of the 7% PST to essential professional services: accounting and bookkeeping, architectural, engineering and geoscience services, non-residential rental and strata management, commissions on non-residential real estate transactions, and security and private investigation services. The expansion would add more than \$500 million a year in costs for B.C. businesses and consumers.¹

On September 18, 2026, the province paused the expansion, which was set to take effect October 1. The pause was made by temporary regulation with no end date, leaving the expansion in law.¹ CFIB welcomed

the decision, but a pause is not a cancellation. Small business owners cannot plan, price or sign contracts around a tax that could come back at any time.

B.C. owners have been clear. Eight in 10 (80%) opposed the expansion, and 72% said they would likely pass some or all of the added cost on to customers.¹ Nearly 5,000 business owners signed [CFIB's petition](#), and the multi-party Select Standing Committee on Finance and Government Services recommended repealing the expansion outright.¹

The PST does not offer input tax credits, so tax paid on business services becomes a permanent cost that gets built into prices. The expansion would also add administrative work for the firms required to collect it, many of them small accounting, engineering and security businesses.

“Budget 2026 increases operating costs for our commercial millwork manufacturing business without improving productivity. PST on property management fees (passed through by landlords) raises occupancy costs, and PST on essential professional services like engineering and accounting increases mandatory compliance expenses. These are not discretionary costs...”

— Manufacturing Business Owner, Burnaby, B.C.

Recommendations

- ✓ Fully cancel the PST expansion to accounting and bookkeeping, architectural, engineering and geoscience services, non-residential rental and strata management, non-residential real estate commissions, and security and private investigation services.
- ✓ Repeal the expansion in legislation, rather than leaving it paused by temporary regulation.

Other Priorities for the Next Government

Beyond the five priorities, CFIB's provincial platform includes measures in three other areas where provincial action would make a real difference for B.C. small businesses.

Construction mitigation

Businesses along Vancouver's Broadway Subway corridor have endured years of disruption, including extended road closures in 2026. The line is expected to open in fall 2027, and the province has ruled out compensation for affected businesses.¹ CFIB's *Hard Hats and Hard Times* report found nearly seven in 10 small businesses near public construction projects were disrupted. Those that lost sales saw revenue fall by 22% on average, and the typical business faced about \$10,000 in extra costs.¹

- ✓ Provide fast, low-paperwork cost relief, such as grants, property tax credits or fee relief, for businesses that can show lost revenue or blocked access from prolonged construction, including along the Broadway Subway corridor.
- ✓ Establish a province-wide construction mitigation framework so support for affected small businesses is consistent across regions and projects, rather than negotiated case by case after the damage is done.

- ✓ Require clear timelines, advance notice and consistent communication with affected businesses before and throughout construction, with better coordination between provincial agencies, municipalities and project proponents.

Public safety and crime

More than half (52%) of B.C. small business owners say crime in their community has increased over the past year, and only 3% say it has fallen. Eighty-five per cent say the taxes they pay do not translate into better community safety, and 60% are concerned about their own safety and that of their staff and customers.¹ Crime is a bigger concern in B.C. than elsewhere: 22% of B.C. owners name crime and security among their biggest challenges, compared with 15% nationally.¹ B.C.'s Crime Severity Index fell 2% in 2025, but at 92.4 it remains well above the national level of 75.0.¹

“We have given up calling the police and we instruct our staff not to confront problem people who come into our store.”

— Retail Business Owner, Vancouver, B.C.

- ✓ Press Ottawa for Criminal Code changes that address repeat and organized offenders.
- ✓ Set clear service standards for police response and follow-up on business-related incidents, with simpler reporting channels for theft, vandalism and street disorder.
- ✓ Fund practical crime prevention and recovery measures, such as security rebates for small businesses, including through the Civil Forfeiture Fund.
- ✓ Include small businesses directly in public safety policy development.

Energy and climate policy

Eight in 10 (83%) B.C. owners are concerned that energy costs will hurt their business in the next 12 months, and more than half (56%) agree that municipal policies phasing out natural gas in new construction may hurt, or have hurt, their business costs and operations.¹

- ✓ Roll back the 12% PST on fossil-fuel heating systems for businesses that have no affordable alternative today.
- ✓ Maintain energy choice for businesses and new construction, including access to natural gas and renewable natural gas.
- ✓ Coordinate provincial and municipal climate rules for buildings and business operations, introduce them on predictable timelines, and prevent overlapping emissions charges from being passed on to small business tenants.
- ✓ Design Extended Producer Responsibility programs and single-use plastics rules to minimize small business costs, with simple reporting, clear timelines and streamlined requirements for low-volume producers.

A Call to Action for B.C.'s Parties and Candidates

Small businesses are the backbone of communities across British Columbia — creating jobs, supporting local charities, sponsoring community events and driving activity on Main Streets in every region of the province. CFIB is calling on all parties and candidates in the October 24, 2026, provincial election to commit publicly to these five priorities.

CFIB will share these priorities with parties and candidates across B.C., compare party commitments as platforms are released, and report back to its members on where each party stands. Final voting day is Saturday, October 24, 2026, and advance voting runs October 16 to 21.¹

Methodology

This report draws on CFIB's online member surveys. The main B.C. findings come from CFIB's Your Voice Survey - August 2026, conducted August 18-31, 2026, with 1,577 responses nationally (margin of error ± 2.47 percentage points, 19 times out of 20) and a B.C. subsample of 227 to 229 responses.

This report also uses B.C. results from CFIB's Your Voice Surveys for June 2026 (June 4-29; 1,422 national responses), April 2026 (April 9-27; 1,611), February 2026 (February 5-25; 1,379) and October 2025 (October 9-24; 2,899); the BC Budget 2026 Flash Survey (February 23-28, 2026; 439 B.C. responses); the 2026 Energy Survey (March 5 - May 4, 2026; 2,349 national responses); the Special Survey on CRA and WorkSafe BC (June 18-25, 2025; 262 B.C. responses); the B.C. flash survey on proposed WorkSafeBC psychological health and safety requirements (September 10-21, 2026; 311 B.C. responses); and CFIB's Monthly Business Barometer® (September 2026, responses collected September 10-16). Sample sizes for each B.C.-specific finding are noted in the footnotes and figure sources. Because these are smaller subsamples, their margin of error is wider than for full national samples, and results should be interpreted accordingly. Member comments are drawn from these surveys, have been lightly edited for spelling and grammar, and are attributed by sector and community only.

CFIB is a non-partisan organization exclusively representing the interests of 103,000 small and medium-sized businesses in Canada. CFIB's research capacity is second-to-none because the Federation is able to gather timely and concrete information from members about business issues that affect their day-to-day operation and bottom line.

About CFIB

The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 103,000 members across every industry and region. CFIB is dedicated to increasing business owners' chances of success by driving policy change at all levels of government, providing expert advice and tools, and negotiating exclusive savings. Learn more at cfib.ca.

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