



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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Newfoundland and Labrador

Top Small Business Priorities 2025-26

The government of Newfoundland and Labrador must take decisive action to ensure the province's small businesses remain competitive and productive.

It's essential that the province's tax and regulatory systems foster a business climate that enables small businesses to adapt and thrive amid economic uncertainty.

Small Business Tax Rate and Threshold

With 81% of our members in Newfoundland and Labrador indicating that taxes are the biggest challenge facing their businesses, CFIB recommends:

- Lowering the small business tax rate to 1%.
- Increasing the small business threshold from \$500,000 to \$700,000 and indexing the threshold to inflation annually.

Currently the small business tax rate in the province is tied with New Brunswick's as the highest in Atlantic Canada at 2.5% and the threshold sits at \$500,000.

- In 2025 Nova Scotia reduced its small business tax rate to 1.5% and increased its threshold to \$700,000.
- Prince Edward Island set its small business tax rate at 1% in 2022 and increased its threshold to \$600,000 in 2025.

Retail Sales Tax on Insurance

70% of small business owners in Newfoundland and Labrador say insurance costs are the top cost constraint experienced by their business, CFIB recommends:

- Eliminating the 15% retail sales tax on all insurance premiums paid by small businesses.

Currently small businesses in Newfoundland and Labrador pay the highest retail sales tax on insurance premiums in Canada.

There is no retail sales tax on insurance premiums in: New Brunswick, Prince Edward Island, Nova Scotia, Alberta and British Columbia.

Interprovincial Trade and Labour Mobility

A strong majority (88%) of small businesses believe it is crucial for Canadian governments to prioritize the removal of barriers that impede the flow of goods, services, and labour across provinces and territories, CFIB recommends:

- Adopting mutual recognition legislation.

Nova Scotia, Prince Edward Island and Ontario have all passed mutual recognition legislation and while Newfoundland and Labrador has signed a trade MOU with New Brunswick.

The provincial government has yet to communicate a proactive approach to eliminating trade and labour mobility with other provinces that would allow full unrestricted access to all markets across the country.

Red Tape Reduction and Regulatory Accountability

For over 15 years, CFIB has graded provincial governments on red tape reduction and regulatory accountability. While other provincial governments have worked on improving over time, the Newfoundland government has consistently received a grading of F on CFIB's Red Tape Report Card since 2021. CFIB recommends:

- Reprioritizing red tape reduction and regulatory accountability.
- Readopting the *Regulatory Accountability and Reporting Act* and incorporating the Charter of Governing Principles.
- Including red tape reduction and application of the Regulatory Accountability and Reporting Act in all future ministerial mandate letters.

Newfoundland and Labrador adopted the Regulatory Accountability and Reporting Act and its associated Premier's Charter of Governing Principles for regulation in 2016.

Unfortunately, government did not fully embrace and largely set aside the responsibilities it imposed on itself through the Act and it did not extend the legislation beyond 2023.

Construction Mitigation

As highlighted in CFIB's report Hard hats and hard times: Public construction impacts on small businesses, 84% of members say businesses should receive compensation from government when public construction projects significantly disrupt their operations. CFIB recommends:

- Amending the Towns and Local Service Districts Act to allow municipalities to compensate small businesses affected by construction projects.

Rising Crime and Impacts

In October 2024, CFIB published a report entitled Broken windows & broken trust: The impact of rising crime on small business. Nearly two-thirds (62%) of Canadian small businesses reported an increase in crime within their communities and nearly half (45%) of small businesses report being directly impacted by crime and community safety issues.

CFIB has issues multiple recommendations including:

- Addressing underlying issues contributing to crime and safety issues, including affordable housing, mental health, and addictions.
- Improving resources for small businesses including proactive funding for increased security, funding for crime-related repairs, and guidance, prevention, and response strategies for small business owners and their staff.
- Strengthening collaboration between all levels of government, non-profits, community organizations, and small businesses to develop data-driven and evidence-based policies and programs aimed at addressing crime and safety.
- Developing an improved approach to recidivism, including reevaluating bail rules and connecting repeat offenders to mental health and addictions services.

Minimum Wage

As highlighted in CFIB's report Affordability, minimum wages, and living wages: Striking a balance for small businesses, CFIB recommends:

- Tying minimum wage increase to increases to the media wage.

The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 100,000 members across every industry and region, including 1,700 in Newfoundland and Labrador.

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.

For more information on Newfoundland and Labrador Small Business Priorities, please contact:

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