



Fiscal Policy Survey

Final Results

October 2026



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

In business for your business.™

Methodology

Fiscal Policy Survey

Survey type: Controlled-access online CFIB survey.

Survey period: August 6-September 3, 2026.

Sample: Based on responses from 1,694 CFIB members who are owners of Canadian independent businesses from all sectors and regions of the country. For comparison purposes, a probability sample with the same number of respondents would have a margin of error of +/- 2.4%, 19 times out of 20.

Purpose and context: The CFIB Fiscal Policy Survey is a special survey designed to capture small business perspectives on government spending, taxation, and fiscal policy. It explores the impact of current policies on business competitiveness and operations, identifies key challenges and opportunities for improvement, and helps inform CFIB's advocacy priorities.

Impact: The survey's insights are gathered directly from CFIB members, ensuring an authentic representation of small business priorities. These responses help shape CFIB's advocacy efforts, driving policies that are aligned with the evolving needs of the small business community.

Notes: In some instances, responses may not add up to 100% due to rounding.

Key takeaways

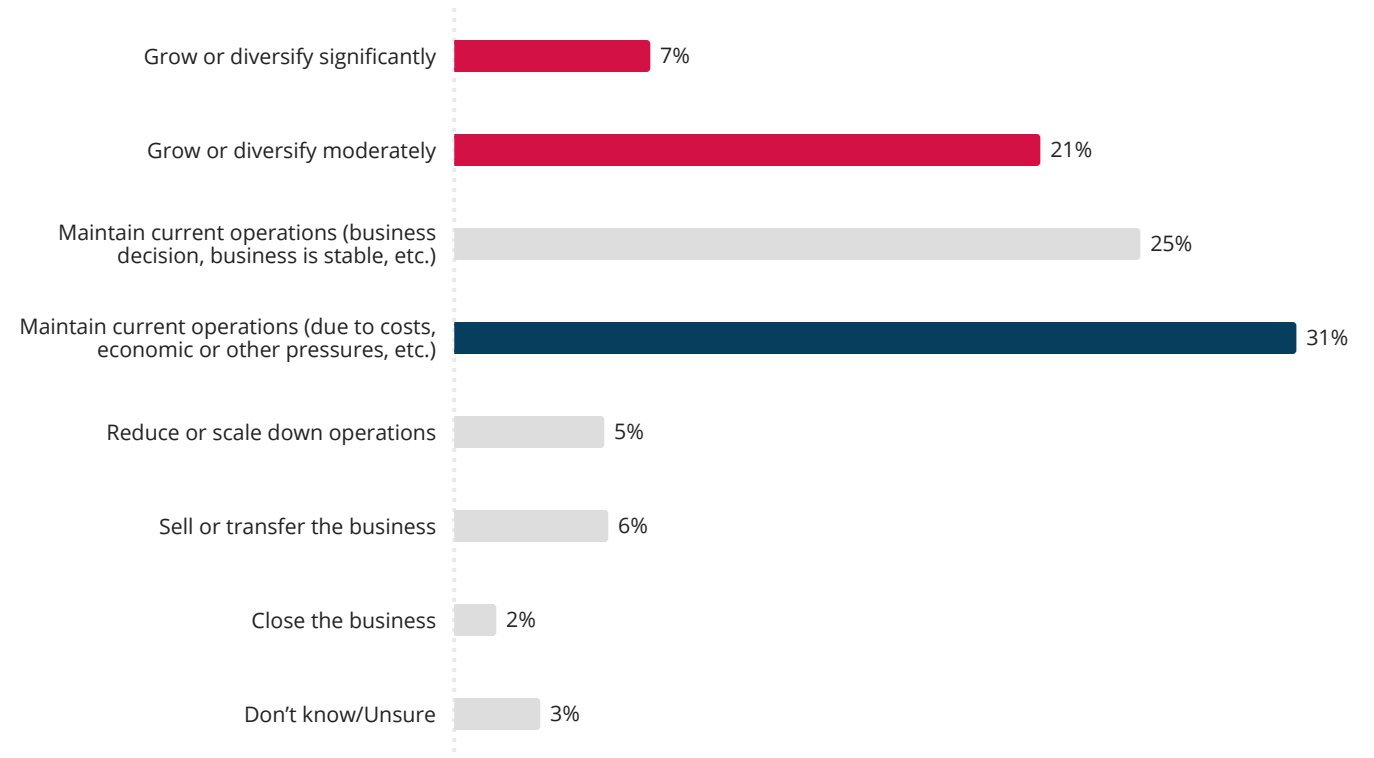
- **Most small businesses are focused on stability rather than expansion.** More than half (56%) intend to maintain their current course, including 31% doing so because of cost pressures and economic uncertainty, and 25% because their business is stable and performing as desired. About 30% are planning to grow or diversify.
- **Business owners see tax and regulatory relief as the most effective ways to improve competitiveness.** Seven in ten (71%) believe reducing the tax burden would help businesses compete more effectively in Canada and abroad, while 49% cite reducing the regulatory burden.
- **Reducing the small business tax rate is the most popular tax measure.** Nearly two-thirds (62%) say lowering the small business tax rate from 9% to 6% would provide the greatest benefit, followed by reductions in payroll taxes such as EI and CPP premiums.
- **Tax relief would support business reinvestment and financial resilience.** If overall taxes and fees were reduced, 58% of business owners would increase employee compensation, 48% would pay down debt, and 47% would expand their operations.
- **Capital gains tax changes would encourage investment and business growth.** Overall, 65% say a lower capital gains inclusion rate on gains exceeding the Lifetime Capital Gains Exemption (LCGE) would be a moderate or strong incentive to invest, while 59% say the same about increasing the LCGE to \$2 million and keeping it indexed to inflation.
- **Business owners strongly prefer broad-based competitiveness measures over targeted supports.** Four in five (80%) believe that fostering a competitive business environment is a better way to promote economic growth than providing targeted support to specific sectors or industries.

Business plans, growth, and competitiveness

About a quarter of SMEs are planning to grow significantly (7%) or moderately (21%)

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- 28% of businesses plan to **grow**
 - 56% are in neutral, including 31% that are **unable to expand due to cost pressures**
 - 5% plan to scale down
 - 8% plan to sell or close the business
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What are your business plans over the next 12 months? (Select one)

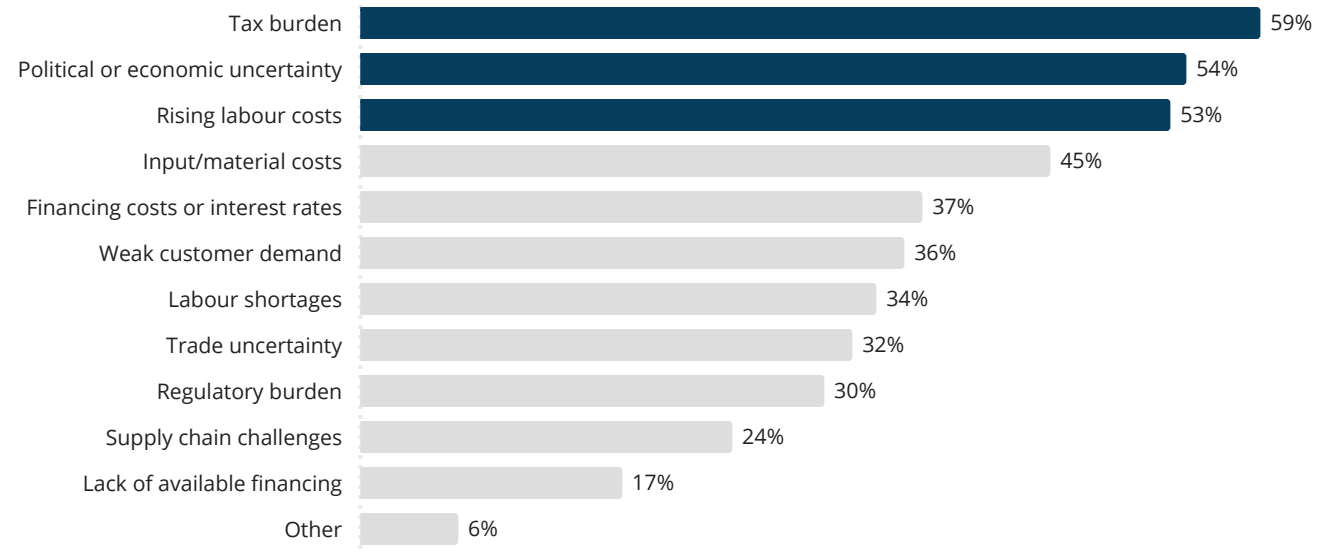


Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

Tax burden, political or economic uncertainty, and rising labour costs are the main factors preventing businesses from expanding

Many business owners say expanding their business has become more challenging due to cost pressures and an unpredictable operating environment

Which factors are preventing your business from expanding? (Select all that apply) - selected choice*



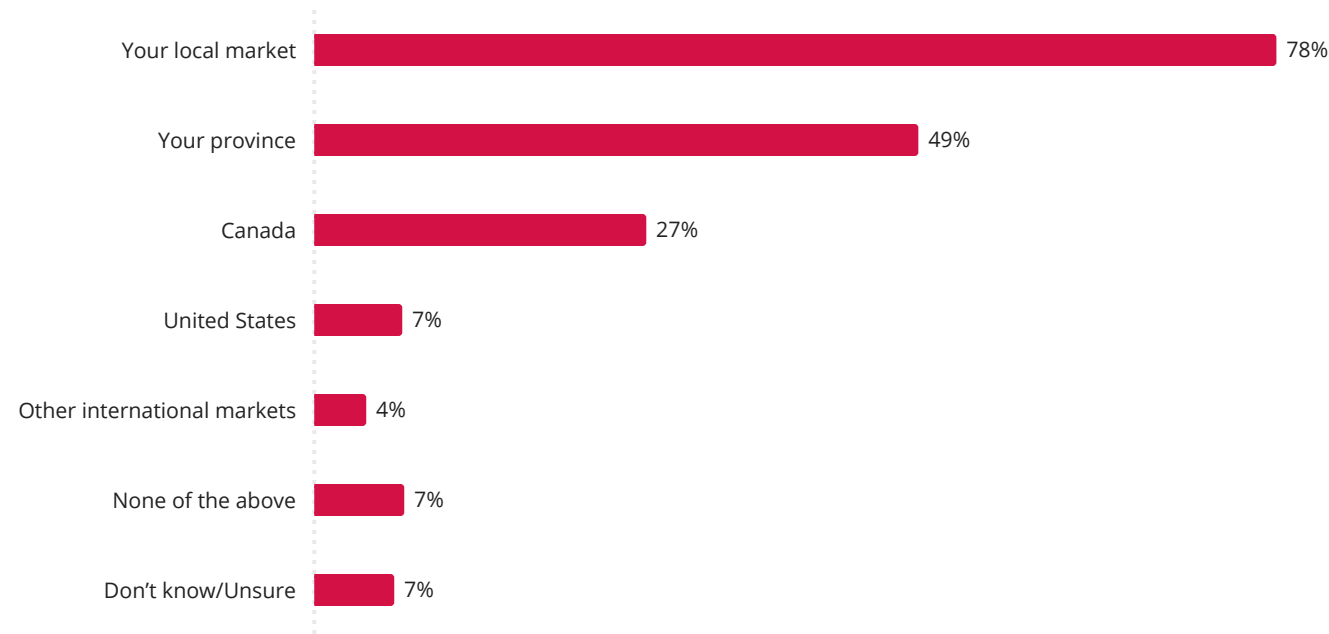
Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

**Note: Only respondents who are planning to maintain their current operations due to costs, economic conditions, and other pressures were asked this question.*

The vast majority of business owners feel they can compete locally, but this share declines as markets broaden

While most business owners feel confident competing locally (78%), fewer believe they can remain competitive as they move into broader provincial (49%), national (27%), and U.S. (7%)/international (4%) markets

Do you feel your business can fairly compete within the following markets? (Select all that apply)

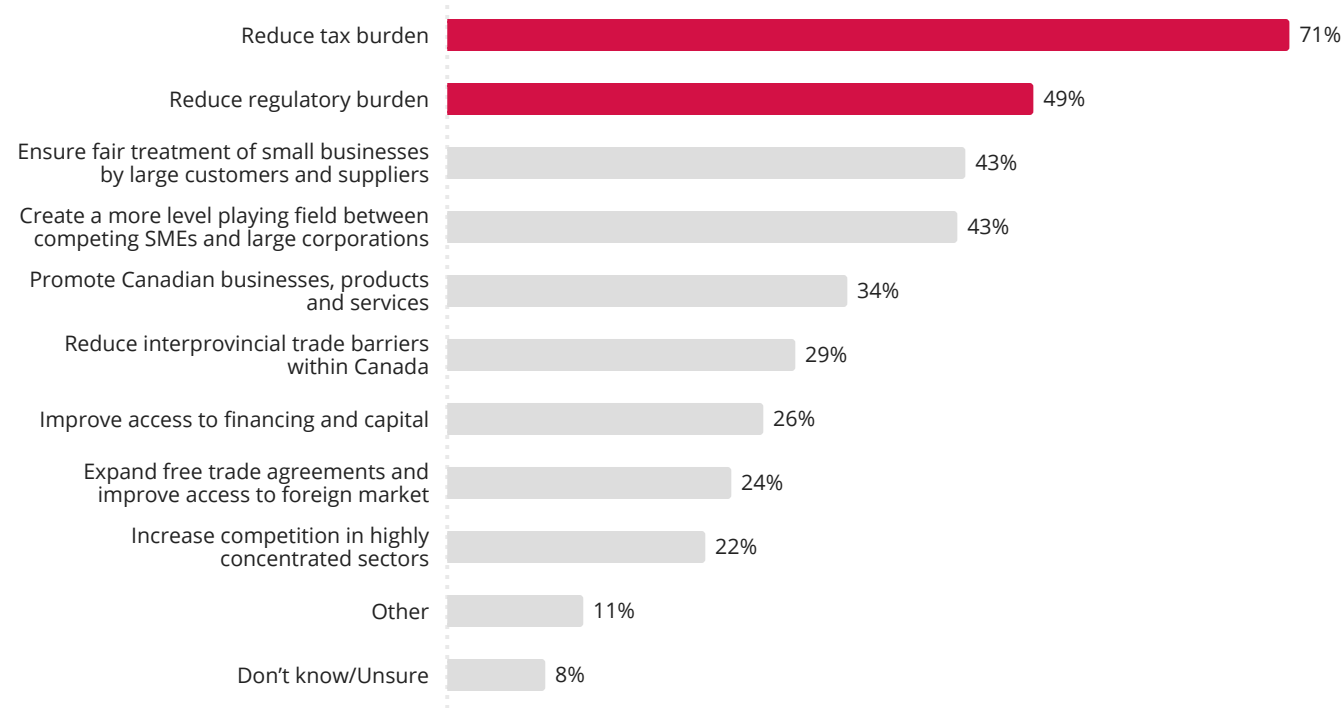


Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

Tax burden and red tape reduction are seen as the most effective ways to help businesses compete

Entrepreneurs are calling for a more business-friendly environment, with tax relief and regulatory simplification viewed as key drivers of business competitiveness at home and abroad

Which measures would help your business compete more effectively in Canada and international markets? (Select all that apply)



Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

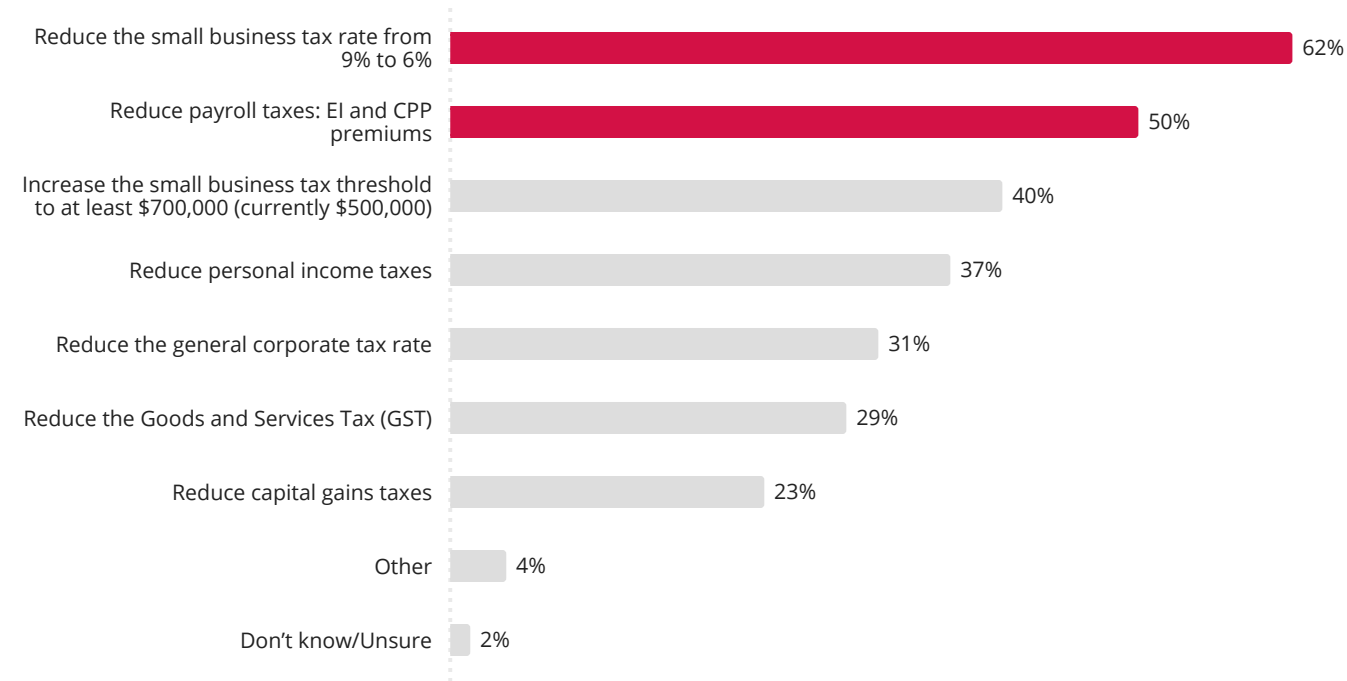
Taxes and cost pressures

Reducing the small business tax rate is the most popular tax measure, followed by reducing payroll taxes

Nearly two-thirds (62%) say lowering the small business tax rate from 9% to 6% would provide the greatest benefit, followed by reductions in payroll taxes such as Employment Insurance (EI) and Canada Pension Plan (CPP) premiums

The level of support is mostly the same for businesses that are growing and those that are stable

If the federal government reduced the tax burden, which measures would most benefit your business? (Select a maximum of 3)

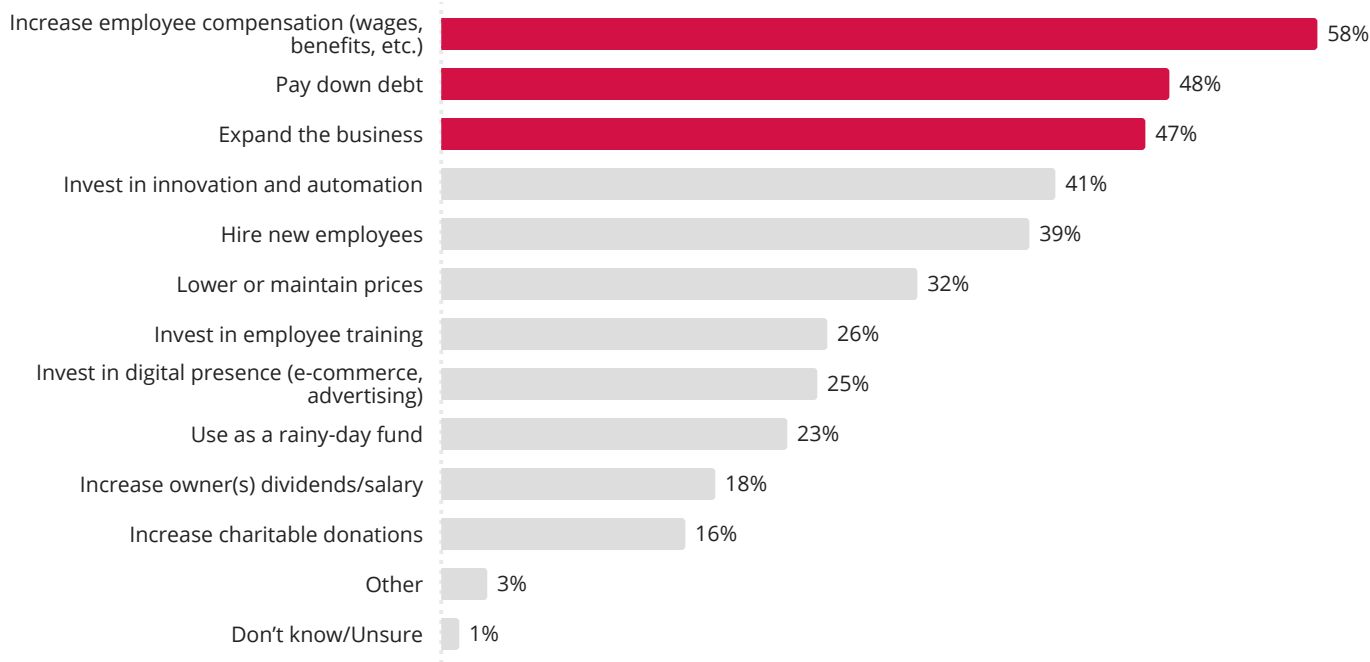


Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

If taxes and fees were reduced, many business owners would raise wages, pay down debt, or expand their business

If overall taxes and fees were reduced, 58% of business owners would increase employee compensation, 48% would pay down debt, and 47% would expand their operations

If the federal government was to reduce the overall burden of taxes and fees, what would your business do with the savings? (Select all that apply)

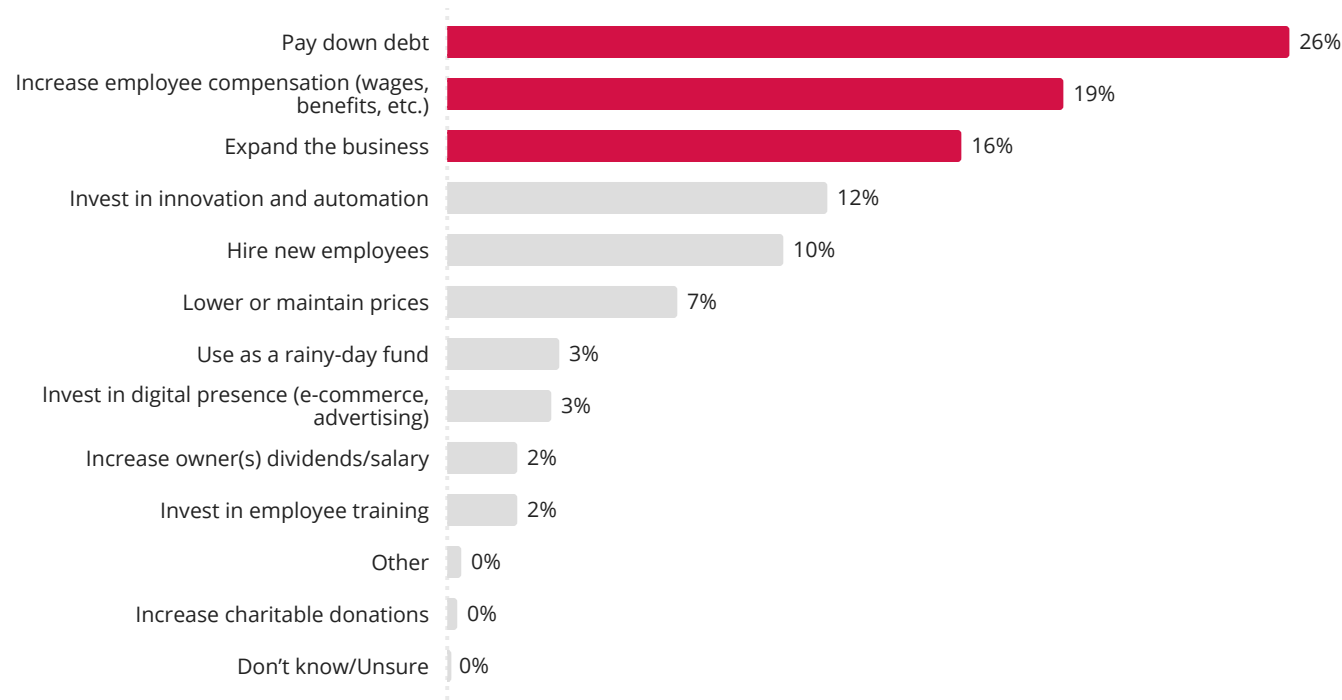


Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

Business owners would mostly use their tax savings to pay down debt, increase employee compensation, and expand the business

Most owners would primarily use tax savings to improve their financial health, invest in their employees through better compensation and working conditions, and expand their business

In which area would you allocate most of the savings? (Select one)*

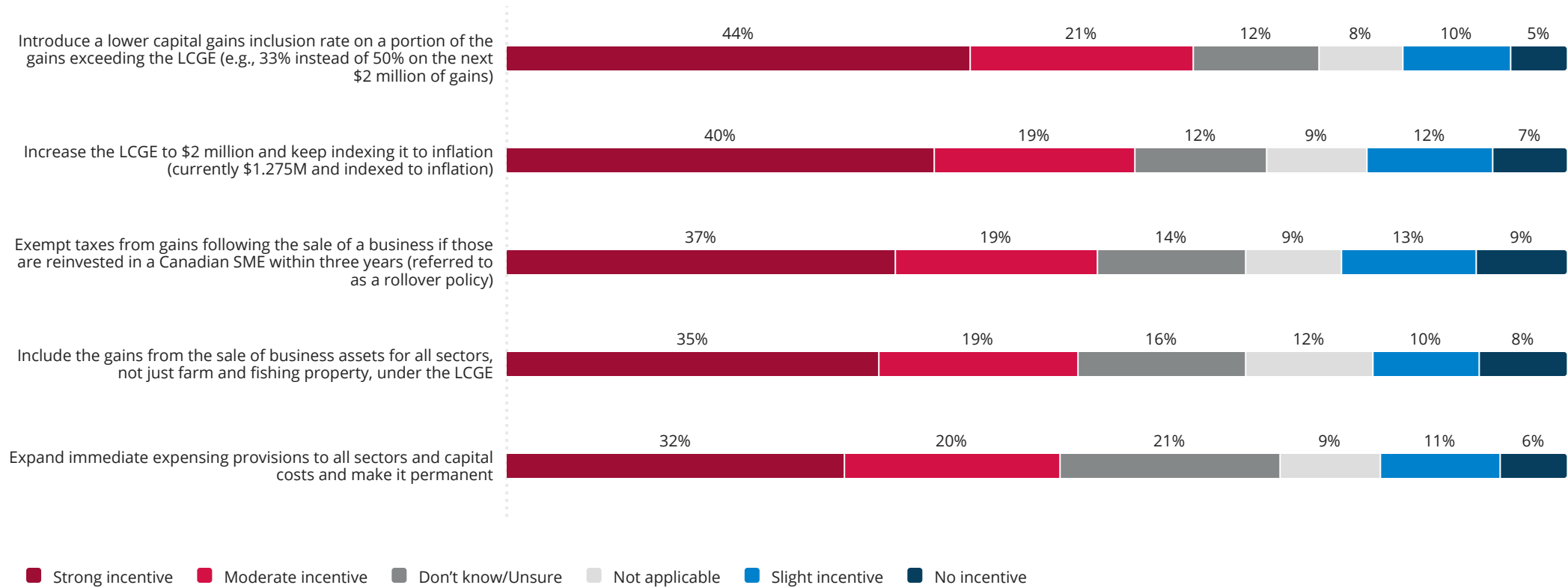


Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

**Note: Only respondents who selected more than one area in which they would allocate savings from a reduction in taxes and fees were asked this question.*

Business owners would be more likely to invest if some key improvements are made to the tax system

To what extent would the following measures provide an incentive for you to invest in current or future business projects?



Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

Business support programs

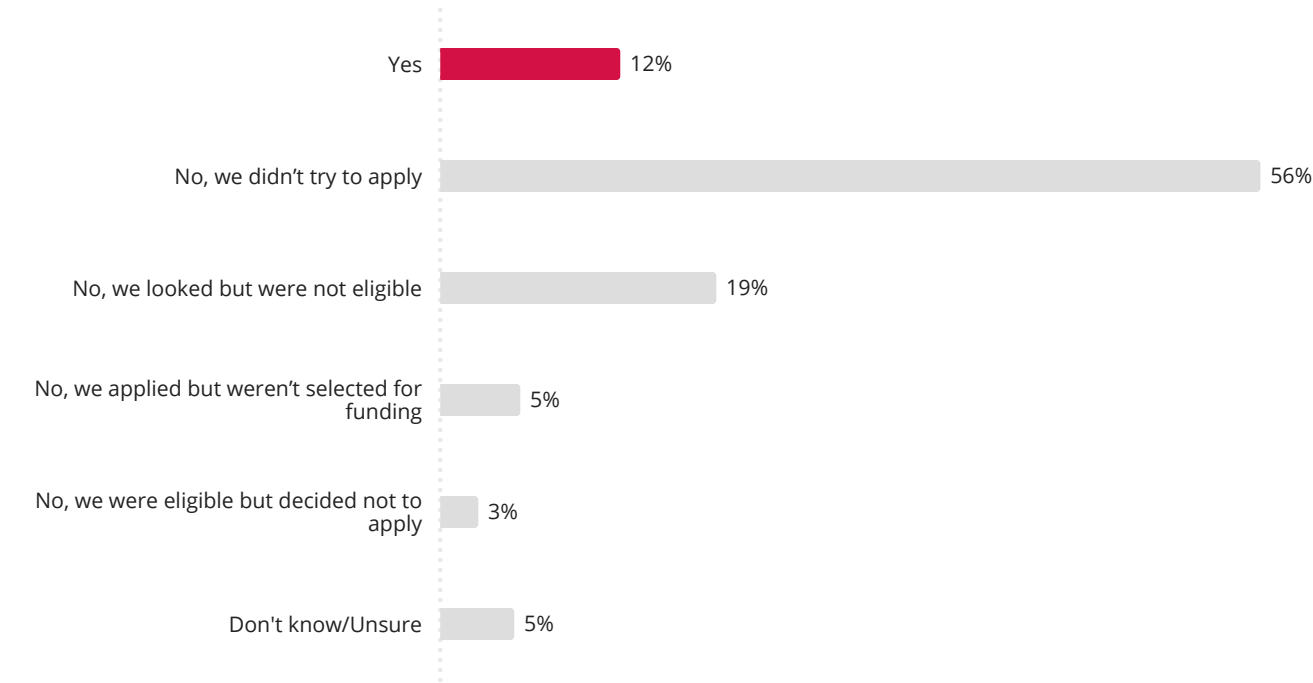
Only one in ten business owners received funding through federal government grants or contributions

Only one in ten business owners received funding from a federal program

About two in ten tried to apply but weren't eligible

More than half didn't try to apply

In the past 3 years (2023–2026), has your business received any funding through federal government grants or contributions? (Select one)



Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.

Business owners strongly prefer broad-based competitiveness measures over targeted supports

Business owners favour broad-based policies that improve the overall business environment over targeted support for specific industries

Governments can support economic growth in different ways. In your opinion, which of the following should be the government's approach for supporting economic prosperity? (Select one)*

- Focus on ensuring competitive taxes, laws, regulations, etc. that benefit businesses and industries across the economy
- Don't know/Unsure
- Provide targeted support to specific sectors, industries, or priorities based on strategic economic objectives



Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026.
*Note: Only respondents who received federal funding were asked this question.

Top tax recommendations

1) Lower the small business tax rate from 9% to 6%.

2) Increase the small business deduction threshold from \$500,000 to at least \$700,000 and index it to inflation.

3) Increase the passive income limit from \$50,000 to at least \$250,000.

4) Increase the GST/HST threshold (unchanged since 1991) from \$30,000 to at least \$60,000 and index it to inflation moving forward.

5) Increase the GST/HST Quick Method of Accounting (unchanged since 2002) from \$400,000 to at least \$700,000 and index it to inflation moving forward.

6) Increase the CPP Basic Exemption (unchanged since 1998) from \$3,500 to \$7,000 and index it to inflation moving forward.

7) The GST/HST remittance thresholds (unchanged since 2007) and **the source deductions remittance thresholds** (unchanged since 2014) **should be indexed to inflation.** This would bring the annual GST remittance thresholds from \$1.5 million to \$2.2 million and the monthly source deduction remittance threshold from \$25,000 to \$35,000.

8) Introduce a lower capital gains inclusion rate for all small firms of 33% on the next \$2 million of gains beyond the LCGE (Canadian Entrepreneurs' Incentive).

9) Include gains from the sale of assets, not just shares, under the LCGE for all sectors, not just farm and fishing property.

10) Exempt taxes from gains following the sale of a business (shares and assets) when the proceeds are reinvested in a CCPC within the next three years (rollover policy).

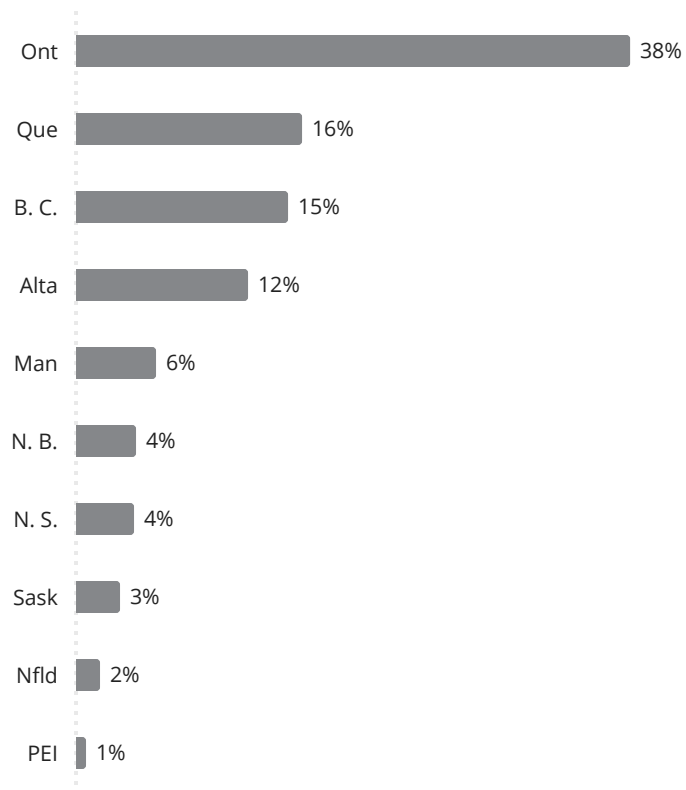
11) Expand Immediate Expensing to the remaining types of capital investment currently excluded.

12) Lower Employment Insurance (EI) premium for smaller employers by allowing them to pay the employee amount for total wages under \$600,000 (similar to the EI Small Business Job Credit of 2015/2016).

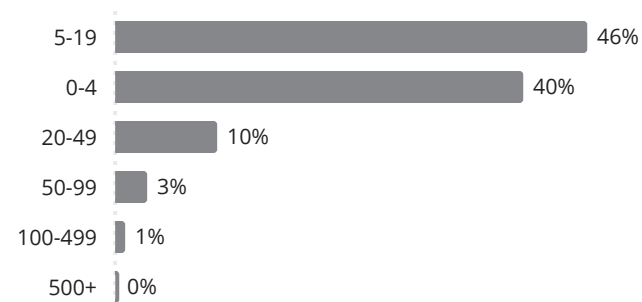
13) Provide the self-employed with some type of standard business deduction or refundable tax credit of up to \$20,000 similar to the Qualified Business Income (QBI) Deduction recently made permanent in the USA.

Appendix: Respondents' profile

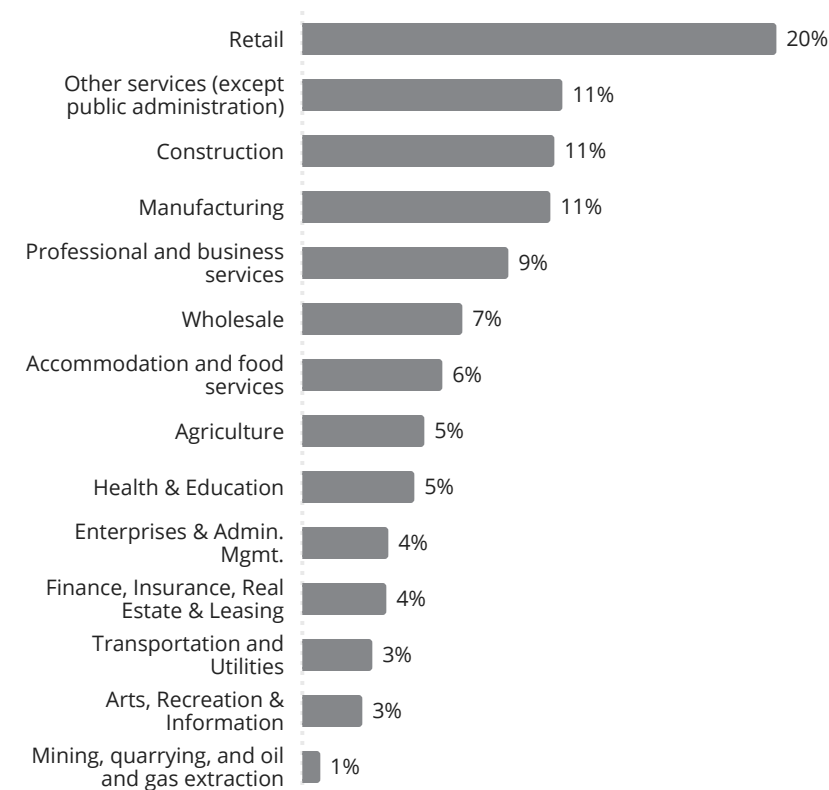
By location of the business



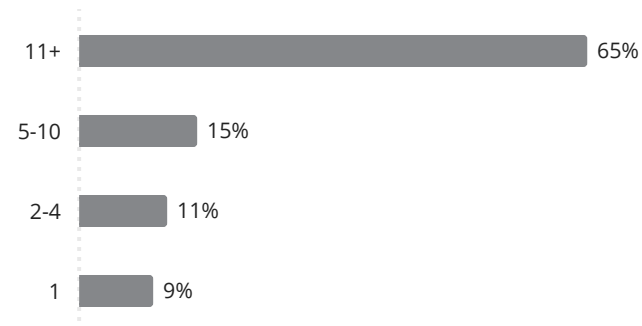
By number of employees



By industry

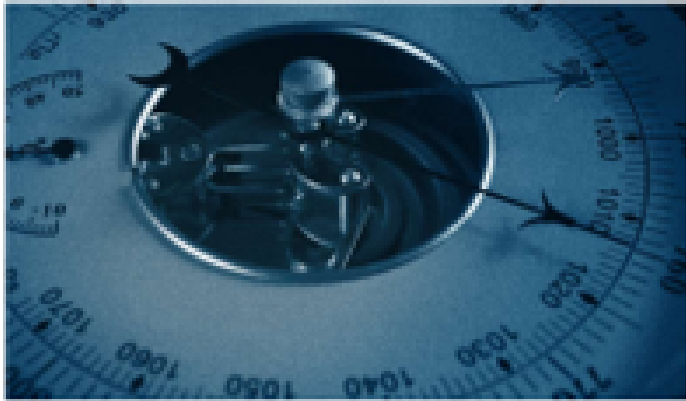


By years in business



Source: CFIB, Fiscal Policy Survey, August 6-September 3, 2026, n = 1,694.

CFIB Research Publications and Business Stats



Monthly Business Barometer®

Our monthly survey tracks small business confidence, expectations, and operating conditions in Canada.



'Your Voice' Omnibus Survey on Small Business Issues

Every other month, CFIB members lend their opinions to 'Your Voice,' a survey exploring a variety of current topics. The latest takeaways are showcased in a series of informative charts that summarize these findings.



Enterprise Pulse

Overview of self-employed, businesses with employees, entries/exits, and insolvencies.

Contact us: research@cfib.ca @CFIB_FCEI_Stats cfib.ca/research