

Small business is bleeding

by FRANK STRONACH

Everyone knows you don't kick someone when they're down.

But that's what the federal government's recent budget did to many small business owners who are struggling to stay afloat or striving to take their new ventures to the next level of growth.

While the budget did include some small business relief measures, it also increased the capital gains inclusion rate.

The capital gains hike generated blowback from groups such as the Council of Canadian Innovators (CCI), who claimed the new taxes will stifle tech entrepreneurs trying to grow their businesses and cause 'irreparable harm' to Canada's entrepreneur-based economy.

Other groups worried the tax increase was another nail in the coffin for Canada's small business sector. Dan Kelly, president of the Canadian Federation of Independent Business (CFIB), said he was concerned that the budget measures had the 'potential to demotivate Canadians from getting into business in the first place.'

It's not just crushing taxes that are hurting small businesses. It's also job-killing regulations. Earlier this month, the CFIB published a blog by Simon Gaudreault, Chief Economist and Vice-President of Research at the organization.

Gaudreault argued that we could dramatically increase Canada's productivity by reducing unnecessary red tape and regulation. According to Gaudreault, we could free up 205 million hours of time, or approximately \$11 billion of squandered money, which could have otherwise gone toward more productive tasks.

The CFIB's most recent 'Canada's Red Tape Report,' published in 2021, had a revealing finding: although red tape ties up many businesses, it chokes the life out of small business. According to the report, the 2020 cost of regulation per employee for small businesses with fewer than five employees was an incredible five times more than for businesses with over 100 employees.

Canada's small business owners tell me all the time how they're being stifled. An entrepreneur shared the following with me a few months ago: 'The barriers to entry, compounded by the burden of taxation and the absence of incentives, have increasingly cast a shadow over the once-thriving entrepreneurial spirit. Like many of my peers, I find myself at a crossroads where the perceived risks outweigh the potential rewards, a realization that saddens me deeply. It is disheartening to witness the erosion of confidence in the entrepreneurial journey, particularly when confronted with the stark reality that the risk-reward balance no longer tips in our favour.'

One small business owner and founder bemoaned the current state of affairs by saying that 'entrepreneurs are swimming upstream in Canada today.' And yet another said: 'I will certainly not be endorsing any young person to start a business in this country until things change drastically.'

These heart-felt sentiments are a devastating indictment of a system that is crushing the life out of Canada's once-proud entrepreneurial spirit.

Canada's small businesses are bleeding, and if we don't stop the haemorrhaging by reducing taxes and slashing red tape, a growing number of them are going to go under or simply close up shop.

The National Economic Charter of Rights and Responsibilities I've proposed would require government to remove excessive regulations that stifle economic growth and unshackle small businesses by eliminating business tax on any small business with fewer than 300 employees.

If we reduced regulations and lower taxes, small businesses could grow like wildfire. It's one of the key principles in the economic charter of rights I've proposed. And it's the badly needed shot in the arm that Canada's economy needs right now.

To learn more about how the charter could help revitalize Canada's small business sector, contact info@economiccharter.ca.

Author Bio

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