



Your Voice

Monthly Omnibus Survey

Key results for February 2024

February Omnibus Survey Insights

Addressing Small Business Challenges Through Tax Relief

CFIB's February Omnibus survey sheds light on the pressing concerns of small business owners today, with financial challenges, labour shortages, and taxation emerging as the primary obstacles. The data collected illustrates that the financial strain, manifested through issues like cash flow, debt management, and financing, is particularly acute, underscoring the critical need for supportive measures to help alleviate financial burdens and foster a more conducive environment for business growth and stability.

Recognizing these difficulties, there is a strong indication from the survey that small businesses are in favor of tax reduction strategies as a means to mitigate their financial challenges. An overwhelming majority (93%) expressed support for reducing the federal small business tax rate from 9% to 8%, alongside 84% who support raising the federal small business deduction limit from \$500,000 to \$700,000. These measures are seen as essential for providing businesses with much-needed liquidity to address their current challenges. Moreover, lower corporate taxes could stimulate investment in machinery, equipment and technology, which can help businesses to increase their productivity.

Addressing labour shortages, another critical issue highlighted by the survey, could involve the introduction of an Employment insurance (EI) credit to lower the EI rate for small businesses. This measure, supported by 86% of business owners echoes the success of similar initiatives in the past, like the Small Business Job Credit of 2015 and 2016. Given that small businesses often rely more heavily on labour, measures that reduce wage costs could help ease their financial strain and promote job creation.

The collective sentiment from the February survey underlines the crucial role that targeted tax relief strategies could play in assisting small businesses to navigate the complexities of the current economic landscape and in contributing to their overall resilience.



Marvin Cruz

Director of Research
CFIB

Methodology

Your Voice February 2024

Type: An omnibus, controlled-access online CFIB survey.

Active dates: February 8-21, 2024

Final results: Based on responses from 4,092 CFIB members who are owners of Canadian independent businesses, from all sectors and regions of the country.

For comparison purposes, a probability samples with the same number of respondents would have a margin of error of +/-1.5%, 19 times out of 20.

Highlights

Business challenges

- The financial situation of their business is the primary concern for business owners, with labour shortages and taxes following.
 - By sector: The Hospitality, Arts, Recreation, Information, and Social Services sectors are the most likely to face financial challenges, while the construction sector grapples with labour shortages.
 - By business size: Financial issues are more pressing for smaller businesses, while labour shortages become more significant as business size increases.

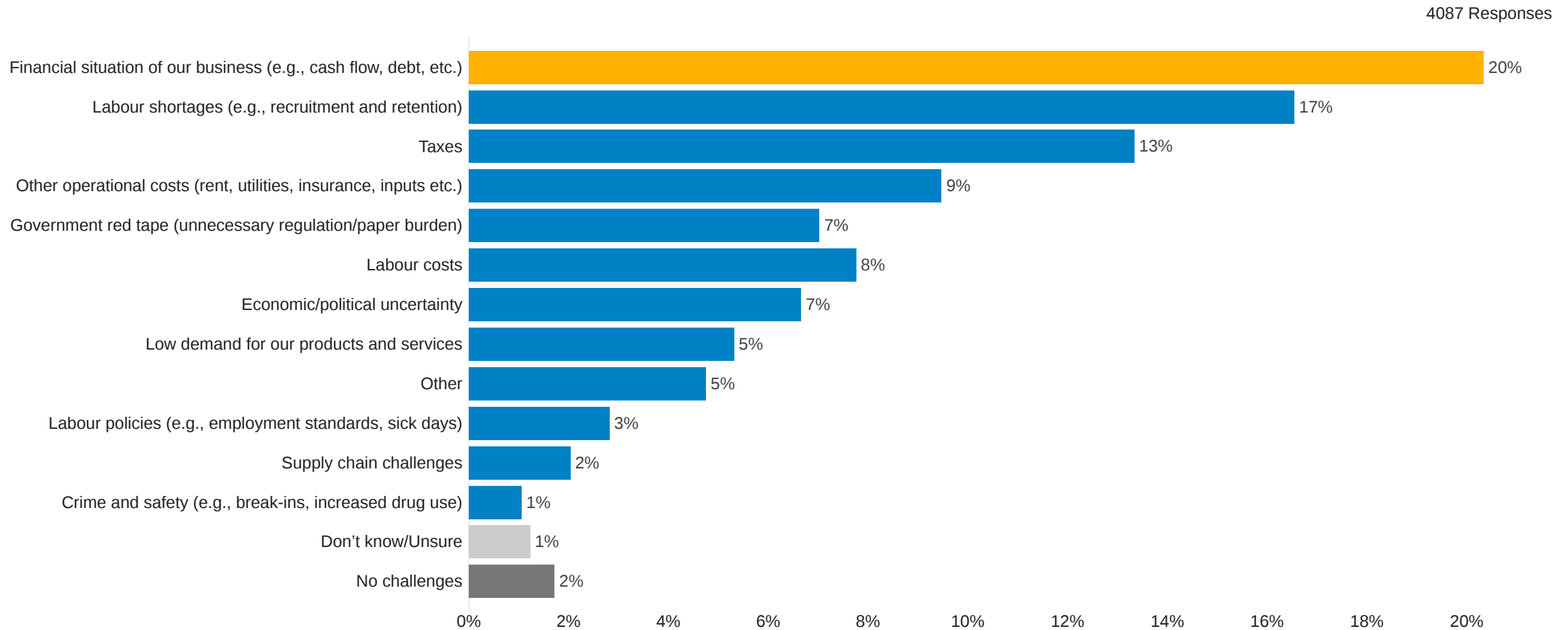
Business perspectives on potential federal government tax initiatives

- There is overwhelming support among small businesses for reducing the federal small business tax rate to 8% from the current 9%, with 93% in favor. Additionally, a significant majority (84%) advocate for increasing the federal small business threshold to \$700,000 from \$500,000.
 - By sector: reducing the small business tax rate and raising the small business threshold would be well-received across all sectors.
- Majority of businesses (86%) support providing small business with an EI credit to lower their EI costs.
 - By sector: hospitality (96%), retail (88%), personal services (87%), and arts/recreation & information (87%) show the strongest level of support for an EI credit.
 - When analyzed by business size, the pattern of support remains consistently high, with notably higher support among smaller businesses.

Your business challenges

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Top challenge facing small businesses



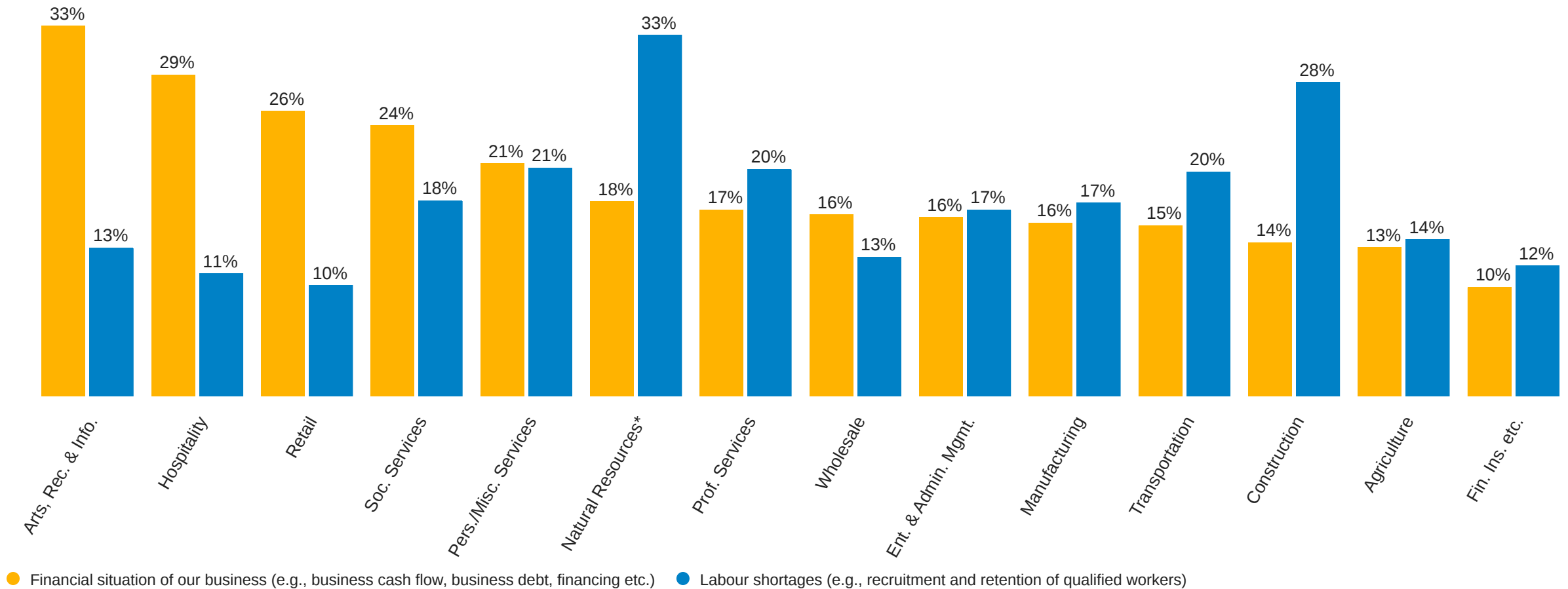
Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

Question: What is the single biggest challenge your business is facing right now? (Select one)

The arts/recreation & information, hospitality, and retail sectors are the most likely to face financial challenges, while the construction and transportation sector grapple with labour shortages.

Top challenge facing small businesses, by sector

4087 Responses



Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

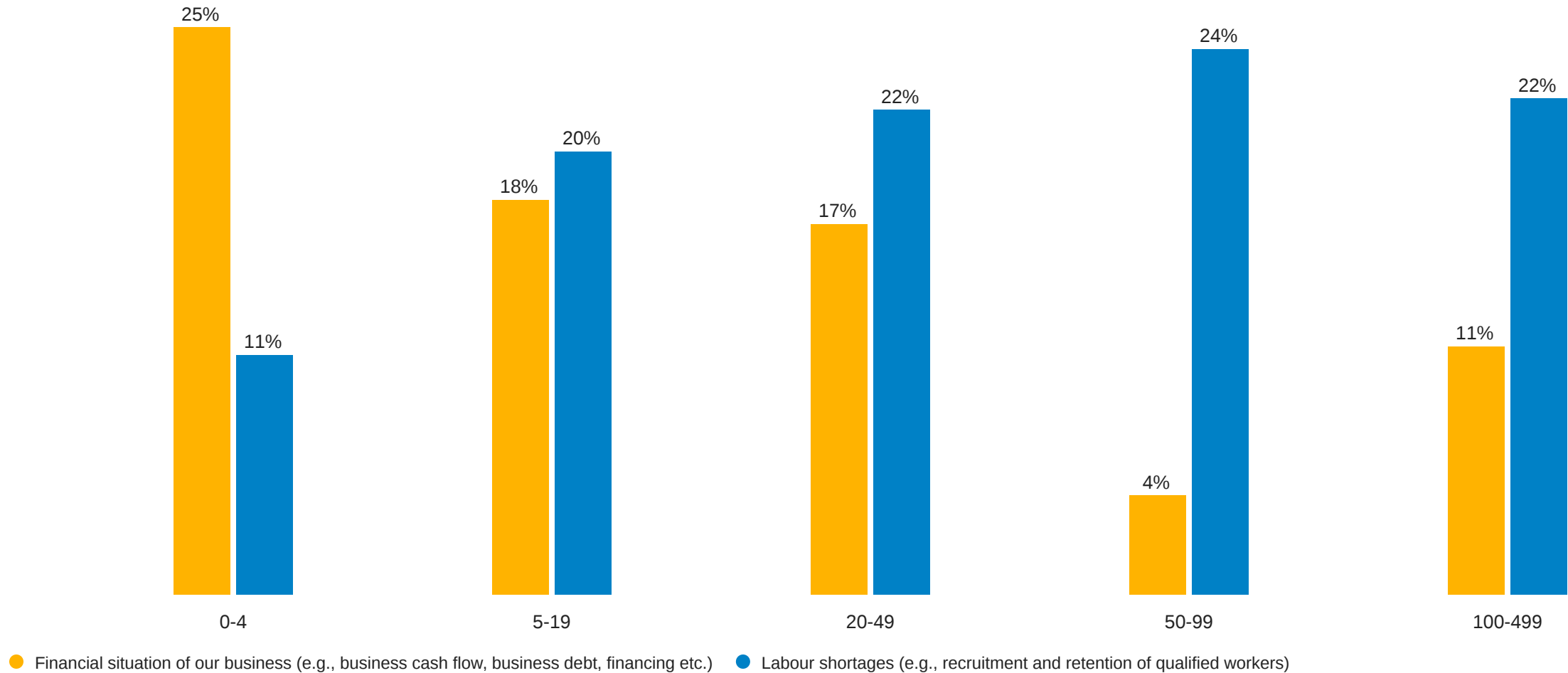
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Note: *Small sample size (<40)

Financial issues are more pressing for smaller businesses, while labour shortages become more significant as business size increases.

Top challenge facing small businesses, by business size

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Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

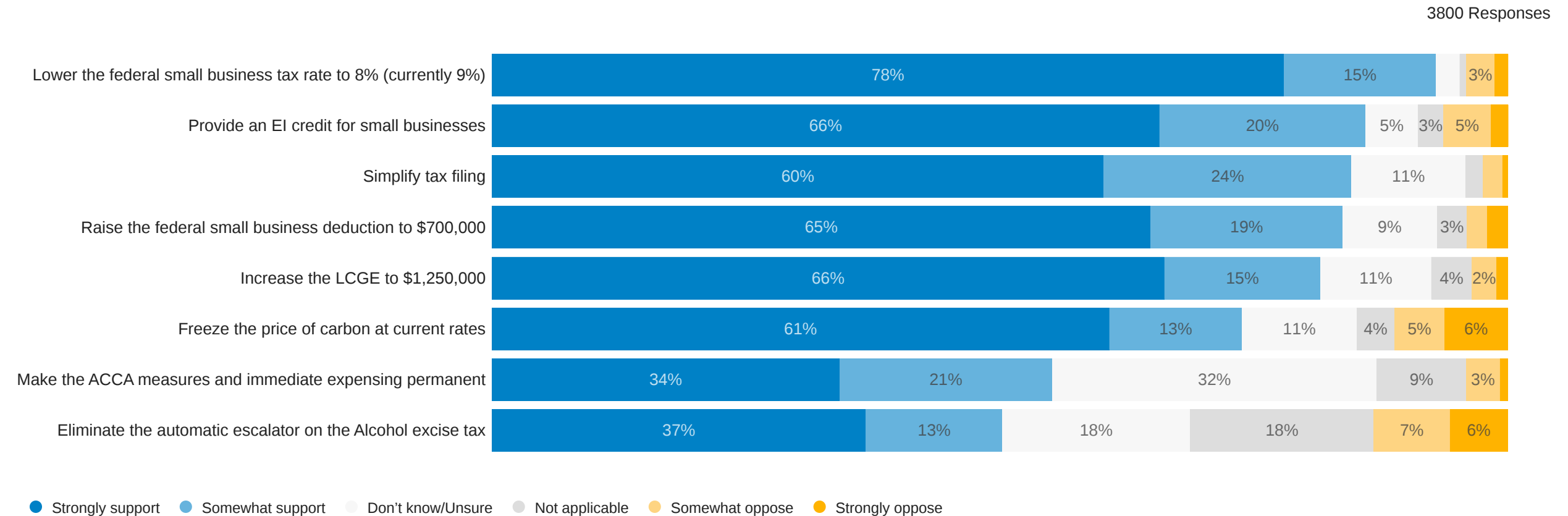
Question: What is the single biggest challenge your business is facing right now? (Select one)



Federal government potential initiatives

Regarding potential federal tax relief strategies, there is overwhelming support (93%) among small businesses for reducing the federal small business tax rate to 8% from the current 9%. Additionally, a significant majority (84%) advocate for increasing the federal small business deduction to \$700,000 from \$500,000. There is also strong support (86%) for the provision of an EI credit.

Business owners level of support on potential federal government tax measures, Ordered by NET agreement

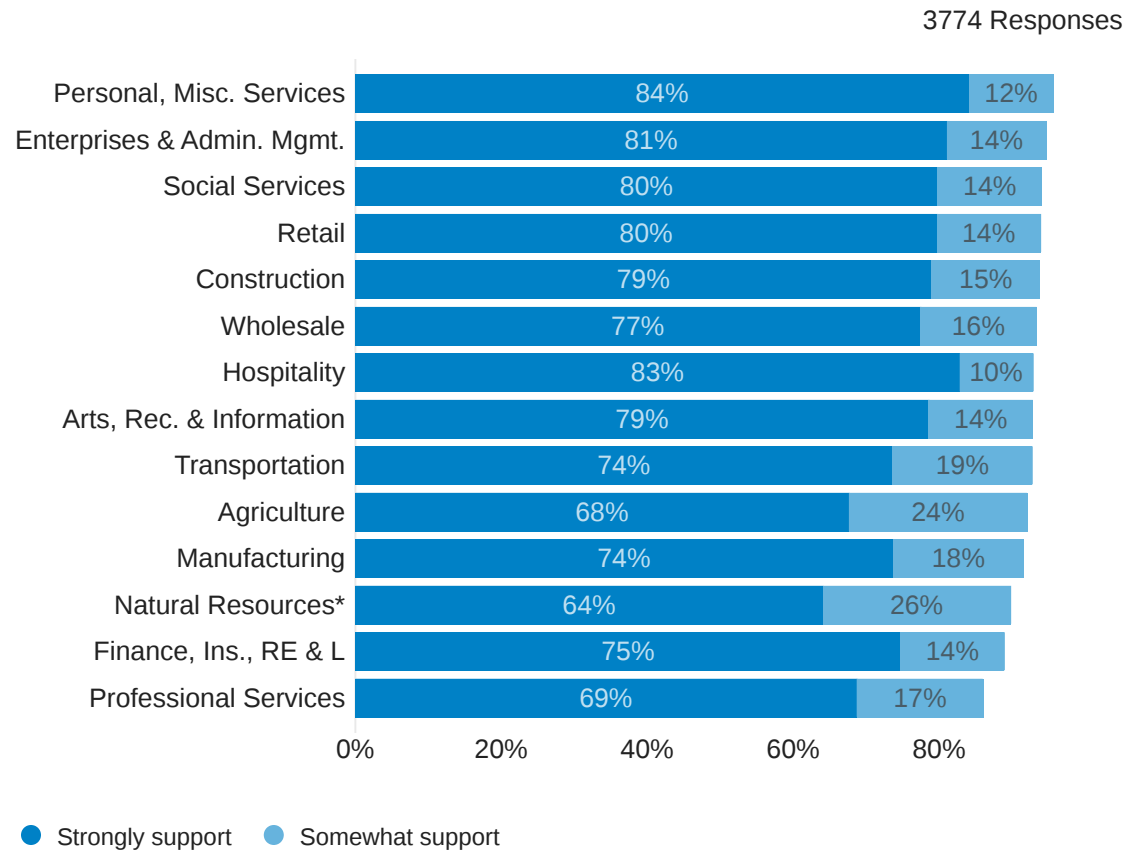


Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

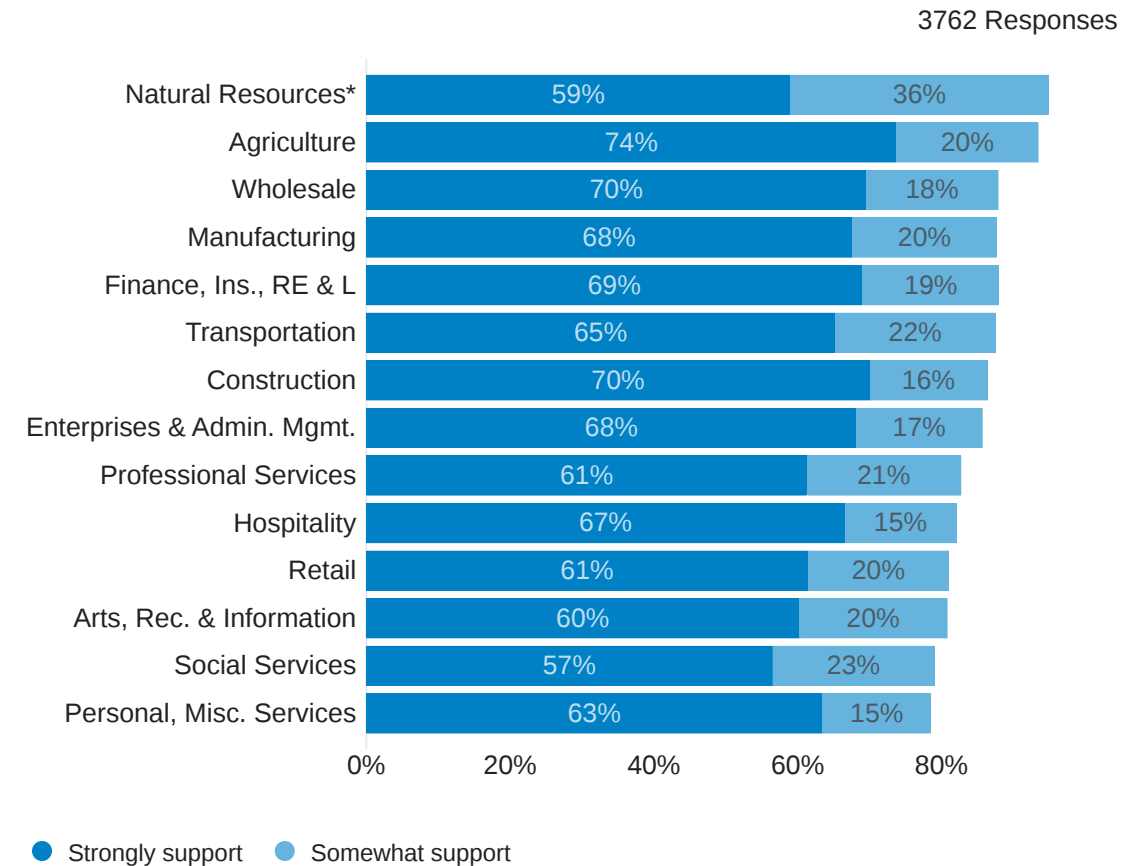
Question: To what extent do you support or oppose to the following potential federal measures? (Select one for each line)

In the context of corporate taxation, reducing the small business tax rate and raising the small business deduction would be well-received across all sectors.

Level of support for lowering the small business rate to 8% from 9%, ordered by NET support



Level of support for raising the small business deduction to \$700,000 from \$500,000, ordered by NET support



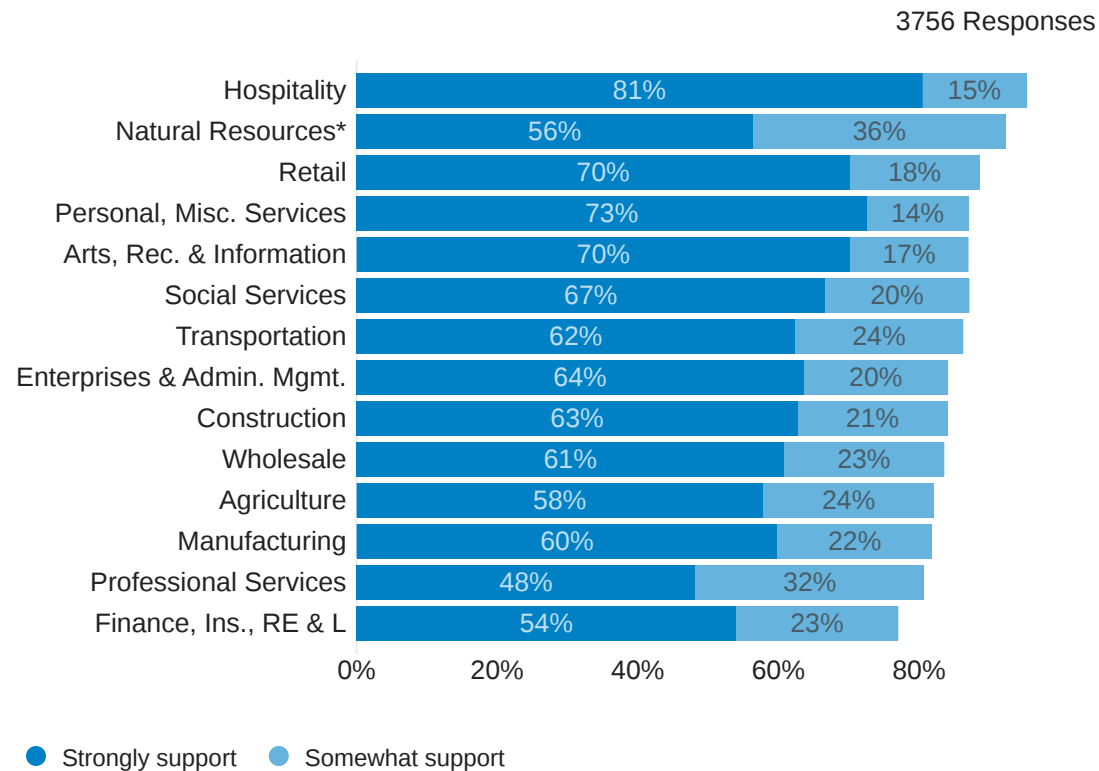
Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

Question: To what extent do you support or oppose to the following potential federal measures? (Select one for each line)

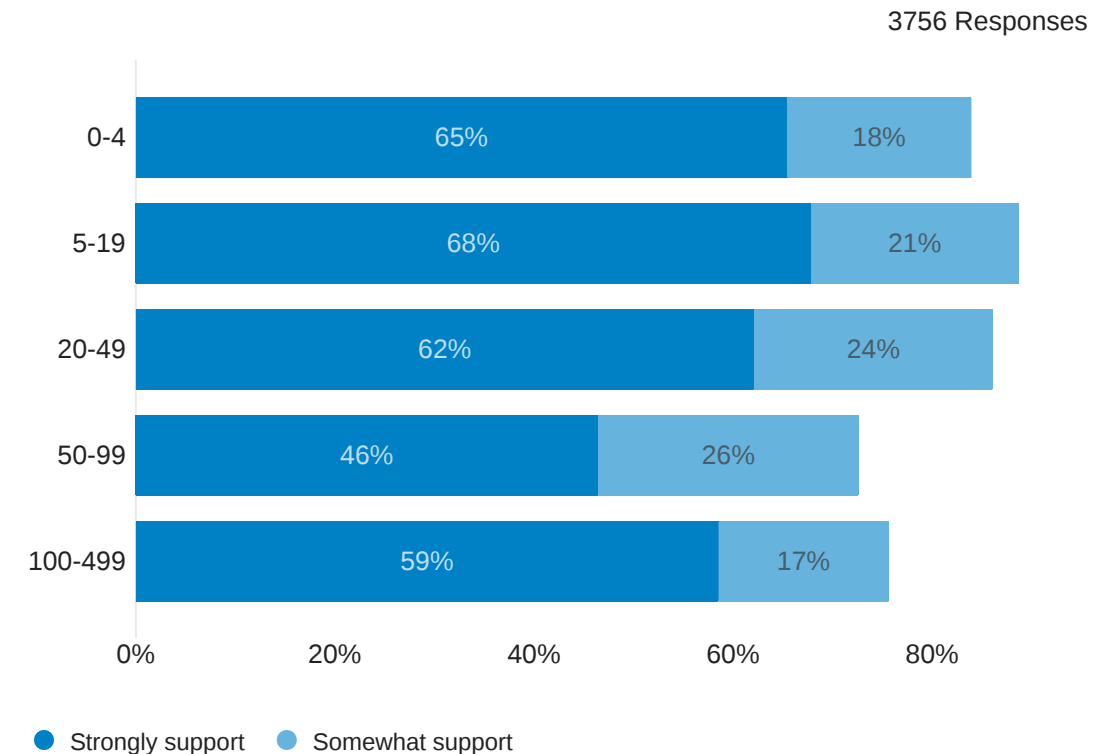
Note: *Small sample size (<40)

Among all sectors, the majority of businesses support the concept of an EI credit, with the hospitality, retail, personal services, and arts/recreation & information sectors demonstrating the strongest level of support. When analyzed by business size, the pattern of support remains consistently high, with notably higher support among smaller businesses.

Level of support for providing an EI credit for small businesses, by sector, ordered by NET support



Level of support for providing an EI credit for small businesses, ordered by size of business



Source: CFIB, Your Voice – February 2024 survey, February 8-21, 2024.

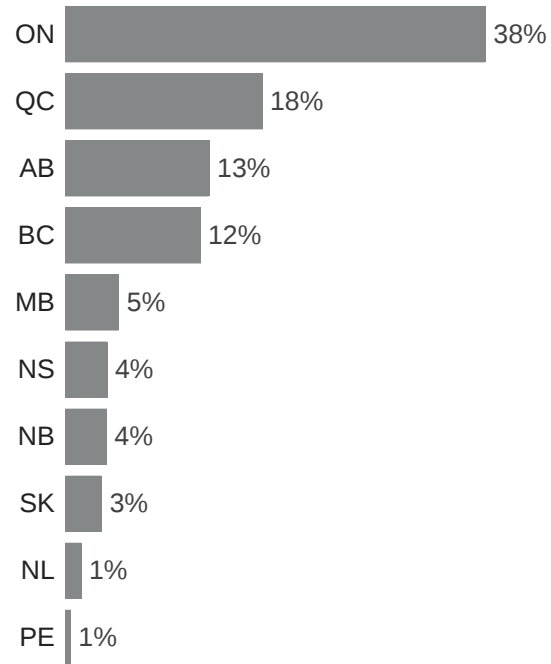
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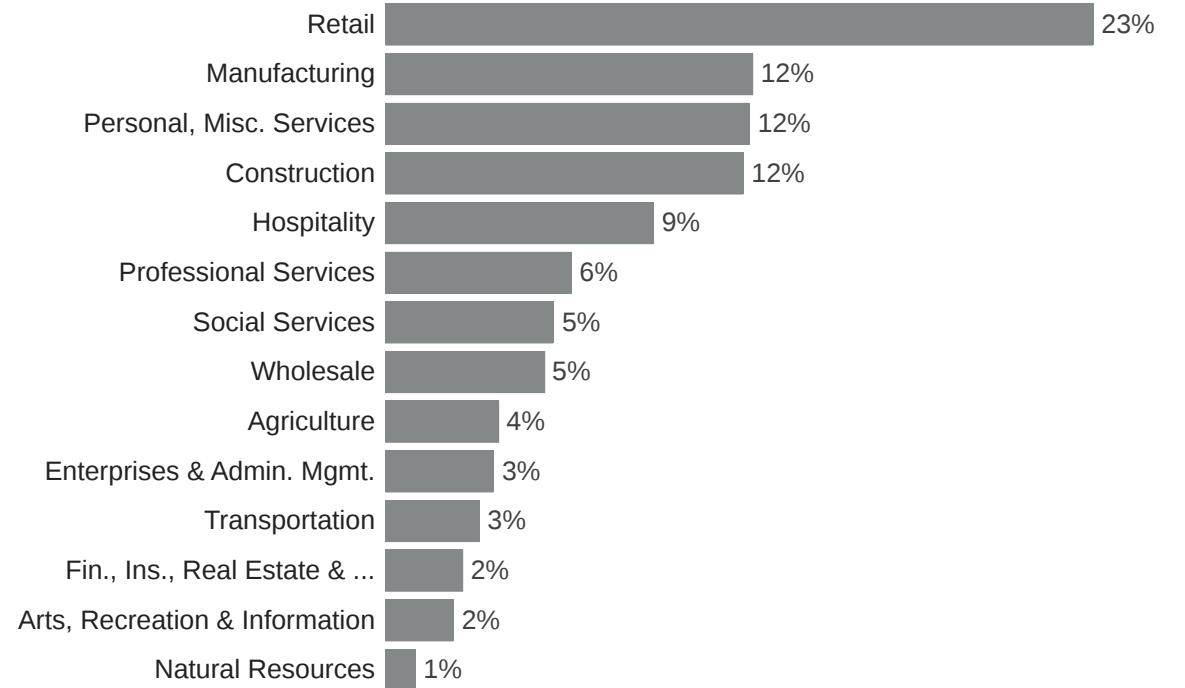
Respondent Profile

3,148 respondents

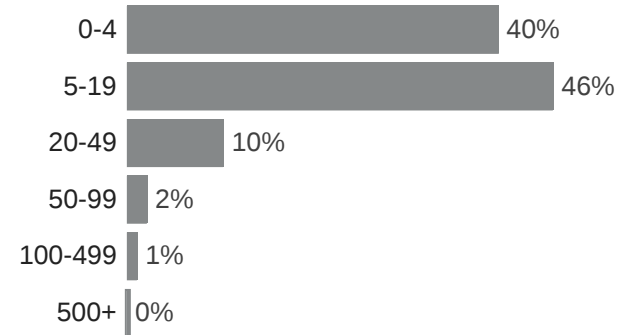
Province



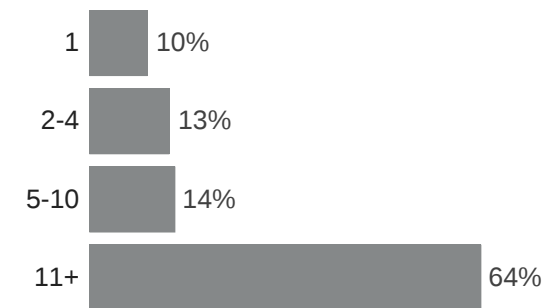
Sector



Business size



Age of business



Questions or data requests

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Additional information

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