



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**

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Keeping Ontario Competitive: **CFIB's 2025 Top 10 Ontario Election Priorities**

The next Ontario government will need to do everything in its power to ensure Ontario's economy is as competitive and productive as possible. As we brace for the fallout from potential tariffs imposed by our top trading partner, it's crucial that our tax and regulatory systems create the best business climate for small businesses to navigate an increasingly uncertain and turbulent economic reality.

Small Business Tax Rate and Threshold

- **Immediately lower the Small Business Tax Rate (SBTR) from 3.2–2%, with a plan to gradually bring it down to 0%.**
- **Increase the small business deduction threshold to at least \$700,000 and index the threshold to inflation annually.**

Ontario still has the highest regional SBTR in the country (tied with Quebec at 3.2%), and the province's threshold to access the rate has remained unchanged since 2007. If Ontario's SBTR had been indexed to inflation annually since 2007, the threshold would have risen to \$723,879.084 for the 2024 tax year — a 44.8% increase over 17 years. A resounding 84% of our members who qualify for Ontario's small business deduction agree that the provincial government should lower the SBTR and increase its threshold.

Interprovincial Trade Barriers

- **Mutually recognize all provincial and territorial regulatory standards (other than an exemption list). For example, if an Ontario business is registered with the Workplace Safety and Insurance Board, their employees should be permitted to work in all provinces/territories.**
- **Apply the province's "As of Right" health care professionals' regulatory principles to other sectors to help Ontario small businesses access skilled workers from across Canada through increased labour mobility.**

Now is an ideal time to focus on what we can control: Removing internal barriers to the movement of goods, services, and workers between our provinces and territories. Mutual recognition would increase choice and reduce costs for consumers, while expanding the talent pool and reducing administrative burdens for businesses. According to a Macdonald-Laurier Institute paper, mutual recognition could increase Canada's economy by 4.4–7.9% over the long term, resulting in a significant gain in economic output of \$110-\$200 billion (or \$2,900-\$5,100 per capita) per year.

Employer Health Tax Exemption Threshold

- **Immediately increase the Employer Health Tax (EHT) exemption threshold to \$2.25 million to match Manitoba's threshold, and index it to inflation annually (instead of every five years).**

As a payroll tax, the EHT is profit-insensitive and especially punitive to businesses when their revenues are low. According to CFIB's Business Barometer® index, for the past 17 consecutive months, Ontario small business owners rated insufficient demand for their products and services as the top limitation on their sales or growth.

Workplace Safety and Insurance Board Surplus Funds and Premium Rates

- **Continue returning Workplace Safety and Insurance Board (WSIB) surplus funds to eligible Ontario businesses when the Board's funding level is at least 115%, while maintaining reasonable premium rates.**

*As a payroll tax, workers' compensation premiums are also profit-insensitive: Companies pay the same amount, even when business is down, and sales are low. Since the WSIB is funded entirely by employer-paid premiums and the investment earnings the premiums make possible, it makes sense to regularly return the extra money to the eligible business owners who originally paid it **and** keep premiums as low as possible.*

Provincial Gasoline and Fuel Taxes

- **Make the provincial gasoline and fuel tax cuts permanent, regardless of what happens with the federal carbon tax.**

The latest 5.7-cent and 5.3-cent per litre reductions to provincial gasoline and fuel taxes end June 30, 2025. The relief will still be needed well beyond this deadline, as lowering the cost of doing business has continued to remain top of mind for our members. An overwhelming 88% of Ontario small business owners support making these tax cuts permanent.

Business Education Tax Rates

- **Lower Ontario's Business Education Tax (BET) rates to close the wide gap between the province's average BET rate and residential education tax (RET) rate.**

The BET became a tax on investment when the province took over taxing powers from school boards in 1997, cutting the connection between BET rates and individual school board spending. Ontario's average BET rate is still almost six times its RET rate. To date, only Toronto and Ottawa have taken the province up on its offer to create a small business property subclass with lower commercial taxes that are matched by the province in BET reductions.

Red Tape

- **Continue to reduce, measure, and publicly report on business regulatory burdens across all government ministries.**

*Many rules exist to protect health, safety, and the environment, but others are unnecessary, excessive, and duplicative. Reducing pointless rules frees up time for business owners and employees to focus on growth-oriented activities. The average Canadian business owner dedicated **three months** of 2024 to regulation compliance, **one month** of which was spent on red tape — so it's not surprising that 96% of Ontario small business owners believe it's important for the province to reduce red tape.*

- **Set up an Ontario construction mitigation fund to compensate small businesses for revenue losses due to lengthy, disruptive construction projects that are managed by the province (e.g., Metrolinx) and/or include provincial funding.**
- **Clear the legislative roadblock preventing municipalities from providing direct financial support or property tax breaks to businesses for local projects.**

*While small businesses support infrastructure investments, they can't enjoy the benefits of finished projects if they don't survive the often chaotic construction process. An alarming 69% of Ontario small businesses have been affected by **multiple** construction projects over the last five years, and the same number say they should be compensated by government when a public construction project has a major impact on their business operations.*

Municipalities like Guelph and Hamilton have shown interest in setting up municipal construction mitigation programs, but their hands are tied by Section 106 of the Municipal Act that prohibits direct funding and property tax breaks to businesses for construction relief.

- **Increase the small business tiered pricing threshold from 750-3,000 kWh/month.**

Access to stable and reliable energy at a reasonable cost is critical to business competitiveness. Raising the threshold would create savings for many small businesses: Under tiered pricing, they now pay 9.3 cents/kWh for the first 750 kWh/month, then 11.0 cents/kWh for electricity used above the year-round 750 kWh/month threshold.

Construction Mitigation

Energy Costs

No Mandatory Employer-Paid Sick Days or Portable Benefits

- Do *not* introduce a mandatory employer-paid sick days program.
- Do *not* create a mandatory employer-paid portable benefits program.

Adding any new labour costs on Ontario small businesses would negatively impact the province's productivity and competitiveness. Our members' main concern about legislated sick days and portable benefits is who would pay for them. If Ontario small businesses were forced to take on the full cost of paid sick days, 80% say they would be unable to afford them. Similarly, 87% say they should not be required to take on all costs of a new portable benefits program.

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 39,000 in Ontario. 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 this small business platform, please contact:

Julie Kwiecinski, Director of Provincial Affairs, Ontario

julie.kwiecinski@cfib.ca



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