



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

*In business for your business™*



**Competitive PEI, Stronger Businesses  
2025 Top PEI Small Business priorities**

The PEI government must take decisive action to ensure the province's economy remains competitive and productive. As we brace for the potential fallout of tariffs from our top trading partner, it is essential that PEI's tax and regulatory systems foster a business climate that enables small businesses to adapt and thrive amid growing economic uncertainty

## Small Business Tax Rate and Threshold

- **Freeze small Business Tax Rate (SBTR) to 1%**
- **Increase the small business deduction threshold from \$500,000 to \$700,000 and index the threshold to inflation annually.**

Freezing PEI's Small Business Tax Rate (SBTR) at 1% and increasing the small business deduction threshold from \$500,000 to \$700,000, while indexing it to inflation, would provide immediate relief and long-term stability for small businesses.

The current \$500,000 threshold, unchanged since 2009, no longer reflects the financial realities of modern business, limiting small businesses' ability to thrive.

Surveys consistently show that reducing tax burdens empowers entrepreneurs to reinvest in operations, retain workers, and improve wages, ultimately strengthening PEI's economy during this period of uncertainty.

## Interprovincial Trade Barriers:

Mutual recognition of all provincial standards

- **Mutually recognize all provincial and territorial regulatory standards (other than an exemption list).**

Removing interprovincial trade barriers is essential to fostering a more integrated and competitive Canadian economy, and PEI has an opportunity to lead the charge.

Establishing mutual recognition of all provincial and territorial regulatory standards—other than a limited exemption list—would simplify interprovincial trade, cutting red tape and allowing businesses to expand seamlessly across borders. These measures would give PEI businesses a fairer, more cost-effective path to growth, ensuring they can compete nationally and beyond.



## Interprovincial Trade Barriers:

Eliminate transportation-related trade barriers to on and off the island

- **Work with the Federal Government to remove tolls on Confederation Bridge and ferries**

Unobstructed market access to and from PEI is essential for fostering a level playing field for entrepreneurs, and the toll on the Confederation Bridge remains a significant barrier to trade for PEI businesses.

Unlike other federally funded infrastructure projects across Canada that operate without tolls, the bridge toll adds an extra cost to doing business, increasing expenses for small businesses and limiting access to key markets and participation in diverse supply chains.

Eliminating the toll in partnership with the federal government would remove this unfair trade barrier, improving the movement of goods and people, reducing costs, and ensuring PEI businesses can compete on a level playing field with the rest of the country.

## Red Tape:

- **Reprioritize Red Tape Reduction Across PEI Departments**

PEI must renew its commitment to cutting red tape by adopting a whole-of-government approach that ensures all departments actively review, streamline, and prevent unnecessary regulatory burdens. Setting clear reduction targets will sustain progress and support a more business-friendly environment.

## Construction Mitigation:

Eliminate barriers to trade and transportation on and off the island

- **Develop a standardized construction mitigation framework that applies to provincial, municipal, and public-private projects.**

The impact of prolonged and disruptive construction projects on small businesses is significant, yet there is no consistent approach to evaluating, managing, and compensating for these disruptions. Currently, mitigation efforts are handled on an ad-hoc basis, if at all, leaving many businesses struggling without clear recourse. Such framework should:

- **Set Clear Standards for Project Planning** – Require planners to incorporate construction mitigation best practices at the outset, minimizing disruptions to local businesses.
- **Mandate Stronger Communication Protocols** – Ensure businesses receive timely, transparent information on project timelines, access restrictions, and available support.
- **Create a Predictable Compensation Model** – Establish a fair and consistent method for compensating small businesses that suffer financial losses due to prolonged construction impacts.

## Labour Costs

Ensure predictable and sustainable labour costs for small business

- **Establish predictable minimum wage increases, based on the prevalent medium wage in PEI.**
- **Pause expansion of benefits and/or reduction of eligibility requirements for benefits without impact assessment on PEI small business**

Labour costs remain a significant challenge for small businesses in PEI, particularly when policy changes are made without a clear understanding of their impact. To support business stability and job growth, minimum wage increases should be tied to the median wage in PEI, ensuring predictable, evidence-based adjustments rather than politically or subjectively driven changes that create financial strain. This approach would provide certainty for employers while ensuring wages keep pace with broader economic conditions.

Additionally, the expansion of benefits or loosening of eligibility criteria should not proceed without a thorough impact assessment on small businesses.

While improving worker benefits is important, unexamined changes such as increasing paid sick days or reducing qualifying thresholds for government-funded leave programs can disproportionately affect small businesses, forcing them to absorb costs they cannot afford. A measured, data-driven approach will help balance the needs of workers and employers, fostering a sustainable economic environment where small businesses can continue to grow, hire, and compete.

## Energy:

Ensuring Affordable, Reliable, and Transparent Energy for PEI

- **Ensuring affordable, reliable, and transparent energy for PEI small business**

Rising electricity rates, grid reliability issues, and the lack of transparency around carbon reduction costs are major concerns for PEI businesses. To address this, the government must commit to minimizing rate increases, strengthening grid reliability, and clearly outlining how carbon reduction investments impact costs.

A yearly projection of electricity rates through 2030 and 2035 will provide much-needed predictability as businesses plan for the future.

By ensuring energy policies are both effective and affordable, PEI can support economic growth while meeting environmental commitments.

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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 900 in PEI, and 10,200 in Atlantic Canada. 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](http://cfib.ca).

**For more information on the 2025 PEI Small Business Member Priorities, please contact:**

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