



Key Federal Supports for Small Business

Highlights from the Last 10 Years

October 2024





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Part A: Helping SMEs to Start-Up and Grow

Lowering Taxes for Small Businesses

- In 2019, the government cut the small business tax rate from 11% to 9%. This is in recognition of the vital role small business play in our economy and to enable business owners to have more cash flow. In 2024, SMEs are estimated to save \$6.2 billion because of the preferred small business tax rate.
- The government cut taxes for small businesses again when access was phased out to the small business tax rate more gradually, allowing more growing SMEs to qualify for a lower tax rate. This was estimated to deliver \$660 million in tax savings over the 2022-2023 to 2026-2027 period that can be reinvested towards growing and creating jobs.

Venture Capital Programs

- The Government of Canada is committed to creating a more diverse, vibrant and sustainable venture capital industry in Canada by supporting innovative, early-stage companies that create well-paying middle-class jobs by co-investing alongside the private sector in venture capital funds.
- Over the past decade, the Government of Canada has supported the Canadian venture capital ecosystem, which has grown significantly, from annual investments of \$1.9 billion in 2013 to \$7.1 billion in 2023.
- Since 2017, the government has invested over \$820 million in the Canadian VC ecosystem through the Venture Capital Catalyst Initiative (“VCCI”). This federal support has successfully enabled VC fund managers to leverage federal investments to raise private sector and other public investments and invest in innovative Canadian businesses.
- VCCI investments are anticipated to create a monumental impact of \$3.4 billion on the Canadian VC ecosystem when leveraged with capital raised from other sources. Consequentially, VCCI has supported the creation of more than 20,000 jobs across Canada.



- In addition to supporting the advancement of diversity in the ecosystem through the recent \$50 million inclusive growth stream, VC funds managers selected under the VCCI are required to collect gender and diversity metrics, as well as implement policies and practices that promote EDI internally, in building their portfolios, and in the broader VC ecosystem.
- Building on this momentum, the government's latest budget is devoting \$200 million to VCCI, with a goal of supporting VC for entrepreneurs who are part of equity-deserving groups, and to investing in underserved communities and outside key metropolitan areas.
- This work has been complemented by the Inclusive Women Venture Capital Initiative under the Women Entrepreneurship Strategy. This \$15 million program aims to strengthen and build a more inclusive VC environment for Canadian women entrepreneurs. It supports projects that strengthen the capacity of women entrepreneurs to access VC funding, contribute to the increasing representation of women in the VC industry, and help ensure that the VC industry is sensitive to gender and potential unconscious bias.

The Canada Small Business Financing Program

- The Canada Small Business Financing Program (CSBFP) is a program designed to help small businesses get access to financing to start-up, modernize and scale-up. It helps small businesses obtain financing through sharing the risk with financial institutions and partners with private sector financial institutions to increase the availability of financing to small businesses so they can start up, grow and modernize. Under the program, a borrower can receive up to \$1,000,000 through term loans and up to \$150,000 through a line of credit.
- Over the past 10 years, the CSBFP has been expanded and modernized to allow more small businesses to get access to the types of financing they need (e.g., lines of credit, intangible assets, working capital costs) and the increased amounts they require.
- From April 1, 2014 to March 31, 2024, in partnership with financial institutions across Canada, the CSBFP has facilitated over 53,800 loans to small businesses representing approximately \$11.8 billion in financial support.



Business Development Bank of Canada

- The Business Development Bank of Canada (BDC) plays an important role in supporting Canadian entrepreneurs, offering a range of financial and advisory solutions, including term loans, working capital and equity investments. BDC's services are focused on SMEs and are available to all entrepreneurs, operating in all sectors, across all regions, and at all business development stages.
- Since 2015, BDC has continued to increase its support of Canadian entrepreneurs. As of fiscal 2024, BDC had an outstanding portfolio of \$55.4 billion supporting more than 106,000 businesses, an increase from its fiscal 2015 portfolio of \$23.9 billion supporting 39,000 clients.
- BDC also serves an important public policy role, helping to deliver key Government of Canada initiatives such as the Women Entrepreneurship Strategy, the Black Entrepreneurship Loan Fund, and the Canada Digital Adoption Program.

The Trade Accelerator Program

- The Trade Accelerator Program (TAP) is an innovative program that has been improving the export capacity of Canadian small and medium-sized enterprises (SMEs) since 2015. ISED has funded TAP since 2019, helping SMEs to grow their businesses by building the skills to engage in new markets.
- From April 2019 to March 2024, TAP graduated 2,197 SMEs across 182 cohorts, successfully referring SMEs to GAC's Trade Commissioner Service (2,114 referrals), EDC (2,116), and BDC (2,115) for further export support.

Part B: An Inclusive Economy that Works for Everyone

Women Entrepreneurship Strategy

- Launched in 2018, the Women Entrepreneurship Strategy (WES) has grown to nearly \$7 billion in federal investments and commitments across 20 federal departments, agencies and crown-corporations. To date, women



entrepreneurs have accessed WES programs and services over 316,700 times.

- The WES Ecosystem Fund, launched in 2018, supports not-for-profit organizations helping women entrepreneurs access the networks, training and mentorship needed to succeed. In 2023–24 alone, the WES Ecosystem Fund supported over 20,900 women entrepreneurs.
- The WES' Women Entrepreneurship Loan Fund, which rolled out in 2022, provides loans of up to \$50,000 to diverse women entrepreneurs. In 2023–24, 400 loans totalling \$10 million were disbursed to help women entrepreneurs start or grow their businesses.
- The WES Inclusive Women Venture Capital Initiative, which rolled out in 2023, is strengthening and building a more inclusive venture capital environment. In 2023–24, the program supported over 2,200 women entrepreneurs to increase their access to venture capital funding, promote their representation in the venture capital industry, and reduce gender biases in the industry.
- The WES' Women Entrepreneurship Knowledge Hub (WEKH), launched in 2018, is a one-stop source of knowledge, data and best practices for women entrepreneurs. In 2023-24, the WEKH co-sponsored 720 events attended by more than 28,900 participants. Since its launched, the WEKH has hosted over 4000 events attended by over 127,200 participants. The WEKH released its fifth State of Women Entrepreneurship in Canada (2024) report on July 31.
- The WES' Women Entrepreneurship Fund, which was launched in 2018 and concluded in fiscal year 2020-21, provided a total of \$30 million directly to 321 women-owned and led businesses across Canada, to help them grow and reach new markets.
- Since 2015, the Business Development Bank of Canada (BDC) has made it a priority to support the success of women entrepreneurs, recognizing that they face unique challenges in starting and growing businesses. As of March 31, 2024, the BDC authorized \$1.7 billion in loans to women entrepreneurs, and has an active portfolio supporting a total of 19,418 women entrepreneurs.



- In 2018 the Export Development Canada's (EDC) announced commitments to facilitate trade for women-owned and led businesses who export, and their support for women entrepreneurs has grown steadily as part of the EDC Inclusive Trade strategy. EDC has served over 4,000 women-owned and led companies, facilitating \$8.7 billion in business since 2018.
- Global Affairs Canada's (GAC) longstanding Business Women in International Trade (BWIT) initiative was enhanced as part of the WES in 2018, to connect women entrepreneurs with expanded services. Last year, the GAC Trade Commissioner Service provided support to more than 800 women-owned companies to explore opportunities and expand their business in international markets.
- Launched in 2019 and led by Farm Credit Canada (FCC), the FCC Women Entrepreneur Program has financed over 3,300 loans worth a total of \$2.5 billion for women entrepreneurs, as of March 2023.

Black Entrepreneurship Program

- Black entrepreneurs and business owners make invaluable contributions to Canada's economy every day.
- In September 2020, the government created a national Black Entrepreneurship Program (BEP) with an investment of \$265 million to support Black Canadian entrepreneurs and business owners, which builds on the success of previous federal programs. The program includes the Black Entrepreneurship Loan Fund, the National Ecosystem Fund and the Black Entrepreneurship Knowledge Hub.
- The National Ecosystem Fund is a nearly \$100 million investment in 43 not-for-profit organizations to support the strengthening of business services for Black entrepreneurs. Collectively, these organizations have provided business support services to nearly 16,000 Black business owners and entrepreneurs as of March 31, 2024.
- The Loan Fund is an investment of \$130 million from the Business Development Bank of Canada (BDC) and \$30 million from the government. It is administered by the Federation of African Canadian Economics (FACE), in partnership with BDC. It provides loans of up to \$250,000 to support Black business owners and entrepreneurs across Canada. Since



its launch on May 31, 2021, FACE has approved over \$52 million in support of 590 loans as of March 31, 2024.

- On December 13, 2021, the government announced that Carleton University and Dream Legacy Foundation would be responsible for managing the Black Entrepreneurship Knowledge Hub. The Knowledge Hub, created through a \$5 million investment from the government, conducts research and collects data on Black entrepreneurship in Canada and identifies barriers to success as well as opportunities to help Black entrepreneurs grow their business. The Knowledge Hub has held two annual research symposiums to-date. In February 2024, they soft launched their Black Entrepreneur Ecosystem Map designed to help Black entrepreneurs and business owners access a network of resources, opportunities for business partnerships, and boost their profile among investors and customers. The Knowledge Hub also launched a National Quantitative Survey and a National Qualitative Study to gather much needed data to inform Black entrepreneurship programming and policies. Finally, the Knowledge Hub is also monitoring eight community-driven research projects.

Futurpreneur Canada

- Futurpreneur Canada (FC) helps young entrepreneurs develop their business ideas, assess their markets, gain skills and increase their overall readiness, and get the financing and mentoring support they need to launch and grow their businesses.
- The federal government is the largest single funder of FC. Since 1996, FC has supported more than 18,700 young business owners and helped launch more than 14,700 businesses across Canada. In 2022-23, 44% of the business they supported were women-led, 22% had Black founders and 4% had Indigenous founders.
- Budget 2019 invested \$38 million to FC over five years, starting in 2019–20. In April 2020, the GoC committed to provide an additional \$20.1 million to FC to support young entrepreneurs in the wake of COVID-19.
- Budget 2024 committed \$60 million over five years, starting in 2024-25 for Futurpreneur, matching funding with private sector partners and other orders of government.



2SLGBTQI+ Entrepreneurship Program

- The 2SLGBTQI+ Entrepreneurship Program is a \$25-million investment that supports 2SLGBTQI+ entrepreneurs and includes three main components: the Business Scale Up program, the Ecosystem Fund and the Knowledge Hub. Led by Canada's 2SLGBTQI+ Chamber of Commerce (CGLCC) and co-developed with the 2SLGBTQI+ entrepreneurship community, the program aims to foster a more inclusive economy by ensuring 2SLGBTQI+ entrepreneurs can access the resources needed to succeed.
- In 2023-2024, the 2SLGBTQI+ Entrepreneurship Program supported over 600 2SLGBTQI+ SMEs, including 36 women-led SMEs, 19 SMEs led by visible minorities, 18 SMEs led by persons with disabilities, 6 youth-led SMEs and 3 Indigenous-led SMEs.
- On August 29, 2024, the government and CGLCC announced 17 recipients of funding through the Ecosystem Fund and the selection of the Fyrefly Institute for Gender and Sexual Diversity, in partnership with the eHUB Entrepreneurship Centre at the University of Alberta, to deliver the 2SLGBTQI+ Entrepreneurship Knowledge Hub.

Indigenous Economic Reconciliation

- Ensuring the long-term resilience of Indigenous economies is a priority for the Government of Canada.
- As part of the Women Entrepreneurship Strategy, the National Aboriginal Capital Corporations Association (NACCA) administers and delivers microloans through the Women Entrepreneurship Loan Fund. Loans of up to \$50,000 are supporting Indigenous women entrepreneurs, particularly for start-ups, which may experience more difficulty in accessing financing.
- The Aboriginal Entrepreneurship Program provides support for First Nations, Inuit, and Métis Nation entrepreneurs by lowering the cost of business financing, providing equity, and offering business support services. The program helps Indigenous entrepreneurs access affordable loans to start and grow their businesses. Budget 2024 provided \$350 million over five years, starting in 2024-25, to renew Canada's commitment to Indigenous Financial Institutions, including \$30 million over



five years for the Métis Capital Corporations which have, for decades, provided critical support to Métis entrepreneurs and businesses.

- The Indigenous Growth Fund (IGF), managed by the National Aboriginal Capital Corporations Association with investments from the Government of Canada, Business Development Bank of Canada, and private partners, is a \$153 million investment fund, providing improved access to capital for Indigenous small and medium-sized enterprises. Loan Capital from the IGF will flow through the network of Indigenous Financial Institutions to Indigenous businesses that are looking to start or grow their businesses, helping them to overcome some of the barriers they have historically faced.
- Together, these investments will support Indigenous entrepreneurs and Indigenous communities by helping to reduce systemic barriers and by ensuring that supports are in place for Indigenous people to fully participate in the economy, contributing to Indigenous prosperity and success across generations.

Part C: Helping SMEs Modernize and Reducing Red Tape

Canada Digital Adoption Program

- The Government of Canada is committed to helping small businesses get the support they need to start-up, grow and succeed by making sure they are prepared to compete in an increasingly digital economy.
- Launched in 2022, the Canada Digital Adoption Program (CDAP) has helped tens of thousands of businesses start up and scale up online. Through two distinct grants, Grow Your Business Online (GYBO) and Boost Your Business Technology (BYBT), SME's have leveraged e-commerce opportunities, integrated digital technologies into their processes, and digitized operations to stay competitive and meet their customers' needs.
- GYBO allowed businesses to secure up to \$2,400 in grants to help cover the costs of adopting e-commerce solutions as well as support and advice from a network of e-commerce advisors. Through GYBO's support, 35,000 businesses have boosted their online presence with e-commerce and



digital marketing, which has led to enhancements such as increased sales, attracting new customers and improved user-experience.

- BYBT equipped businesses with expert guidance to help them secure a digital adoption plan tailored to their unique needs and goals. With their digital adoption plan in hand, businesses could also apply for a zero-interest BDC loan of up to \$100,000 and a wage subsidy to support implementation. Tens of thousands of SMEs across key industry sectors, including businesses led by equity-deserving groups, have increased their efficiency and productivity through new digital solutions like Customer Relationship Management tools, Search Engine Optimization, even new cybersecurity technologies and artificial intelligence.
- Through CDAP, the Government of Canada enhanced its services to businesses by streamlining access to grants through an Integrated Service Portal. The BYBT grant consisted of a fully digital service for clients, permitting them to validate their identity, confirm their eligibility and sign a grant agreement within minutes. They can also select a service provider and upload their grant claim, all within a single secure portal.
- When combined, the grants, loans from the BDC, and wage subsidies enabled by CDAP have provided over \$1 billion in support to Canadian businesses.

ElevateIP

- Building on the National Intellectual Property Strategy that was launched in 2018, the Government of Canada announced in Budget 2021 an investment of \$90M over four years, starting in 2022-23, to further support Canadian innovators, startups, and technology-intensive businesses, creating the ElevateIP program.
- ElevateIP helps Business Accelerators and Incubators (BAIs) provide the tools Canadian startups need to understand, strategically manage and make use of their IP. The program leverages the existing Canadian BAI network to provide targeted IP supports to startups, as a complement to the BAIs' existing suite of services, such as:
 - Increasing IP awareness and educational opportunities for startups through activities such as workshops, programs, conferences, and



- peer-to-peer learning opportunities, so they have the foundational IP knowledge required to succeed.
 - Developing IP Strategies and providing startups with the tools, talent and supports to manage and make the most of their IP assets.
 - Implementing IP Strategies by enabling startups to realize the objectives of their IP Strategies
- Since the launch of the program, over 3,500 startups have received services, and an additional 350 BAI staff that have leveraged the program to increase their IP awareness and education to better serve businesses. Of note, the program has exceeded its equity, diversity and inclusion target of 20%, with approximately 40% of startups supported owned by underrepresented groups.

Innovative Solutions Canada

- Launched in 2017, Innovative Solutions Canada (ISC) uses grants and procurement to fund the full range of R&D activities under 3 components: The Challenge Stream focuses on early-stage R&D; the Testing Stream focuses on later-stage R&D prototype testing; and the Pathway to Commercialization enables departments and agencies to purchase innovations that have been successfully tested.
- ISC continues to help small and medium-sized businesses expand into new markets, drive domestic sales and exports, and create well-paying jobs for Canadians. Since 2014-2015, ISC has awarded a total of 1,185 contracts and grants to 869 Canadian SMEs, including:
 - 441 projects awarded to 274 SMEs, valued at \$169.7M for early-stage technologies.
 - 744 projects awarded to 595 SMEs valued at \$455.5M for late-stage technology, and
 - 11 Pathway to Commercialization contracts valued at approximately \$18.9 million have also been awarded to 7 SMEs on behalf of federal departments and agencies
- Announced in Budget 2021, ISC was identified as part of the National Quantum Strategy (NQS) to move quantum solutions toward the marketplace by matching Government of Canada clients with Canadian SMEs. In 2022-23, ISC supported 15 Canadian SMEs totaling \$6M in



funding, and in 2023-24, 22 quantum companies totaling over \$8.3M in funding for innovation.

The CAN Health Network

- The CAN Health Network was established in 2019 as a pilot initiative led by Regional Development Agencies (RDAs) to create a procurement network that connects multiple health organizations with Canadian companies to validate, commercialize and sell their technologies in Canada. Further support was extended in Budget 2022, through Innovation, Science, and Economic Development Canada (ISED) to expand the Network across Canada.
- The CAN Health Network's integrated marketplace makes it easier for SMEs to compete and grow. The Network enables fast-tracked and scalable innovative procurement using existing guidelines and facilitates joint procurement opportunities as part of an open and transparent competition process accessible to all companies.
- This model simultaneously removes barriers for SMEs when attempting to access the health care market while also improving healthcare delivery for Canadians. To date, the CAN Health Network has supported over 65 small business to demonstrate their technology solutions and to gain valuable insights directly from customers.

One-Stop-Shops for Business Supports and Services

- The Government of Canada is continuing to improve client service delivery by consolidating information and supports within one-stop-shops, such as BizPaL, the Business Benefits Finder, and Accelerated Growth Services.
- BizPaL was created in 2004-05 as an online source of information on Canadian permits and licences, with the goal of helping Canadian businesses and entrepreneurs assess their compliance obligations from all levels of government. It's supported by a longstanding multi-jurisdictional partnership - including federal, provincial, territorial, municipal and Indigenous governments. BizPaL's inventory currently holds over 11,000 permits and licences from those jurisdictions. It has been successful in helping businesses save time and continues to support a government-wide effort to tackle regulatory burden. In 2023-24, the BizPaL site had approximately 490,000 visits.



- The Business Benefits Finder (the Finder), launched in January 2018, provides a single access point to all the government services and information needed to start, run and grow a business. The Finder includes over 1,600 programs and services offered by federal, provincial and territorial governments. By answering a few questions, businesses can find the programs and services that respond to their specific needs. From launch until end of 2023-24, the Finder received over 5.2 million visits and completed over 1.5 million referrals to program websites.
- Finally, the Accelerated Growth Services (AGS) help Canadian businesses navigate and access the government supports they need to grow and scale. From funding, to research and development, to breaking into new markets and everything in between, AGS helps connect businesses with the right support, at the right time. AGS Innovation Advisors across Canada work with 11 core federal government partners and over 50 innovation ecosystem partners to provide a single-access window helping businesses save time and resources searching for the right programs and supports to help them scale and grow.

Credit Card Fees Reduction

- The government made commitments in Budgets 2021 and 2022 to work with key stakeholders to reduce credit card transaction fees for Canadian small businesses.
- As of December 2023, agreements have been finalized with Visa and Mastercard to lower credit card transaction fees for small businesses. These new agreements will help more than 90% of credit card-accepting businesses in Canada qualify for lower rates and see their credit card transaction fees cut by up to 27%. These reductions are expected to save eligible Canadian small businesses about \$1 billion over five years.
- As a result of these agreements, small businesses will also benefit from free access to online fraud and cybersecurity resources from Visa and Mastercard to help them grow their online sales while also preventing fraud and chargebacks.



The Carbon Tax Rebate

- Under the Greenhouse Gas Pollution Pricing Act (GGPPA), the Government of Canada implemented a federal carbon-pricing system for provinces whose pollution-pricing systems do not meet the minimum national stringency standards. Under the GGPPA, all direct proceeds are to be returned to the jurisdiction in which they were collected.
- To help ensure SMEs are not paying a disproportionate amount as part of the carbon pricing system, Budget 2024 announced the Canada Carbon Rebate for Small Businesses, a refundable tax credit to return pollution-pricing proceeds from fiscal years 2019-20 to 2023-24 to an estimated 600,000 SMEs.
- Through an accelerated and automated return process, the Canada Revenue Agency will deliver over \$2.5 billion in direct payments to eligible SMEs in provinces where the federal carbon-pricing system applies. The enabling legislation, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received Royal Assent on June 20, 2024.
- The aim is for rebates to be issued to eligible corporations by the end of the 2024 calendar year.

The Canadian Entrepreneurs' Incentive

- As part of an ongoing effort to make the tax system more fair, Budget 2024 announced the government's intention to increase the inclusion rate on capital gains realized annually above \$250,000 by individuals and on all capital gains realized by corporations and trusts from one-half to two-thirds. This will make Canada's tax system fairer and raise \$19.4 billion over five years to pay for investments to build nearly 4 million new homes, to make life cost less, and to grow the economy—for every generation, particularly Millennials and Gen Z.
- To encourage entrepreneurship, Budget 2024 also proposed the Canadian Entrepreneurs' Incentive (CEI) which will reduce the inclusion rate to 33.3 per cent on a lifetime maximum of \$2 million in eligible capital gains. Combined with the enhanced lifetime capital gains exemption increase to \$1.25 million, entrepreneurs will have a combined exemption of at least \$3.25 million when selling all or part of a business.



- To ensure most middle class Canadians and entrepreneurs do not pay more tax, the government is maintaining existing capital gains exemptions and creating new exemptions, including:
 - Increasing the Lifetime Capital Gains Exemption to \$1.25 million, effective June 25, 2024, from the current amount of \$1,016,836 on the sale of small business shares and farming and fishing property. With this increase, Canadians with eligible capital gains below \$2.25 million will pay less tax and be better off.
 - The Canadian Entrepreneurs' Incentive, to encourage entrepreneurship by reducing the inclusion rate to one-third on a lifetime maximum of \$2 million in eligible capital gains. Combined with the new \$1.25 million lifetime capital gains exemption, when this incentive is fully rolled out, entrepreneurs will pay less tax and be better off on capital gains of up to \$6.25 million.