



## **CFIB RESPONSE TO THE 2006 FEDERAL BUDGET**

This budget exceeded our expectations. Small business owners should love this budget. It is clear that focusing on small business priorities not only makes good economic sense, it makes good political sense. All political parties in this minority government should support these initiatives.

For every dollar the budget allocates to spending priorities there are two dollars allocated to tax reductions. The budget hits virtually all of our members tax priorities: maintaining most of the personal income tax cuts previously announced; raising the small business corporate rate threshold from \$300,000 to \$400,000; extending the business loss carry-forward provision to 20 years; lowering the small business corporate tax rate to 11 per cent; lowering the general corporate tax rate and lowering the GST rate to 6 per cent July 1, which gives business owners suitable time to adjust to the new rate.

There are several specific small business initiatives that CFIB strongly supports such as: allowing fishers to claim the \$500,000 lifetime capital gains exemption; a new employer tax credit of up to \$2,000 to hire apprentices; allowing tradespeople to claim a \$500 deduction for the cost of tools; accelerating the elimination of excise tax on jewellery; exempting excise tax on Canadian wine producers and lowering excise duty on small breweries.

It is very important to our members that debt reduction remains a top priority. The government plans on reducing the debt by \$3 billion annually. The debt-to-GDP ratio is projected to fall to 31.7 per cent by 2007-08 to 25 per cent by 2013-14.

CFIB supports the government's plan to curtail spending growth. Program expenses as a share of the GDP are projected to decline from 13.7% in 2004-05 to 13% in 2007-08. Our members will also support many of the new spending priorities, which include spending on agriculture; transportation infrastructure, securing Canada's border and pandemic preparedness.

Finally, CFIB's Red Tape report and the Small Business Advisory Committee on Paper Burden Reduction are referenced as a priority to improve Canada's competitiveness.

The following is a summary of the key budget proposals that impact our members:  
[http://www.cfib.ca/pdfs/budget06\\_summ.pdf](http://www.cfib.ca/pdfs/budget06_summ.pdf)