

August 2, 2023

The Honourable Donna Harpauer
Minister of Finance
Government of Saskatchewan

Re: Concern With Small Business Tax Rate

Dear Minister Harpauer,

I hope this letter finds you well. I am writing to bring to your attention a matter that continues to be of significant concern for small businesses in Saskatchewan, particularly in light of the ongoing challenges posed by the West Coast Port strike, lingering economic effects from COVID-19, and inflation.

As you are aware, the small businesses tax rate in Saskatchewan, which had been temporarily set to 0% from October 1, 2020, to June 30, 2022, was a crucial measure implemented to support businesses during the disruption caused by the pandemic. This tax rate was subsequently increased to 1% on July 1, 2023, with plans to return to its pre-COVID rate of 2% on July 1st, 2024.

The freeze in the small business tax rate was essential in providing relief to businesses that were grappling with the adverse effects of the pandemic. It continues to be essential to businesses today. As our province's economy is recovering from the disruptions caused by the pandemic, businesses face challenges such as labor shortages, inflation, and supply chain disruptions, which persist in significantly impacting small business owners. These businesses are facing shrinking resources, increased input costs and inflation, and are in dire need of continued support.

To address this dire need, **the Saskatchewan Chamber of Commerce is urging the Government of Saskatchewan to freeze the provincial small business tax rate at 1%, as an ongoing measure, beyond the 2022-23 fiscal year.** This action will work to assist small businesses as they strive to overcome the hurdles brought on by the pandemic, inflation, labour shortages and supply chain disruptions, and will help to facilitate economic growth in the province.

I trust that you will consider this recommendation and recognize its significance in bolstering Saskatchewan's small business community and overall economic growth. Thank you for your ongoing support of Saskatchewan businesses.

Sincerely,

Prabha Ramaswamy



Saskatchewan Chamber of Commerce