

November 5, 2025

Dear NSBA Members,

Re: What the 2025 Federal Budget Means for Saskatoon Businesses

This week, the Federal Government delivered its 2025 Budget titled: *Our Plan: Building Canada Strong*, which outlines measures intended to improve productivity, competitiveness, and affordability across the Canadian economy. While the Budget's scope is national, several key initiatives will directly affect Saskatoon's business community, particularly small and medium-sized enterprises (SMEs).

Encouraging Business Investment

A centrepiece of the Budget is the introduction of a *Productivity Super-Deduction* that allows businesses to write off more of their capital investments in machinery, equipment, and buildings. This change lowers the marginal effective tax rate on new investments, making Canada one of the most competitive G7 countries for reinvestment.

For Saskatoon businesses such as manufacturers and service providers to trades and repair shops, this means it's a good time to consider upgrading facilities, adopting new technologies, and investing in tools that enhance efficiency.

Reducing Red Tape

The Budget also highlights measures to reduce red tape and make it easier for businesses to operate in Canada. The proposed initiatives include streamlining approval processes, reducing duplicative or low-value reporting requirements, and simplifying access to government programs. There is a focus on aligning regulations with international standards, particularly in transportation and trade, and making it easier for Canadian SMEs to participate in federal procurement. For Saskatoon businesses, this could mean faster approvals, lower compliance costs, and easier access to federal opportunities.

Key Tax Measures for Small and Medium-Sized Businesses

Several targeted tax changes will directly affect SMEs:

- **Immediate Expensing and Better Write-Offs:**
Businesses can benefit from more generous write-offs on new investments in buildings, machinery, and equipment. This reduces after-tax costs for capital purchases and encourages reinvestment in productivity-enhancing assets.
- **No Change to the Federal Small Business Tax Rate:**
The small business tax rate remains at 9%, with no broad reduction announced. The

Budget instead focuses on incentives — such as enhanced credits and write-offs — rather than across-the-board rate cuts.

- **Capital Gains and Exit Planning:**
Some previously proposed measures, such as the *Canadian Entrepreneurs' Incentive*, have been withdrawn. Business owners planning to sell or transfer ownership should review their succession and capital-gains strategies accordingly.

Together, these tax changes may provide new opportunities for SMEs to reinvest in growth and innovation, but they also require sound tax planning and awareness of eligibility criteria.

Supporting Trade and Local Procurement

The Budget introduces an *SME Export Readiness Initiative* to help smaller firms prepare for international markets, alongside a new *Buy Canadian* policy that will prioritize domestic suppliers in federal procurement. These measures may open new opportunities for Saskatoon businesses to sell into government contracts or expand their reach beyond local markets.

Investing in National Building Projects

The 2025 Budget reinforces Canada's commitment to nation-building through major investments in critical infrastructure projects — including transport/logistics infrastructure, port expansion, and resource development in mining and critical minerals. These investments are expected to enhance supply chains, reduce transportation bottlenecks, and strengthen Canada's export capacity.

For Saskatoon, this could mean expanded rail and logistics capacity for agricultural, mining, and manufacturing exports, as well as new opportunities for companies that support or service these large-scale industrial projects. Increased activity in mining and resource development also creates indirect demand for trades, equipment suppliers, and professional services in and around Saskatoon.

Build Communities Strong Fund

The Budget introduces the \$51-billion *Build Communities Strong Fund* to upgrade and expand critical infrastructure across Canada, starting in 2026-27. Administered by Housing, Infrastructure and Communities Canada, the program aims to boost economic growth and job creation through three main streams:

- A *Provincial and Territorial Stream* providing \$17.2 billion over 10 years for housing-enabling, health, and education infrastructure, requiring provinces and territories to cost-match and reduce development charges.
- A *Direct Delivery Stream* of \$6 billion over 10 years for regionally significant projects, climate adaptation, and major retrofits, which must leverage private sector investment.
- Finally, a *Community Stream*, rebranding the existing Canada Community-Building Fund, offering \$27.8 billion over 10 years plus \$3 billion annually for local infrastructure projects.

Together, these investments will aim to strengthen communities, create good jobs, and modernize essential systems across the country.

Investing in Infrastructure and Housing

The federal government is committing \$115 billion over five years to infrastructure and \$25 billion in new housing measures. These investments will generate opportunities in construction, materials, and related industries, creating potential spin-off demand across the Saskatoon economy.

What This Means for Saskatoon's Business Community

In summary, the 2025 Budget looks to offer:

- Improved tax incentives for business investment and innovation;
- Opportunities for SMEs to access export and procurement markets; and
- Increased economic activity tied to infrastructure and housing investments.

While many measures will take time to roll out, there appears to be a clear goal as the federal government aims to stimulate growth through investment, competitiveness, and affordability.

We will continue to monitor the implementation of these commitments and advocate for policies that ensure Saskatoon remains a competitive and prosperous place to do business.

Sincerely,



Keith Moen
Executive Director, NSBA