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# Government announces significant new support to help small business owners

From: [Department of Finance Canada](#)

## News release

**October 1, 2024 - Ottawa, Ontario - Department of Finance Canada**

Canada's small- and medium-sized businesses keep main streets flourishing across the country, create good-paying jobs, and deliver the dream of entrepreneurship. It is essential that these businesses thrive so they can continue being the bedrock of our communities and our economy.

Today, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, alongside the Honourable Rechie Valdez, Minister of Small Business, and the Honourable Jean-Yves Duclos, Minister of Public Services and Procurement, announced a comprehensive suite of measures to help small- and medium-sized businesses start up, grow, and thrive.

First, the federal government announced the payment amounts for the new **Canada Carbon Rebate for Small Businesses**, which will deliver over \$2.5 billion to about 600,000 Canadian businesses before the end of this year. This refundable tax credit will return a portion of the fuel charge proceeds from

2019-20 through 2023-24 to small businesses, in jurisdictions where the federal fuel charge applies. Eligible businesses that filed their 2023 tax return by July 15, 2024, will receive their payment by:

- December 16, 2024, if registered for direct deposit from the Canada Revenue Agency; or,
- December 31, 2024, if receiving payment by cheque.

To ensure all eligible businesses can receive their payments, the government is proposing to extend the deadline for businesses that file their tax return from July 15, 2024, to December 31, 2024. Late filers would receive their payment at a later date, subject to Royal Assent of the required legislation.

The Canada Carbon Rebate for Small Businesses will deliver **up to \$4,010 to a business with 10 employees in Ontario, \$29,550 to a business with 50 employees in Alberta, and \$576,844 to a business with 499 employees in Saskatchewan.** Small businesses in Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador will also receive payments.

Second, the federal government announced a revised **Code of Conduct for the Payment Card Industry in Canada** to protect over 1 million businesses that accept credit card and debit card payments from customers. Starting on October 30, 2024, the revised Code will help businesses compare prices and offers from different payment processors, and shorten the complaint handling response time by nearly 80 per cent to just 20 business days. All major payment card network operators in Canada have agreed to the terms of the revised Code. Certain obligations requiring complex or technical system changes will come into effect by April 30, 2025.

Third, the federal government announced that new, **reduced credit card transaction fees for small businesses** will take effect on October 19, 2024. More than 90 per cent of small- and medium-sized businesses that accept credit cards will receive lower rates and see interchange fees reduced by up to 27 per cent. These fee reductions are expected to save eligible small businesses about \$1 billion over five years. The federal government expects all members of the credit card industry, including payment processors, to pass these savings on directly to small businesses. The federal government negotiated and finalized new agreements with Visa and Mastercard, which also protect reward points offered to Canadian consumers.

**Reduced credit card transaction fees will save small businesses thousands of dollars every year.** For example, if a store processes \$300,000 in credit card payments, they currently pay nearly \$4,000 in annual fees. With these new agreements, the store could save \$1,080 in fees every year.

The government is taking action to help businesses start-up, grow, and thrive by reducing the costs of running a business. Today's new supports for business owners build on the tax cut for small businesses announced in Budget 2022, which is saving businesses \$660 million in taxes over 2022-23 to 2026-27, by making the 9 per cent federal small business tax rate available to more businesses as they grow.

# Quotes

"Small- and medium-sized businesses are Canada's economic engine, employing nearly two-thirds of all Canadian workers. We are making it cost less for businesses to start-up, grow, and thrive, so they can help our main streets flourish. By reducing the cost of accepting credit card payments, and returning more money to small businesses, Canadian entrepreneurs will be able to put more of their money towards growing their business and creating good-paying jobs."

- *The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance*

"Small businesses are the backbone of our economy, and today, our government is once again delivering real, tangible support to help them thrive. The Canada Carbon Rebate will put \$2.5 billion directly into the hands of nearly 600,000 small business owners across the country, while lower credit card fees will save small businesses an additional \$1 billion over the next five years. Our message is simple: we have got your back, so you can focus on growing your business, creating jobs, and strengthening your communities."

- *The Honourable Rechie Valdez, Minister of Small Business*

“Small- and medium-sized businesses are an integral part of communities in Québec and across the country. The federal government is making life easier for locally owned businesses by introducing reduced credit card transaction fees and delivering the Canada Carbon Rebate for Small Businesses. We are also protecting our steel and aluminum sectors against unfair practices from China. The federal government understands the importance of investing and protecting good-paying jobs in Québec and in Canada.”

*- The Honourable Jean-Yves Duclos, Minister of Public Services and Procurement*

## Quick facts

- The Canada Carbon Rebate for Small Businesses is a refundable tax credit to return a portion of federal fuel charge proceeds directly to eligible businesses.
  - Businesses will not have to apply for this rebate. The Canada Revenue Agency will determine and automatically issue the rebate amounts to eligible businesses based on the payment rates of each applicable province for the corresponding fuel charge years, as specified by the Minister of Finance.
  - The rebate will be available to eligible Canadian-controlled private corporations that had 499 or fewer employees in Canada throughout the calendar year in which the applicable fuel charge year began.
  - The federal fuel charge currently applies in the provinces of Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, and Saskatchewan. The

Government of Canada does not keep any direct proceeds from pollution pricing. All direct fuel charge proceeds are returned in the province or territory of origin.

- The Code of Conduct for the Payment Card Industry in Canada was first released in 2010 and was last updated in 2015.
  - All major payment card network operators in Canada incorporate the Code into their rules, making it binding on all their network participants: issuers, acquirers, and payment processors.
  - More than 1 million businesses that accept payment cards in Canada will benefit from the Code revisions. In 2023, these businesses accepted approximately 14.1 billion card payments worth \$1.2 trillion.
  - The increased transparency and disclosure elements of the revised Code require payment processors to notify eligible businesses if network fee reductions will not be passed on in full. Additionally, payment processors must remind those businesses of their right to terminate their contract, enabling them to switch to a processor that passes on the benefits of rate reductions.
  - Under the existing Code, businesses have the right to exit their contracts without penalty if they do not receive the full benefits of certain network fee decreases, such as the upcoming small business interchange reductions. But businesses have not always been aware of this right.
- Businesses pay fees to process credit card transactions, with the largest component being the interchange fee paid to credit card-issuing financial institutions, such as banks. The federal government has finalized agreements to lower these fees for small businesses starting on October 19, 2024.
  - Visa and Mastercard have agreed to:

- Reduce domestic consumer credit interchange fees for in-store transactions to an annual weighted average interchange rate of 0.95 per cent;
  - Reduce domestic consumer credit interchange fees for online transactions by 10 basis points, resulting in reductions of up to 7 per cent; and,
  - Provide free access to online fraud and cybersecurity resources to help small businesses grow their online sales while preventing fraud and chargebacks.
- Small businesses will qualify with each credit card network individually.
    - Small businesses with annual Visa sales volume below \$300,000 will qualify for the lower interchange fees from Visa, and those with annual Mastercard sales volume below \$175,000 will qualify for the lower fees from Mastercard.
    - Non-profit organizations with transaction volumes below these thresholds will also benefit from reduced rates.

## Related products

- [Backgrounder: Payment rates for the Canada Carbon Rebate for Small Businesses \(2019-20 to 2023-24\)](#)
- [Revised Code of Conduct for the Payment Card Industry in Canada](#)

## Associated links

- [Budget 2024: Fairness for Every Generation](#)

# Contacts

## Media may contact:

Katherine Cuplinskas

Deputy Director of Communications

Office of the Deputy Prime Minister and Minister of Finance

[Katherine.Cuplinskas@fin.gc.ca](mailto:Katherine.Cuplinskas@fin.gc.ca)

Media Relations

Department of Finance Canada

[mediare@fin.gc.ca](mailto:mediare@fin.gc.ca)

613-369-4000

## General enquiries:

Phone: 1-833-712-2292

TTY: 613-369-3230

E-mail: [financepublic-financepublique@fin.gc.ca](mailto:financepublic-financepublique@fin.gc.ca)

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