



Seizing Canada's Moment

TMX Group's action plan to boost long-term growth and competitiveness



Canada must use this opportunity to enhance economic security and ensure our future prosperity by creating the growth-friendly conditions to attract capital and talent from all over the world. To make this a reality, we need policies that make us globally competitive, reward entrepreneurs and investors for taking risks, and create stable, high-paying jobs for Canadians. A winning bet on Canada needs a sizable payoff.

Here are six specific steps the next Canadian government can take to ensure our country is seen throughout the world as a great place to invest and do business:

- 1

Allow Canadian companies to deduct the full capital costs of their investments

We recommend allowing Canadian businesses to deduct 100% of their capital investments for tax purposes, at the outset of a project, from the very first dollar. This would signal unequivocally to investors and companies domestically and internationally that Canada wholeheartedly welcomes business investment.
- 2

Lower capital gains tax on Canadian investments in Canadian companies

The increase to the capital gains inclusion rate proposed last year will severely impede capital formation in Canada by discouraging investment in companies. TMX recommends instead incentivizing investment by lowering the capital gains tax on Canadian investments in Canadian companies. To offset the revenue loss, the capital gains inclusion rate on gains from non-productive assets and investments in foreign companies – which do not stimulate Canadian productivity – could be increased, to as much as 100 percent.
- 3

Make the Mineral Exploration Tax Credit (METC) permanent

The METC is an essential tax incentive program designed to encourage investment in Canada's mineral exploration industry but it is structured to renew on a short-term basis for no discernable reason. This creates unnecessary uncertainty for companies and investors. TMX recommends finally making the METC permanent to bolster investor confidence and foster long-term growth in our mineral exploration industry.
- 4

Expand flow-through shares to other growth sectors

This highly successful, made-in-Canada policy tool helped to vault us to global prominence in the natural resources space. TMX recommends expanding the use of flow-through shares to other sectors, such as health care and technology, to drive investment and innovation in Canadian companies.
- 5

Create an investment-friendly environment for major projects

Efficient, transparent and predictable approval processes for permits and approvals are critical to attracting investment for new infrastructure and natural resource projects. TMX recommends measures that would increase certainty and reduce friction, such as a "one project, one assessment" approach.
- 6

Provide equal access to innovation support

TMX successfully advocated for expanded eligibility for the enhanced Scientific Research and Experimental Development (SR&ED) tax credit to Canadian public companies. The next Canadian government should enact these changes, which would help more growth-stage companies invest and innovate, stimulating job creation and economic growth.

TMX Group

TMX Group owns and operates key components of Canada's financial ecosystem, including Toronto Stock Exchange and Montreal Exchange, our premier equities and derivatives markets. At the centre of this powerful engine of economic growth and opportunity, our purpose is to make markets better and empower bold ideas. It's an enterprise commitment rooted in a proud history, and focused on ensuring a viable future. From our front row seat, for more than 170 years, we have seen the best of Canadian innovation, ingenuity, and entrepreneurship, and take it as our responsibility to promote investment in Canadian companies, economic growth, and international competitiveness. Recognizing the important role of government policy, TMX Group actively engages with policymakers to promote measures that support these objectives.

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