

AI Recap of the May 7 2026 webinar on preventing high tech startups leave Canada.

Quick recap

This webinar focused on exploring UK tax incentives for keeping high-tech startups within the country and potential applications for Canada. Mark Hart from the Enterprise Research Center presented on UK schemes including EIS, SEIS, and VCTs, sharing evidence on their effectiveness in supporting early-stage firms and improving growth trajectories. Lucy Hargreaves and Chad Saunders provided Canadian perspectives, discussing how Canada's proximity to the US creates unique challenges, with 32% of Canadian high-potential startups now headquartered in the US. The panelists debated whether Canada should compete directly with US tax incentives, with Lucy arguing for more holistic tax reform to make Canada's capital gains structure more competitive, while Chad suggested focusing on strengths and creative approaches rather than direct competition. The discussion also covered geographic challenges in Canada, risk aversion among angel investors, and the importance of mentorship programs, with participants noting that evidence-based metrics on the effectiveness of tax incentives remain limited.

Next steps

Next steps were not generated due to insufficient transcript.

Summary

Webinar Preparation and Planning

The meeting focused on preparing for an upcoming webinar. Peter explained the flow of the webinar, including introductions, a land acknowledgment, Mark's presentation, and a Q&A session with panelists Lucy and another participant. Mark discussed his busy schedule, including work with the Enterprise Research Center, UK government programs, and a procurement process at the University of Warwick. The team confirmed technical arrangements, with Mark set to co-host and present, and discussed the expected diverse attendance from across Canada.

Tax Reform for Tech Startups

The meeting focused on discussing tax reform solutions to retain high-tech startups in Canada, with comparisons to UK policies. Lucy shared Build Canada's submission to the 2026 pre-budget consultation process, proposing reforms to Lifetime Capital Gains Exemption (LGCE) and corporate tax structure similar to Estonia's approach, while expressing concerns that the UK's Enterprise Investment Scheme (EIS) is too narrowly focused on investors. Mark clarified he was presenting UK research findings objectively rather than advocating for specific policies, and the group agreed to change terminology from "Indigenous" to "local" in the presentation slides to avoid confusion with Canada's specific context. The session was structured as a webinar with a presentation by Mark Hart followed by a panel discussion and Q&A.

UK Tax Incentives for Start-ups

Mark presented on tax incentives for UK start-ups, discussing their effectiveness and potential application in the Canadian context. He highlighted challenges in accessing funding for early-stage firms, particularly in regions outside London and the South East, and emphasized the importance of educating entrepreneurs about available financial products. Mark explained the initial motivation behind tax schemes was to encourage innovation by attracting more business

angels and venture capitalists to high-potential SMEs. He noted recent changes to these schemes in April 2026 and referenced a reading list for further information.

UK Tax Incentives for Businesses

Mark presented on UK tax incentive schemes for early-stage businesses, explaining the differences between SEIS, EIS, and VCTs. He highlighted how these schemes target different stages of business growth, with SEIS focusing on very early-stage firms and VCTs on scaling firms under 12 years old. Mark discussed the role of the British Business Bank in complementing these schemes and shared insights on their effectiveness, noting that EIS-supported firms show improved growth trajectories and survival rates, particularly in younger firms and innovation-intensive sectors. He concluded by suggesting that any potential Canadian implementation of similar tax incentives should be simple, targeted, aligned with innovation goals, and include robust evaluation frameworks.

Canadian Tax Reform Feedback

Lucy Hargreaves, co-founder and CEO of Build Canada, provided feedback on the EIS report, emphasizing the need for comprehensive tax reform in Canada to address the decline in high-potential startups and emigration. She highlighted that Canada's capital gains tax structure is uncompetitive compared to the US, particularly given their proximity and the ease with which Canadian founders can relocate to the US. Lucy suggested that a more holistic approach is needed to make Canada's tax environment more attractive for founders, early employees, and investors.

High-Tech Policy Research Feedback

Chad provided feedback on the presentation, emphasizing the importance of evidence-based policy research to evaluate the effectiveness of interventions over time. He questioned the specific meaning of "keeping high-tech companies at home," suggesting different interpretations could impact policy outcomes. Chad highlighted challenges in Canada, such as accessing later-stage funding and securing the first customer, which often lead companies to leave the country despite initial intentions to stay. He also noted the need for an integrated national approach, particularly regarding capital gains tax policies, to support scaling ventures across the country.

Canada Company Retention Policy Strategies

The group discussed various policy levers to retain companies in Canada, with a focus on both financial and non-financial incentives. Lucy emphasized that while non-financial incentives like procurement policies and reduced red tape are helpful, they are less effective without addressing the underlying financial structure and tax incentives. Mark shared research on leadership and management programs as alternative growth mechanisms beyond finance. Chad highlighted the importance of mentorship programs driven by experienced entrepreneurs, suggesting they are more effective than government accelerator programs in supporting early-stage companies.

Canada-US Startup Tax Competition

The group discussed whether Canada should compete with the US on tax incentives for startups. Lucy argued that not competing would mean accepting that many Canadian entrepreneurs would move to the US, while Chad suggested focusing on Canada's strengths and targeting opportunities the US might overlook. Mark shared insights about Canada's industrial strategy sectors and highlighted that many fast-growing companies operate outside these designated sectors. He also explained that entrepreneurs often choose to move to the US because of greater freedom to remain as CEOs after achieving unicorn status, rather than giving up control to professional managers as often required in Canada.

Startup Investment Challenges and Opportunities

The discussion focused on challenges and opportunities in startup investment, particularly in Canada and the UK. Chad shared insights about how equity investments can remove entrepreneurs from their ventures, leading to reluctance among Canadian founders to pursue investment. Lucy discussed how Canada's capital gains exemption on principal residences diverts capital away from startups, while Mark emphasized that effective equity investment provides more than just capital, including expertise and networks. The group explored the effectiveness of tax schemes like EIS and SEIS in the UK, with Mark noting the lack of hard evidence on whether these schemes prevent firms from leaving the country, though they appear to help with growth and survival.

Iterative Policy and Venture Capital

The meeting focused on adopting a more iterative and experimental mindset in public policy and venture capital, with Lucy emphasizing the need to test ideas rapidly and pivot based on evidence rather than designing permanent solutions. Mark discussed challenges in shifting civil servant mindsets toward pilot programs and noted that younger generations are bringing new ideas, particularly around AI adoption. The group explored geographic challenges in venture capital, with participants noting that while major cities serve as hubs for talent and capital, entrepreneurs in rural areas often need to establish presence in larger cities. The discussion also covered angel investor networks, with participants noting that physical distance and risk aversion create barriers to investment, particularly in organized angel networks where lead investors can influence decisions across the entire network.