

# Canada Startup Visa Program: Understanding The Latest Policy Changes And Their Impact



Since its inception in 2013, the [Canada Startup Visa \(SUV\) program](#) has emerged as a fast-track pathway to permanent residency for international entrepreneurs seeking to launch innovative startups and build their futures in Canada. This program not only facilitates business development but also enriches the Canadian economy through diverse entrepreneurial talent.

However, recent changes to immigration policies have raised questions about the program's future viability. Drawing on over a decade of experience in processing hundreds of SUV applications, this article seeks to clarify the implications of these recent policy shifts, while reinforcing why the SUV program remains a compelling and viable route for aspiring entrepreneurs looking to thrive in Canada's dynamic business environment.

## **Recent Changes to the Program**

In 2024, Immigration, Refugees and Citizenship Canada (IRCC) implemented a series of significant changes to the SUV program, aimed at refining the application process and enhancing support for international entrepreneurs. These modifications reflect the government's commitment to adapting the program to better meet the evolving needs of both applicants and the Canadian economy. The key changes are as follows:

- 1. Availability of Open Work Permit for Main Applicants:** Starting October 3, 2024, SUV applicants will be able to apply for a three-year open work permit, a significant improvement over the previous one-year closed work permit. This change allows entrepreneurs not only to focus on their startups but also to explore other employment opportunities in Canada, providing them with greater flexibility when starting their new lives in Canada.
- 2. Limitations on Designated Entities:** Between April 30, 2024, and December 31, 2026, each designated entity will be limited to supporting a maximum of 10 startups per year. This temporary cap is designed to ensure a more focused and quality-driven approach to mentorship and support for emerging businesses. By restricting the number of startups that each entity can back, the program aims to enhance the depth and effectiveness of guidance provided to entrepreneurs, fostering a more tailored support environment. Additionally, this measure will aid the IRCC in managing the backlog of SUV applications that accumulated due to the disruptions caused by the COVID-19 pandemic, allowing for more efficient processing and better resource allocation to each applicant.

3. **Prioritization of Selected Cases:** Certain applications, including those backed by a minimum Canadian capital of CAD 75,000 or by a business incubator that is a member of the Canada's Tech Network, will receive priority consideration, expediting the process for eligible candidates. Recently, the IRCC has also shown a tendency to prioritize cases from in-Canada applicants who are actively engaged in developing their startup businesses, with some applicants successfully obtaining approvals on their permanent residence applications in just 15 months if they can demonstrate active participation in their ventures.
4. **Significant Economic Benefits Requirements:** Applicants must bring significant economic benefits to Canada and demonstrate sufficient capital funding and the capacity to lead their ventures to secure a work permit under the SUV program. This helps to ensure that the program attracts promising applicants and viable businesses.
5. **Adjusted Immigration Quota:** The annual maximum quota for permanent residency under the SUV category has been reduced from 7000 to 3000 in 2025 and from 8000 to 2000 in 2026 and 2027. These adjustments reflect a strategic effort to manage Canada's immigration intake over the next three years, aligning with broader national goals of fostering integration and addressing housing concerns for incoming residents.
6. **Abolishment of Peer Review Process:** Effective August 1, 2024, all requests for peer reviews have been suspended, and ongoing peer review assessments are terminated. Moreover, the IRCC has decided to take over the management of angel investors, venture capital funds, and business incubators under the SUV program directly, rather than entrusting this task to the National Angel Capital Organization. This change marks a transition in the management of the SUV program, with the IRCC assuming direct responsibility for these functions.

## Why the Startup Visa Program Remains a Strong Option

While the changes may seem daunting, there are several reasons to remain optimistic about the SUV program:

### 1. Commitment to Improvement

The adjustments reflect a proactive approach by the IRCC to enhance the program's effectiveness and responsiveness to the needs of both entrepreneurs and the Canadian economy. By implementing these changes, the government demonstrates its commitment to fostering a vibrant entrepreneurial ecosystem that attracts innovative talent from around the world. This ongoing evolution of the program is a positive sign that Canada is dedicated to supporting international entrepreneurs in their journey to establish successful businesses within its borders.

### 2. Greater Flexibility with the Open Work Permit

The introduction of a three-year open work permit is a significant advancement. This change reduces the need for frequent permit renewals and allows entrepreneurs to seek employment in other roles while nurturing their startups. It reflects a more inclusive approach, acknowledging the diverse contributions that entrepreneurs can make to the Canadian economy.

### 3. Sufficient Quota for Applicants

Although the immigration quota for permanent residency has been reduced, it is still set at a level that can adequately meet the needs of applicants. Historically, the program has granted permanent residency to only around 900 entrepreneurs and their families since 2013. Therefore, the new annual maximum quota of 2,000-3,000 permanent residency for SUV applicants per year is more than sufficient to meet the current

needs, ensuring that there is ample opportunity for deserving candidates.

#### **4. Focused on Efficiency and Backlog Resolution**

The Canadian government's decision to impose a temporary cap of 10 startups per year on the support provided by each designated entity within the SUV program is a strategic move aimed at streamlining SUV program operations and enhancing overall efficiency. It is essential to emphasize that this temporary limitation is not meant to dissuade potential applicants.

Rather, this proactive measure is implemented to optimize processing times and address the case backlog that has arisen due to the challenges posed by the COVID-19 pandemic. By taking this strategic approach, IRCC aims to ensure that SUV program applicants experience timely responses and a more streamlined application process, ultimately improving the overall experience for all involved.

#### **5. Strengthening Management of Designated Entities**

The abolishment of the peer review process and the decision for IRCC to assume control over the management of designated entities within the SUV program signal positive changes that aim to enhance processing efficiency and due diligence. Firstly, the elimination of the peer review process suggests a potential for expedited processing times for cases previously subjected to this lengthy evaluation peer review assessments. Secondly, the transfer of administration responsibilities associated with management of designated entities to IRCC indicates IRCC's commitment to more actively oversee designated entities. This shift suggests that IRCC intends to ensure that these entities conduct thorough due diligence before issuing commitment certificates. By taking a more hands-on approach in managing designated entities, IRCC can potentially improve the quality of assessments and decisions made by these entities, ultimately enhancing the integrity and effectiveness of the SUV program.

### **Frequently Asked Questions**

Here are some common questions regarding the recent changes to the Startup Visa program:

#### **1. Why Are Immigration Cuts Being Imposed?**

The cut to the permanent residency admission targets for 2025 to 2027 reflect the Canadian government's plan to pause population growth in the short term to achieve well-managed, sustainable growth in the long term. This transition reflects a response to evolving economic and social needs within the country. Some of the key reasons for this cut is as follows:

- Sustainable Growth: The cuts are designed to alleviate pressures on housing, infrastructure, and social services. By managing immigration levels, the government seeks to promote a balanced approach that fosters both economic and social prosperity.
- Focus on Integration: By reducing the number of newcomers in the short term, the government aims to enhance the integration of those already in Canada. This includes transitioning more temporary residents—such as international students and foreign workers—into permanent residency, thereby ensuring that they are well-established and ready to contribute to the economy without overburdening social services.
- Quality Over Quantity: The new plan emphasizes the importance of welcoming skilled, educated newcomers who can readily contribute to the workforce and support key sectors of the economy. The intention is to create conditions

that maximize the chances of success for new immigrants in Canada.

- **Addressing Current Challenges:** The announcement acknowledges the pressures facing various sectors, including housing. By implementing controlled immigration targets, the government hopes to mitigate challenges related to housing affordability and unemployment, setting a stable foundation for future economic growth.

## **2. Will the immigration cut affect my SUV application?**

The immigration cut is unlikely to have a significant impact on the SUV program. Historically, the Startup Visa program has granted permanent residency to [only around 900 entrepreneurs and their families since 2013](#). Given this record, the annual maximum target of 2000 – 3000 permanent residency per year between 2025 and 2027 should be more than sufficient to accommodate the needs of qualifying SUV candidates. It's however important to note that IRCC may prioritize processing of SUV applications from certain groups of applicants, such as in-Canada applicants and francophone applicants. Therefore, individuals who are actively working on their startup within Canada or who fall under the francophone applicant category may experience expedited processing times due to this prioritization.

## **3. If my work permit application was submitted before October 3, 2024, will an open work permit be issued?**

No, startup visa applicants who submitted their work permit applications before October 3, 2024, will receive a closed work permit upon application approval.

## **4. If I already submitted a work permit application before October 3, 2024, should I withdraw my application and submit a new one?**

This depends on your priorities. If you wish to secure a work permit as soon as possible, regardless of whether it's open or closed, it's advisable not to withdraw your work permit application. This is because it can take time for IRCC to process a withdrawal request and it is best to wait until your old application is officially withdrawn before submitting a new one to avoid potential duplication issues.

## **5. Do I need a file number issued on my permanent residency application to apply for the open work permit?**

IRCC did not indicate that SUV applicants need to have a file number issued on their permanent residency application to apply for the open work permit. However, SUV applicants will need to provide proof that their permanent residency applications under the Startup Visa program have been submitted when applying for the open work permit.

## **6. How can I demonstrate that my startup business under the SUV program can bring significant economic benefits to Canada?**

To demonstrate that your business can bring significant economic benefits to Canada, you should provide supporting documents, such as a comprehensive business plan or due diligence report from the designated entity supporting your venture, to outline how your work or business will create jobs, bring innovation, boost remote economies, or provide training opportunities for Canadians. It's essential to include evidence of your professional experience and a clear plan detailing how your business will achieve these benefits.

## **7. What can I do to expedite the processing of my SUV application if my startup is not backed by Canadian capital or a business incubator who is a member of Canada's Tech Network?**

If your startup is not backed by Canadian capital or affiliated with a business incubator in Canada's Tech Network, you can still take proactive steps to expedite your SUV application. You can focus on compiling robust evidence that showcases your active involvement in developing your startup within Canada. This could include detailed business plans, progress reports, partnerships with local entities, and any market research that highlights your engagement in the

Canadian business landscape.

In fact, since the SUV applicants we work with often demonstrate active participation in their ventures, many of the cases we have managed have been processed within 15 months. Notably, one case was approved in just 9 months after submission—significantly faster than the current published processing time of 40 months.

This trend not only underscores the IRCC's commitment to supporting local entrepreneurial talent in Canada, but also indicates that IRCC is keen to reward those who demonstrate tangible efforts in building their startups. This approach encourages innovation and contributes to economic growth, ultimately benefiting both the SUV applicants and the Canadian economy as a whole.

## Our Recommendation

As the Canada Startup Visa program continues to evolve, we recommend that aspiring entrepreneurs take proactive steps to position themselves for success in this competitive landscape. Here are some key recommendations:

1. Understand the New Requirements: Familiarize yourself with the recent changes to the program, particularly the significant economic benefits and capital fund requirements for the work permit application. Tailoring your business plan and providing supporting evidence of your financial capacity to meet these criteria will enhance your chances of approval.
2. Engage with Designated Entities Early: Given the cap on the number of startups that each designated entity can support, it is advisable to initiate contact with these organizations as soon as possible. Building relationships and demonstrating your business's potential can significantly improve your application's viability.
3. Focus on Your Unique Value Proposition: With the temporary cap, it is crucial to ensure that your application stands out. Highlight the unique aspects of your business model, your team's qualifications, and the potential economic benefits your startup could bring to Canada.
4. Leverage the Open Work Permit: Take full advantage of the three-year open work permit. This flexibility allows you to diversify your experience and network within Canada while working on your startup, which can provide valuable insights and connections that may benefit your venture.

The Canada Startup Visa program remains a promising and viable option for entrepreneurs looking to establish themselves in Canada. With a focus on flexibility, quality, and continuous improvement, the program is well-positioned to adapt to the needs of both applicants and the Canadian economy. As the government continues to refine the program, potential applicants can feel confident that the Startup Visa remains a valuable pathway for innovation and entrepreneurship in Canada.

For more information on recent updates to the SUV program or to stay abreast of any upcoming changes in Canadian immigration policies and requirements, feel free to reach out to us at <https://harveylawcorporation.com/contact/>. Our team of Canadian lawyers is ready to provide the guidance necessary to navigate these developments effectively.

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*The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.*

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