



HST BIG BENEFIT TO BUSINESS

There has been a lot of fear generated about the HST; all of it unfounded, says John Winter, president and CEO, BC Chamber of Commerce. In fact, the HST is estimated to increase the average British Columbian's tax bill by only 0.7%. This is because the HST will offset the cost of doing business for all B.C. businesses.

"The HST is all about jobs and prosperity, particularly important in this difficult economic climate," says Winter. "In this weak economic environment, it is critical that our political leaders promote and support initiatives that provide B.C. businesses with the competitive edge they need to keep providing jobs and prosperity to British Columbians. HST is the single most important initiative that government could have undertaken in this regard because when businesses are able to compete and invest in their businesses and their workers, this will mean more jobs, better productivity and a better standard of living for all British Columbians."

Businesses currently collect and remit two taxes; harmonization reduces that to one. But, more importantly, HST permits the removal of the sales tax on all the inputs businesses incur while simultaneously removing the resulting hidden, embedded tax paid, as PST, at every stage of the production cycle. >

BC CHAMBER
OF COMMERCE



LOCAL GOVERNMENT

It isn't possible to be in business in B.C. without having some sort of relationship with local government. From both an economic and a social aspect, municipal governments regulate and facilitate the role businesses play.

One thing local governments do very well is tax businesses, says John Winter, president and CEO, BC Chamber of Commerce.

"Businesses of all sizes, large and small, are required to pay a rate of property tax that is far greater than the level of service they receive from local government – it's an embedded relationship," he says, and one that needs a second look.

Business is assuming a greater portion of the municipal tax, which bears no correlation to the real world, he says. What's worse is that as municipalities become more starved for revenue, they often look to property taxes as a source.

"We need to break away from this yoke of property tax," says Winter. "It needs to begin with a change in policy which can only happen with the creation of a multi-stakeholder task force to review and recommend new and different revenue sources."

He says good relationships with local governments begin with their recognition of the role business plays in the economic vitality of a region. Local governments, he adds, are equally unhappy with their own revenue generating options and are supportive of looking at more than just licensing and property tax as revenue sources.

"New and fresh thinking requires new legislation," says Winter. "Everyone needs to be at the same table working together, exploring real, workable solutions." □



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*– John Winter,
president and CEO,
BC Chamber
of Commerce.*

"With all of these costs gone, businesses will be able to invest in their productivity and enhance their competitiveness, both of which we have seen occur in every jurisdiction that has harmonized from the Atlantic provinces to Quebec to the 29 of the 30 OECD countries that have moved to a single value-added sales tax system," says Winter.

Winter points out that associations representing more than 100,000 small, medium, and large businesses have gone on record to support HST. These associations have developed an information document to highlight 10 facts that relate to the HST.

1. The HST will mean a stronger economy, which will create more jobs and enhance job security for British Columbians.
2. Evidence in other countries, and provinces, with similar tax structures indicates that an HST in B.C. will lead to higher wages and a higher standard of living for British Columbians.
3. Many products will go down in price. Because farmers, manufacturers, and other businesses will receive a 12% tax credit for the HST they pay, the cost of making their products will go down. Economic research has shown that in other jurisdictions where an HST has been implemented, the overall prices paid by consumers on many products went down, as these lower costs were passed along to customers.
4. All businesses, including small, neighborhood businesses will benefit from reduced paperwork and lower costs by combining two taxes into one. The B.C. Government estimates these savings will add up to approximately \$150 million per year.
5. The B.C. Government is tailoring the HST to respond to the needs of fixed and low-income British Columbians. Several products, such as books and children's clothing, will be exempt from the HST, and low income individuals and families will receive a cheque four times a year to reimburse them for the HST they spend.
6. Brand new homes (sold by the builder to the first owner) up to \$400,000 will be HST-exempt, and new homes over \$400,000 will be eligible for an HST rebate of \$20,000. Re-sales of existing homes that are simply changing hands will not have HST applied to the purchase price.
7. Without a move to an HST, B.C. would not be able to keep pace with Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland, and the majority of developed nations with which we compete. These jurisdictions have an HST-style value added tax, and would be more attractive alternatives for investors.
8. B.C.'s forest industry is fundamental to our economic strength, and the HST will provide the industry with a needed boost. The forest industry employs 80,000 people and contributes \$17 billion to B.C.'s GDP. The HST will

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reduce costs on the industry and make it more competitive.

9. The HST will mean more exports of B.C. made products. B.C. has had the weakest growth in exports in Canada since the late 1980s. The HST will make our exports less expensive, will stimulate B.C. exports, and encourage more companies to engage in exporting. More exports mean more jobs.
10. Business associations representing more than 100,000 small, medium, and large businesses in sectors as diverse as forestry, mining, telecommunications, retail, small business, manufacturing, film and television, and many others believe that the HST will be good for the B.C. economy and good for the people their sectors employ. These associations include:

- BC Chamber of Commerce
- Business Council of BC
- Institute of Chartered Accountants of BC
- Retail Council of Canada
- BC Technology Industry Association
- Canadian Manufacturers and Exporters
- Mining Association of BC

- Council of Forest Industries
- BC Trucking Association
- BC Road Builders and Heavy Construction Association
- Coast Forest Products Association
- New Car Dealers Association of BC
- BC Construction Association
- BC Pulp and Paper Steering Committee
- Truck Loggers Association
- Motion Picture Industry Association of BC
- Greater Vancouver Gateway Council
- Railway Association of Canada
- Independent Contractors and Businesses Association of BC
- Initiatives Prince George
- Canadian Association of Petroleum Producers
- Association of Mineral Exploration BC
- Western Convenience Store Association
- New Media BC ■

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The Voice of Business in B.C.

The BC Chamber of Commerce is a volunteer, not-for-profit association, which serves its members as the provincial federation of autonomous community chambers of commerce/boards of trade and corporate members.

The Chamber is the most broadly based business organization in the province whose main purpose is to advocate to government on behalf of its 32,000 members – businesses of every size, sector and region of the province.

“The BC Chamber serves as the mouthpiece for many businesses in the province,” says President and CEO John Winter. “And our committee process allows business people to get their people involved in helping to change policy on a wide range of issues.”

For more information on the BC Chamber and membership benefits, visit: www.bcchamber.org or call 604-683-0700. □



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