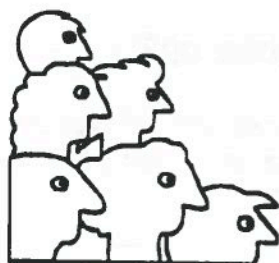


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# QUESTIONS AND ANSWERS ON THE GOODS AND SERVICES TAX\*



## What is a Goods and Services Tax?

This is a new tax of 9% on most of the things we buy. Almost every sales transaction in Canada will be taxed, including services, although there are some items such as basic groceries which will be tax free. The legislation to make the tax law will be introduced sometime in the fall and is scheduled to take effect on January 1, 1991.



## How is this tax different from the Federal Sales Tax which already exists?

This is a very different tax, primarily because it will shift the tax burden entirely to consumers and because, for the first time, it will include a tax on all services. The new sales tax is designed to replace the existing federal sales tax, which currently averages about 13 1/2% on about one-third of the things manufactured in Canada plus 9% on construction materials and 11% on telecommunications. It has been estimated that about half the tax is paid by the consumer.

While the current tax is paid by the manufacturer when items are sold, the new tax will be applied every time there is a business transaction. That is, it is a multi-staged tax, with the consumer paying 9% at the final point of sale. So, while the new tax has a lower figure than the manufacturers sales tax, its effect will be much larger.

## Won't consumers be paying the entire cost of this tax? I've heard that businesses will be able to get a credit back on the tax they pay.

That's right. This is a multi-staged tax but all of it will be passed on to the consumer. Businesses will pay the 9% tax initially, but will then be able to get a full refund from the government. This will amount to about a \$9 billion gift to business in the form of lower taxes.

\* Prepared by Marjorie Cohen in collaboration with Ruth Rose, September 1989





**Why are some businesses making such a fuss about the tax then? Won't this be good for them?**

It will be very good for manufacturers who pay the current federal sales tax, since their tax will be completely removed. Exporters also like it. In fact, the Canadian Exporters Association has been one of the major backers of the new sales tax. They complained that the manufacturers sales tax made Canadian exports less competitive in the U.S. market under free trade.

But this will be a nightmare for small businesses who are not much affected by the current tax and who will have to administer the new tax. This means they'll have to do a lot more paper work. They object to being unpaid tax collectors for the government.

**What will I have to pay taxes on?**

Basic groceries will be tax free. So will agricultural and fish products; prescription drugs; and medical devices, such as wheelchairs, artificial limbs, prescription eyeglasses, and hearing aids.

**What is a basic grocery?**

A basic grocery is defined as food which is sold for preparation and consumption at home. Take-out prepared foods and restaurant meals will be taxed. So will snack foods, candies and confections, and soft drinks.

**I work outside my home and can't always prepare food myself. Am I going to be punished for that? It doesn't seem fair.**

It doesn't seem fair to us either. It is also unfair to people who are forced by circumstances -- such as poor people who don't have kitchens -- to eat meals out. Most governments which tax restaurant meals only apply the tax after a certain basic minimum. For example, in Manitoba no meal under \$6 is taxed.

**Your list of tax free items is fairly small. I thought that I wouldn't have to pay taxes on other things like day-care, health and dental care, education, and rent.**

These items are called tax exempt, but they will not be free of tax. There is a difference between items which are tax free and those which are tax exempt. When something is tax free, such as basic groceries, consumers will not be charged the 9% tax, but the sellers will be able to claim rebates for all the sales taxes they have paid. So the seller will not have any sales tax charges to pass on to consumers. The government calls this a "zero/rated supply."

However, with tax exempt items sellers will **not** be able to claim credits for the sales taxes they have paid even though no tax will be charged to the consumer. This means their operational costs will increase and they will undoubtedly pass on these costs to the consumer.



**Does this mean I'll be paying more for rent?**

Undoubtedly. Your landlord will be paying new taxes for things like hydro, plumbing and cleaning services in addition to taxes on any building repairs. You're sure to see this reflected in your rent.

But the tax-exempt status only applies to long-term residential rents. For people who rent a room by the day or week, the 9% sales tax will be charged. This will mostly affect truly poor people who don't have a fixed address. The federal sales tax will also apply to hotel and motel room rates.

**It sounds like the tax will also affect day care.**

It will, although this is a little more complicated. Since day care is tax-exempt, you won't have 9% added to your day-care bill. However, day-care providers will have to pay taxes on supplies and services, they will probably pass these costs on to you.

If your child is in a commercial day-care centre or a non-profit centre which does not receive government funding, you could see most of the tax reflected in your bill. If your day-care centre gets at least 50% of its revenues from government grants, it will be able to get a rebate for half of the sales taxes they pay.

**So on what things will I actually pay the 9% tax?**

Virtually everything else: clothing, including children's clothing; boots and shoes; newspapers, books and magazines; stamps and all other postal services; all telephone services, including pay-phone calls; almost everything you would buy in a drug store, including contraceptives, sanitary napkins, diapers, and maybe even baby formula; all entertainment, including movie and theatre tickets; hydro and natural gas; and most government services.

**How will this tax affect women's jobs?**

Minister of Finance Michael Wilson has said that the current manufacturers sales tax is a "silent killer of jobs" and that we need the new sales tax to improve the Canadian economy. This is probably the most cynical justification for imposing the sales tax that could possibly be advanced. Even the Conference Board of Canada, a research group which normally backs government proposals, says there will be jobs losses of at least 70,000 in the first year alone. Wood Gundy, also not exactly a radical group, independently predicts jobs losses of 75,000 in the first year.

We estimate that job losses will be considerably higher and will affect women in particular. Our reasoning is as follows. Canadians will have at least \$5.5 billion less to spend as a result of the sales tax. Since about 2/3rds of the national income is spent on services, this means about \$3.6 billion will be withdrawn from sales on services. Assuming the average cost of a service sector job is about \$20,000 a year, this means over 180,000 jobs in total could be lost in the service industries. Women account for about 55% of all service-related occupations, so the sales tax could mean about **100,000 jobs lost to women.**



**But with the reduction in the taxes manufacturers have to pay, won't there be more jobs created in the manufacturing sector?**

Some groups, like the Conference Board, claim there will actually be a net shift in jobs from services to manufacturing. However, if manufacturers don't actually **reduce** their prices by the full amount of the manufacturers' tax to be eliminated, we will undoubtedly see job losses in this sector as well.

But even if we see a net shift in jobs from services to manufacturing, this will not benefit women, since women account for only 25% of all manufacturing jobs in Canada. Also, the industries in which women are concentrated are those which have not been subjected to a national sales tax in the past -- textiles, clothing, footwear. Therefore the new sales tax is likely to reduce employment in these industries rather than increase it.



**I work in data processing. Already there are rumours that some of our jobs will be transferred to the U.S. Is the sales tax going to help me?**

Unfortunately not! Some services, like data processing, will not be taxed when they are imported because the government will find it almost impossible to police the importing of non-physical items. The result is that there is likely to be considerable advantages to a firm which has its clerical work performed outside the country.

For example, when American Express was recently granted bank status in Canada they were given special privileges to allow them to process data outside the country. While it is already to their advantage to have this work performed in

low-wage countries, the sales tax on data processing in Canada will simply be another incentive for them to pursue this practice. Hotel chains have also started centralizing their reservation systems in the United States as well.

Over 30% of the women who work are employed in clerical occupations. Already the rapid technological changes in the transmission of data across borders, makes it advantageous to have this work done in low-wage countries or at head offices in the U.S. The Canada/U.S. Free Trade Agreement removed the protection which had existed for Canadian jobs. **The additional effect of the sales tax could result in dramatic reductions in the number of clerical jobs in Canada.**

The only place where we're likely to see new jobs for women is at Revenue Canada helping to collect the new tax.

**Women are poorer than men. Will we get a break with the sales tax?**

No! The new sales tax, like all taxes on consumption, is a very regressive tax. Everyone, regardless of income level, pays the same rate. In addition, poor people spend a larger part of their income on basic goods and services so they end up paying a larger percentage of their income in taxes.



This is in direct contrast to a progressive income tax system which assumes that higher income earners should pay a greater proportion of their income in tax than lower income earners. The Goods and Services Tax is part of a larger tax reform introduced in 1987 by the Conservative government and which has made even our income tax system less progressive than it used to be. Until 1988 we had ten tax brackets with a top bracket of 34%. Now we have only three and the top bracket is only 29%. Michael Wilson promised to reduce the middle bracket from 26% to 25% in 1991 when he introduces the GST, but this reduction will help high income earners most.

Since women predominate among low-income earners, we will be paying a greater proportion of our income in sales tax than will wealthy people. A recent *Globe and Mail* editorial claimed that lower-income groups spend relatively little on services such as holidaying, joining a fitness club, dining out or using lawyers, accountants and other professionals. They point out that with the GST, the more you spend, the more tax you pay.

This is truly faulty reasoning. Lower-income groups have to spend most of their income and cannot save as can wealthier groups. According to Statistics Canada families with incomes between \$10 and \$15,000 a year spend 92% of their income on consumption, with about 18% of this on food and 14% on housing. In contrast, families with incomes of \$50,000 a year spend only about 56% on current consumption, with about 7% of this on food and 7% on housing.

Lower income groups may not spend as much on services such as holidays, lawyers, and accountants, but we do use phones, get our clothes cleaned, travel on buses, hire plumbers and electricians, and pay hydro and heating bills.

Even housewives who have no income of their own will be paying more in sales taxes. This goes against the principal of taxing according to the ability to pay.

### **But aren't lower-income earners going to get tax credits? How will the tax credit system work?**

The amount of credit you receive will be calculated on the basis of your previous year's income and family status and will be paid in equal instalments in January, April, July, and October.

Basically each family with an income of less than \$24,800 a year will receive a credit of \$275 per adult and \$100 per child. So a family of four with two adults and two children will receive \$750.

Single parents will be able to treat one child under 19 as an adult, so a single mother with two

#### **GINA, A SINGLE MOTHER**

Gina is a single mother struggling to raise two children by herself with an annual income of \$25,000. This is just about what the poverty level will be in 1991. Even with the new tax credit she'll be paying about 760\$ in taxes on goods and services. In addition, new surtaxes on income tax, the non-indexation of the income tax system, particularly the non-indexation of family allowances and child tax credits, means that she'll be paying \$384 more in income taxes in 1991 than in 1988. She's being hit both ways.

Among single parents, the hardest hit will be those with incomes at about \$40,000. That's less than the average family income! These women(?) will be paying 5.3% of their income or \$2,117 in sales taxes but will receive no credit whatsoever. Furthermore, they will be subjected to the highest percentage increase in income taxes, paying \$819 more in 1991 than in 1988. In contrast a single parent earning \$100,000 will pay only 4.2% of his(?) income in sales taxes and will have an income tax increase of only \$796.



children will receive \$650. Also, single people or single parents who maintain separate households will receive an additional \$140 for a total of \$790 in this case. (However, this credit will be \$0 for those with incomes below \$6,175 and will increase by 2% of net income above this level until it reaches its maximum of \$140 for those with incomes of \$13,175).

All credits will be phased out at a rate of 5% for income levels above \$24,800.

**Boy that's complicated. Will these credits cover all the sales taxes I'll have to pay?**

The government is trying hard to convince us that the tax system will be fairer as a result of the new sales tax. It won't be and the tax credits certainly will not compensate lower-income groups for the increased taxes they will pay.

We estimate that a single person with an income at the poverty level (\$13,700 in 1991) will have to pay something like \$992 in sales taxes. But the credit will be only \$415. This means that he or she will be out of pocket by about \$577. We've put a couple of other examples in boxes so you can get an idea of how it will affect different kinds of households.

**Will the tax credits go up as inflation increases?**

They will go up some, but not by as much as total price increases. Like the rest of the income tax system, the credit will be indexed to increases in the consumer price index in excess of 3%. So, if inflation is 5%, your credits will go up by only 2%. Your credits will lose almost 10% of their value every three years. Furthermore the threshold of \$24,800 above which the credit is phased out will also not be indexed for the first 3% of inflation. Every year, fewer and fewer families will receive the credit.

**MARION, SENIOR CITIZEN, SENIOR TAXES**

Marion will be celebrating her 70th birthday in 1991. With a small surviving spouse's pension from her husband's firm, she's doing a little better than most retired women and has an income of \$20,000. She'll be paying \$1,277 in sales taxes in 1991. Even after deducting the sales tax credit for a single person maintaining his or her own household (\$415), this represents 4.3% of her income or about the same percentage as will be paid by a retired person with an income of \$100,000. Marion will also be stuck for an additional \$203 in income taxes compared to 1988.

Among the elderly, the worst hit will be those single persons and couples who have incomes between \$35,000 and 40,000. They will be paying 5.2% of their income in sales taxes and will also have the largest increases in income taxes. This is a tax on the middle classes, but the poorest are not spared.

**Will this tax really be "revenue neutral"?**

Revenue neutral means the tax will not generate more income for the government than the existing tax brings in. In 1987, the government promised the tax would be revenue neutral and, in addition, that it would replace the surtaxes the government introduced in 1985. But then, in 1989, they raised the manufacturer's sales tax from 12% to 13.5% and they raised the surtax from 3% to 5%. This means that **already in 1989 and 1990, we're paying substantially higher taxes.**

Wilson's own estimates show that the GST will bring in about \$24 billion in its first year, or some \$5.5 billion more than the old tax. Some of this, he says will pay for an enriched tax credit and some



for a reduction in the middle-income tax rate, which will benefit high income taxpayers most. But, he also argues that some \$2 billion of the additional taxes is needed to finance the cost of the indexation of the tax system and the transfers to provinces because the new GST will cause inflation to rise by 2.25% more than it would have otherwise. **This is totally dishonest!** Inflation is a real burden on families and provinces. The Conservative government has already eliminated indexation for the first 3% of inflation and Wilson should count this as an additional tax burden.

We've made our own estimates of how much more taxes Canadians will be paying: about \$7.6 billion! And that doesn't count the additional income taxes due to the fact that the income tax system is only partially indexed to inflation. As the table below shows, if Mr. Wilson respected his 1987 promise of "revenue neutrality", the GST would have to bring in only \$19.4 billion. Instead we will be paying almost \$27 billion.

#### Two estimates of the fiscal impact of the proposed Goods and Services Tax

Type of tax	Revenue projected for 1990-91	
	1987 tax structure	1989 tax structure
Federal Sales Tax	\$14,307	\$18,320
Personal Surtax	\$ 1,389	
Corporate Surtax	\$ 475	
Further tax reductions for middle-income families	\$ 700	\$ 700
Enriched refundable tax credit	\$ 2,500	\$ 2,400
<b>Taxes to be replaced by GST</b>	<b>\$19,371</b>	<b>\$21,420</b>
Increased tax take by GST		\$2,580
<u>Total GST cost</u>		<u>\$24,000</u>
Surtaxes not eliminated		\$ 2,950
<b>TOTAL TAX TAKE</b>	<b>\$19,371</b>	<b>\$26,950</b>

**Wow! But is that all? People are saying Wilson will raise the GST above 9% once it's in place.**

Unfortunately that's likely. Already the House Finance Committee has estimated that the tax will bring in considerably more revenue than the government now claims.

And, as you suggest, we also have to worry about what happens in subsequent years. Once a tax of this sort is in place, it will be a simple matter to increase it gradually. This has been the experience in other countries. Most countries which have introduced a similar tax at relatively low rates have rapidly increased them to around 20%. For example, Denmark's sales tax is 22%, France's is 18.6%, Britain's is 15%, Italy's is 18%, and the Netherlands is 20%. Three countries, Ireland, Ivory Coast and Niger, have sales taxes as high as 25%.

The government isn't promising that the tax rate won't increase in the future. As Finance Minister Michael Wilson said, "any government in the future can change tax rates, can move them up or down. I can't control that."

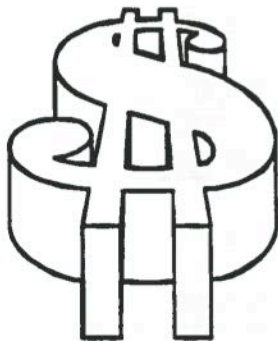
Also, this is going to be an expensive tax to collect, since thousands of civil servants will have to be hired to administer it. For any government which is having debt problems, increasing the sales tax will be an easy way to cope with it.

### **Does this tax replace the provincial sales taxes most of us pay?**

No. The 9% sales tax will be in addition to the provincial sales tax. In fact, it seems certain that the provincial sales taxes will be calculated **after** the federal tax has been added to the price. This means we will be paying more in provincial sales taxes too.

The total sales tax burden will be quite high, since most provinces (right now, all except Alberta) have sales taxes. Ontarians will be paying 17% in sales tax? If you live in Nova Scotia you'll pay 19%. In Newfoundland, people will pay a whopping 21%.

By the way, if we actually do get this sales tax, we would be the only nation in the world which would have a two-tiered sales tax system. In every other country there is an agreement between the national government and provinces or states, so that only one tax is paid.



### **Won't this tax drive up inflation a lot?**

The government admits that inflation will rise by 2 1/4% over existing levels, which would bring the inflation rate to about 7 or 8%, depending on what it is at the time when the tax is introduced. Right now the inflation rate is about 5%. However, the government assures us that the 2 1/4% increase will be a one-time only rise in prices.

**A 2-1/4% increase in prices for only one year doesn't sound too bad.**

No it doesn't. But there are problems with this calculation. The government is assuming that when it removes the 13-1/2% manufacturers sales tax all producers who currently pay this tax will immediately drop their prices by 13-1/2%, before they add on the new 9% tax. It will be most remarkable if they do!

Right now if we buy a T.V. or a kitchen appliance, for example, part of the manufacturers sales tax is included in the price we pay. We are used to paying a certain amount for these items and the sellers know it. Since they will not be required to lower their prices, they will be able to add the 9% right on top of what we are already paying, and increase their profits.

There is a lot women know about prices and one truism is that prices are more likely to go up than down, even when the producer gets special concessions.



The government says we'll be paying less for many things and in particular that the price of groceries will actually go down by 2%. I don't quite believe this.

You're right to be skeptical. Remember when the government promised lower prices through free trade? Tariff reduction of imported items hasn't resulted in lower prices because sellers simply pocket the difference.

**PAUL AND PAULINE, A FAMILY OF FOUR**

With two children, Paul and Pauline have an income of \$40,000, considerably less than what the average family income is expected to be in 1991 (about \$52,000). They can expect to pay a whopping \$2,092 in sales tax or 5.2% of their income. Nevertheless, the government considers them too rich to benefit from a tax credit and they will receive nothing at all.

This couple will also be paying nearly \$2,000 more in income taxes in 1991 than they were in 1984 when the Conservatives came to power. No wonder they're hopping mad. But they should understand that they're paying more taxes to finance high interest rates and lower taxes for the rich. Government spending on social services and transfers to the poor has actually declined by 6% in real terms over this period.

The government says we'll have 2% lower food prices under the assumption that the part of the manufacturers sales price which is now reflected in food will be removed from the price which the consumers pay. This is because under the new law the food seller will be able to get full rebates for all sales taxes they pay. My guess is that the seller will keep prices exactly as they are, and probably even increase them as inflation grows.

**What do you think the real inflationary effect of the sales tax will be?**

This is hard to say right now, but one thing is certain – the one-time only increase of 2 1/4% can only occur if every manufacturer behaves as a good corporate citizen and gives the consumer the full benefit of the reduction in the manufacturers sales tax.

We estimate that the real increase in prices will rise by about 5 or 6%, bringing the total rate of inflation to at least 10%.

**Will this really be a one-time only increase in inflation?**

It won't be. In fact, the sales tax is likely to trigger substantial increases in the price level which will last years. Finance Minister Michael Wilson says the inflationary impact will last only one year under the assumption that workers will not fight for wage increases to match the increase in prices.

So if workers are content with 4% or 5% wage increases while prices are increasing by 10%, the inflationary effect of the sales tax will only last one year. Of course, the real income of the average person will decrease substantially. By real income I mean what people are actually able to buy with what they earn. When prices rise by 10%, but income increases only by 4%, people have 6% less purchasing power. A few years of experiencing price increases without equal increases in the wage rates can mean a big reduction in people's standard of living.

As it is, wages haven't kept pace with the increase in prices since the Conservatives have come to power. Since 1984, real wages have decreased by 6%.



**I can't see workers quietly accepting such a big drop in their real wages. What will happen if they demand wages high enough to pay for the increase in prices?**

Wages, not the sales tax, will undoubtedly be labelled as the cause of inflation. The government will then probably mount an all-out war against inflation and will raise the interest rates. This will hit us in two ways. First of all, our interest rates will rise, so we'll pay more for our existing mortgages and loans. But most important, from the government point of view, the economy will experience a "cool-off."

The reasoning is that high interest rates should slow down the economy by making it more expensive to borrow money. Consumers will postpone purchasing items for which they will have to borrow and consumer demand will decrease. Businesses, then, should reduce production in response to less consumer spending. **This means more unemployment of workers.** These workers, of course, will have even less to spend and a downward cycle will begin. The good news from a business and government perspective is that workers will not be in a position to demand higher wages.

### **Is this tax is related to the Free Trade Agreement with the U.S.?**

It is. First of all the government feels that because of increased competition they have to keep lowering taxes on high income taxpayers and businesses and raising them for the rest of us. In fact, the effective rate of taxation on business is lower in Canada because we don't have a real minimum tax.

Secondly, as a result of free trade and the removal of tariffs on imported things the government will be losing about \$3 billion a year in income. They have to make this up by taxing Canadians more.



Also, with tariffs removed, imported items now have a slight advantage over domestically produced things because the existing manufacturers sales tax doesn't apply to the full cost of the imported items. This is said to place Canadian producers at a disadvantage.

Furthermore, with the existing federal sales tax, it is impossible to refund the entire tax to exporters as the government will be able to with the GST. Exporters claim they are less able to compete in the U.S. market.

### **Do we really do need this tax for Canadian industries to compete?**

We don't think so. A much more serious problem for exporters is the high value of the Canadian dollar. This has made Canadian exports 15% more expensive in the U.S. market than they were before free trade. But it is true that with the removal of the manufacturers sales tax, exporters may be able to sell at prices about 1% lower than they are now. This will probably make no difference whatsoever to how much Canadian exporters can sell in the United States.



## Why is the government introducing this tax? Isn't it political suicide?

The government is going ahead with this for two main reasons. First, big businesses want it and have convinced the government that they will be able to export more if their sales taxes are removed. Second, it is a potential source of huge amounts of income for the government. It is estimated that a 1% increase in the sales tax will bring in an additional \$2.5 billion in revenue for the government.

The general public hates it and it could be a political nightmare for the government at the next election. However, the government plans to send tax credit refunds to people **before** the tax actually takes effect. Since many people will be receiving a check from the government in advance of having to pay the new tax, they may not be as angry as they are now.

**Some groups, like the Consumers' Association, seem to feel that the tax will be O.K. if it is at a lower rate. Is this a reasonable approach?**

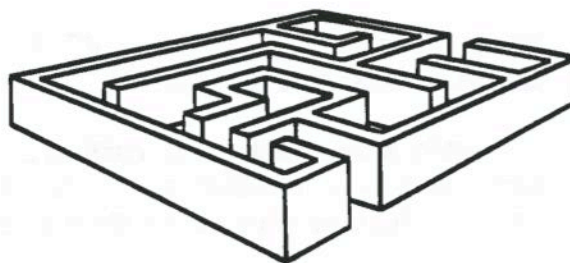
This is a very dangerous illusion. The Consumer's Association argues the tax should cover everything, including food, so that it can be initiated at a lower rate. This would mean that Canadian consumers would pay just as much tax but poor people would pay a larger share since they spend proportionately more on food. **A lower tax would be just as inflationary and even more regressive.**

The Canadian Consumers' Association is not strictly a consumer's group. It has completely accepted the government's argument that the only option for raising government revenues is a sales tax. The business community has recognized the importance of this organization and is heavily involved in the organization. This is why it adopts policies like support of the Canada/U.S. Free Trade Agreement and the new sales tax. Other consumer groups like the Fédération Nationale des Associations de Consommateurs du Québec are totally opposed to this new tax.

## WHAT CAN WE DO?

**I hear a lot of talk about a tax revolt. Should we be encouraging this?**

Tax revolts can take a variety of forms. They are dangerous when they focus on government spending rather than the way in which government raises revenues. For example, Premier Vander Zalm recently proposed that federal spending be reduced by 25%. This would radically reduce spending on social programs and transfer payments to the provinces. Aside from the fact that this would cause a major depression in the country, the people who would be most affected would be the poor and other low-income groups.





The focus of our opposition to this tax should be on its unfair nature and how it is a shift in principle to a less progressive way of raising government revenue. We can demand that the existing tax system become even more progressive than it is now.

### **Do we really have alternatives to this tax?**

This government has a habit of introducing very unpopular things by saying "there is have no alternative." I refer to this as TINA. This is absurd because there are always alternatives. We could begin by fixing tax loopholes which enable thousands of wealthy corporations to escape total payment of taxes.

We could re-introduce a more progressive income tax system. This wouldn't mean more income tax for low and middle-income groups. But with more tax brackets, higher income earners would be forced to pay a larger portion of their income in taxes than they do now. Right now, someone who earns \$1 million a year pays the same tax rate as someone who earns \$70,000. They used to pay more and it was fairer.

We could introduce a wealth tax. People who acquire large amounts of personal property in the form of many dwellings, cars, and property can afford to pay more and should. We could tax truly luxury items and things which are unfriendly to the environment.

If the government really wanted to reduce its deficit, it would also make a serious commitment to getting the unemployment rate down to an acceptable level. We estimate that reducing unemployment from 8.5% (the level Michael Wilson predicts for 1990) to even 4% would increase GDP by \$93.2 billion and federal revenues by some \$16.5 billion.

### **Is there anything we can do to prevent this tax from becoming law?**

NAC has recommended that LEGISLATION FOR THE PROPOSED GOODS AND SERVICES TAX NOT BE INTRODUCED IN THE HOUSE OF COMMONS.

We have also recommended that A ROYAL COMMISSION ON TAXATION BE SET UP in order to establish a consensus in Canada on appropriate, fair and progressive changes in taxation.

It is essential that people be as vocal as possible in their opposition to this tax. Simple things, like writing about your objections to your Member of Parliament can be very effective. Organize local petitions. You'd be surprised how many people in a shopping mall will sign it in just one afternoon.

The opposition parties are opposed to this tax, but even many Tory M.P.s are unhappy about it -- they don't want to lose their jobs. The more pressure there is from all of us, the more reluctant the government may be to encounter our wrath. If enough Tory M.P.s can be convinced to vote against it in Parliament, we may actually have the legislation defeated.

Your organization could also present a brief to the House of Commons Finance Committee when they hold hearings across the country. Briefs are supposed to be in by October 15th but it's worth while sending in an opinion even after that date. Once legislation is introduced, there may be a second round of hearings. For more information, call the Committee in Ottawa at (613) 996-1626.