

## Is marriage of GST and PST doomed to failure?

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More than two-thirds of Ontarians consider harmonizing of the provincial sales tax with the federal GST a negative rather than a positive move, a Nanos poll has determined.

The poll, conducted in April, found that 67 per cent of Ontarians believe harmonization of the two taxes will have a negative impact on the provincial economy.

That's despite broad support for the Ontario government's plan expressed by major media publications including The Globe and Mail, Toronto Star and Financial Post and support from the Ontario Chamber of Commerce.

The Toronto Sun did not like the idea when it was announced in March.

Locally, Garry Lobsinger, general manager of the Stratford and District Chamber of Commerce, said the chamber supports the harmonized tax and that's based on studies done by the Ontario chamber showing it will benefit business.

Provided savings are passed on to consumers, they will benefit as well, said Mr. Lobsinger.

The Ontario chamber calculated the single tax would save businesses about \$100 million annually in administrative costs.

"We're supporting it. We're going by the studies the Ontario chamber has done, showing it will benefit all business."

"I think it's the unknown," added Mr. Lobsinger of the indication in the poll that so many Ontarians feel a harmonized tax will negatively affect the economy.

"They are going to be taxed on some things they haven't been taxed on before."

He cited, for example, PST that will be added to massage therapists' fees and the PST that will be added to real estate agent commissions.

The City Centre Committee (CCC), an association of downtown Stratford business people, has not polled its members or taken a position on the harmonized tax, but CCC chair Gary O'Connell said that would likely be done closer to implementation next year.

Mr. O'Connell, a co-owner of Fundamentals Books and Toys, said that as a bookseller he'll still be exempted from the GST so he doesn't expect the change to affect his business. But it could if he has to submit the combined tax and then apply for a rebate, he said.

He also questioned the extent of the savings that those in favour of the harmonized tax expect to see. With computerization, he pointed out, there shouldn't be much of an administrative problem.

Bert Vorstenbosch, president of the Perth County Federation of Agriculture, said his personal opinion is that "I don't think it's that great for the whole economy."

"I don't think it's going to do that much. It's just going to create a little more paperwork for the farmers who will now have to pay two taxes and get the GST back."

Mr. Vorstenbosch said he doesn't think farmers should be charged the GST in the first place."

Currently, there's no PST on most agricultural products, but farmers pay the GST and then apply for a refund.

"I'm not sure why we're even paying it in the first place."

Details are yet to be made public with regard to the blended tax.

At a meeting with area farmers several weeks ago Perth-Wellington MPP John Wilkinson said that would have to

await the legislative process.

Canadians as a whole were not as likely as Ontarians to give the harmonized tax the thumbs down, but the Nanos poll found nearly half of Canadians (48 per cent ) believed it would be a negative move because consumers will be forced to pay more in taxes on some services and goods.

Just over a third of Canadians considered it a positive move because it will reduce administrative costs for businesses and governments.

Asked whether they thought harmonization would have a positive or negative effect on the Ontario economy, Canadians were divided, with a third saying it would be somewhat negative or negative and 28 per cent saying it would be somewhat positive or positive.

Ontarians were significantly more likely to believe the impact on the Ontario economy would be negative.

Random telephone polling was conducted April 25-30. The survey included 1,001 Canadians, 18 years of age and older.

The result is considered accurate to within 3.1 percentage points, plus or minus, 19 times out of 20, 5.7 percentage points in Ontario.