

What would HST mean to your business?

DIN0718-0904

There is a lot of confusion out there as to what a change to HST would mean for Island businesses. Here are some important points to help you understand what HST might mean for you.

1. Full tax credits on business inputs...

- Whether it's a new work truck or toner for your printer, with HST, your businesses would be rebated for the full amount of the sales tax. Currently you only receive credit for the GST.
- If you have competitors in other Atlantic Provinces, your competitors are already getting the benefit of full input tax credits.
- 45 per cent of CFIB members in the harmonized provinces say HST input tax credits have made their business more competitive; and another 43 per cent said there was no change.

2. Simplified book-keeping...

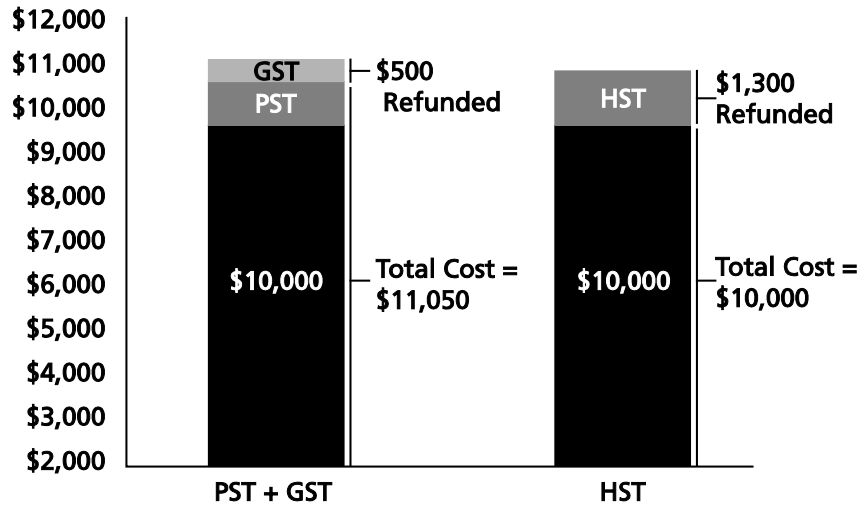
- One set of rules. One set of remittances. One tax department.
- Government paperwork and red tape is often frustrating and costs businesses both time and money. On the Island, it costs businesses \$102 million each year. Island CFIB members currently rank PST as their number one "red tape" headache.
- After HST was implemented in the other Atlantic Provinces, 76 per cent of CFIB members said that HST was easier to administer than their previous GST/PST systems.

3. Broader base, lower rate...

- A 13 per cent HST would be a lower rate than the 15.5 per cent combined GST + PST, and it would be spread out over more consumer goods.
- Consumers could pay more tax on items like clothing, fuel, and electricity.
- Consumers would pay less on other items ranging from laundry detergent and restaurant meals to furniture and electronics.
- Pre-tax prices would likely fall somewhat as savings from input tax credits move through the system. Also, the other Atlantic Provinces have rebate programs to help offset the added cost to home heating fuel.

How much would full input tax credits mean to the bottom line of your business?

Take the example of a \$10,000 piece of equipment. Under HST, you would be refunded the full amount of your sales tax—that would mean an extra \$1,050 in your business' pocket.

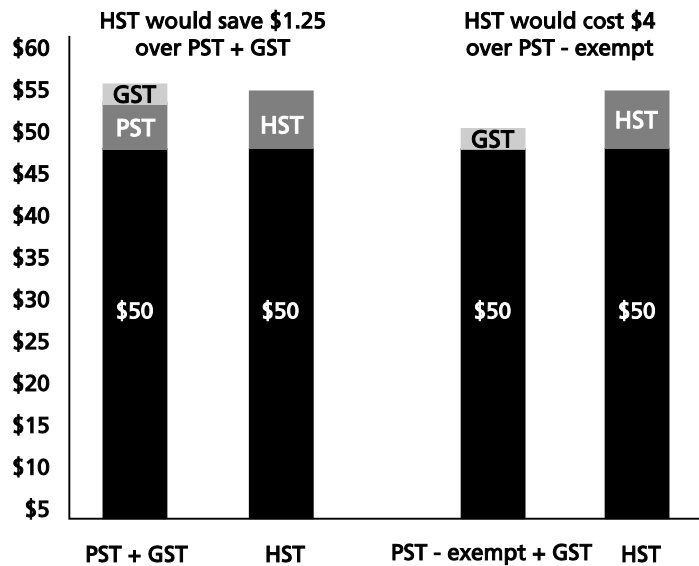


What would HST mean for consumers?

HST would mean that consumers will pay more tax on some items that are currently exempt from PST. It will also mean the consumers will pay less tax on items where PST will be charged.

The other Atlantic Provinces have rebate programs on home heating fuel.

Sales taxes on \$50



Examples: telephone & internet service, restaurant meals, electronics

Examples: clothing, electricity, gasoline, diesel fuel