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### USEFUL LINKS

**Harmonized Sales Tax (HST)**  
[www.gov.bc.ca/hst](http://www.gov.bc.ca/hst)

**Rebates and Exemptions**  
[www.gov.bc.ca/hst/rebates\\_exemptions.html](http://www.gov.bc.ca/hst/rebates_exemptions.html)

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**HST News Release**  
[www2.news.gov.bc.ca/news\\_releases\\_2009-2013/2009PREM0017-000141.htm](http://www2.news.gov.bc.ca/news_releases_2009-2013/2009PREM0017-000141.htm)

**Memorandum of Agreement**  
[www.gov.bc.ca/hst/Documents/HST\\_MOA.pdf](http://www.gov.bc.ca/hst/Documents/HST_MOA.pdf)

## MESSAGE FROM THE PREMIER



Harmonizing our sales taxes is the single biggest step we can take to improve British Columbia's economy and bring new investment and job creation to our province. Growing and strengthening our economy was what we were re-elected to do, and that is what this is all about.

Harmonizing the PST with the GST makes B.C. businesses more competitive, attracts new investment, and creates jobs for British Columbians. Harmonizing taxes will inject close to \$2 billion back into B.C.'s most important job-creating sectors like forestry, construction and others. Twenty-nine of thirty OECD countries have or are moving to value-added taxes. It is essential to compete effectively in the modern world.

The PST is outdated, inefficient and costly. A portion is hidden in the price of goods and services and passed on to and paid by consumers, businesses and export customers, increasing prices and reducing competitiveness. Tax reform is essential to encourage new investment, spur growth, create jobs and make B.C. more productive and competitive.

Creating jobs and long-term economic growth generates the revenue government needs to provide crucial public services like health care and education. The HST is a fundamental step to build our provincial economy now and for the future.

Honourable Gordon Campbell  
Premier of British Columbia



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**BUILDING THE FUTURE**

**HARMONIZED SALES TAX**



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### INVESTMENT AND JOB CREATION

Harmonizing the PST and GST into a single tax will do more to create jobs and stimulate the economy than any other initiative. The HST will remove close to \$2 billion in embedded costs for businesses, spurring new investment, job creation and growth in critical industries.

- » \$140 million removed from the forestry sector
- » \$80 million removed from the mining, oil and gas sector
- » \$210 million removed from the transportation sector
- » \$880 million removed from the construction sector
- » \$140 million removed from the manufacturing sector

More than 130 countries and seven of 10 provinces are moving to a similar tax structure. Failing to move towards an HST would result in lost investment and job opportunities as business looks elsewhere.

### WHAT IS HST?

The harmonized sales tax (HST) is a single harmonized value-added tax that will replace the GST and PST in British Columbia on July 1, 2010.

At 12 per cent, British Columbia will have the lowest combined tax in Canada.

Currently, PST is applied at every step in the creation of a product. Those multiple PST charges are embedded in the price you pay at the store — even though you can't see it. And of course, you pay PST on the final purchase price.

### LOWER PRICES

Right now, provincial sales tax (PST) is paid by every business at every step in the creation of a consumer product. You may not realize it, but the PST is charged multiple times during the production of a product before that product reaches the store.

For example, a trucking company that moves products to the store currently pays PST on equipment used to maintain its fleet (i.e. tires). That cost and other business inputs like it are passed down to the consumer who purchases the end product. Under the proposed Harmonized Sales Tax (HST) most taxes paid on business inputs are refunded to the business, and those savings can be passed on to consumers.

### BENEFITS FOR BUSINESS

With a single HST tax rate, one substantially harmonized tax base, and one set of administrative rules instead of the duplication that currently exists with the PST, compliance costs for B.C. businesses are expected to fall by about \$150 million annually.

More than 20 major employer organizations, representing over one million B.C. workers, support the HST because it will lower costs, encourage investment and help create jobs in British Columbia. Some of these include the BC Chamber of Commerce, Coast Forest Products Association, Canadian Manufacturers and Exporters, Mining Association of BC and the BC Agriculture Council.

### BENEFITS FOR TAXPAYERS

In addition to these benefits, the Province will also receive one-time funding of \$1.6 billion from the federal government which will help maintain vital public services such as healthcare and education. When fully phased in, B.C. will also save about \$30 million annually in administrative costs because the federal government will administer the HST at no cost to the Province.

### MUNICIPALITIES

The GST rebate will continue to be available for the five per cent federal portion of the HST after harmonization. In addition, municipalities will receive a rebate to compensate for the incremental cost of the HST.

### REBATES AND EXEMPTIONS

An HST Credit will be paid quarterly to more than 1.1 million low-income British Columbians to help offset the direct impact of the tax. There will also be automatic point-of-sale HST rebates on a number of products similar to existing PST exemptions.

As well, a provincially-administered point-of-sale rebate for residential energy use will ensure HST will not increase consumers' costs for oil, electricity, natural gas or propane used to heat or power homes.

For a list of rebates and exemptions go to: [www.gov.bc.ca/hst](http://www.gov.bc.ca/hst)

### HOUSING

The HST only applies to "new" housing. The GST new housing rebate will continue to be available for the five per cent federal portion of the HST.

The Province will provide a rebate for the incremental cost of the HST on new homes.

The provincial rebate will ensure that new homes up to \$400,000 bear no more tax than under the current PST system.

Purchasers of new homes above \$400,000 will receive a flat rebate of about \$20,000.

