



British Columbia

Initiative Vote 2011

British Columbia's debate on the HST

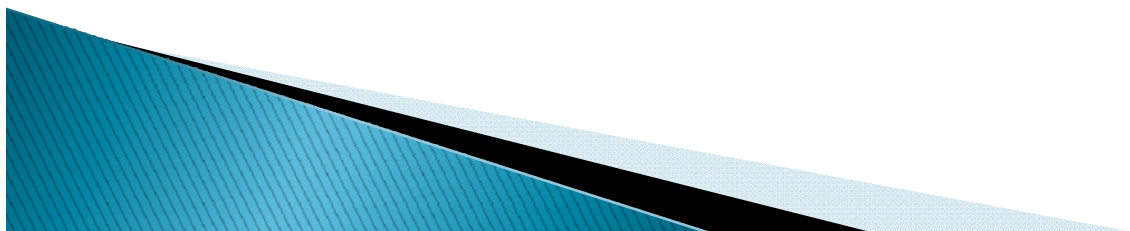
Gordon S. Gunn

March 2, 2011

Introduction

- ▶ Thanks to Chris Delaney and Fight HST
- ▶ Why I'm Debating
- ▶ How I'll Vote

Vote NO



The Question

Are you in favour of extinguishing the HST (Harmonized Sales Tax) and reinstating the PST (Provincial Sales Tax) in conjunction with the GST (Goods and Services Tax)?



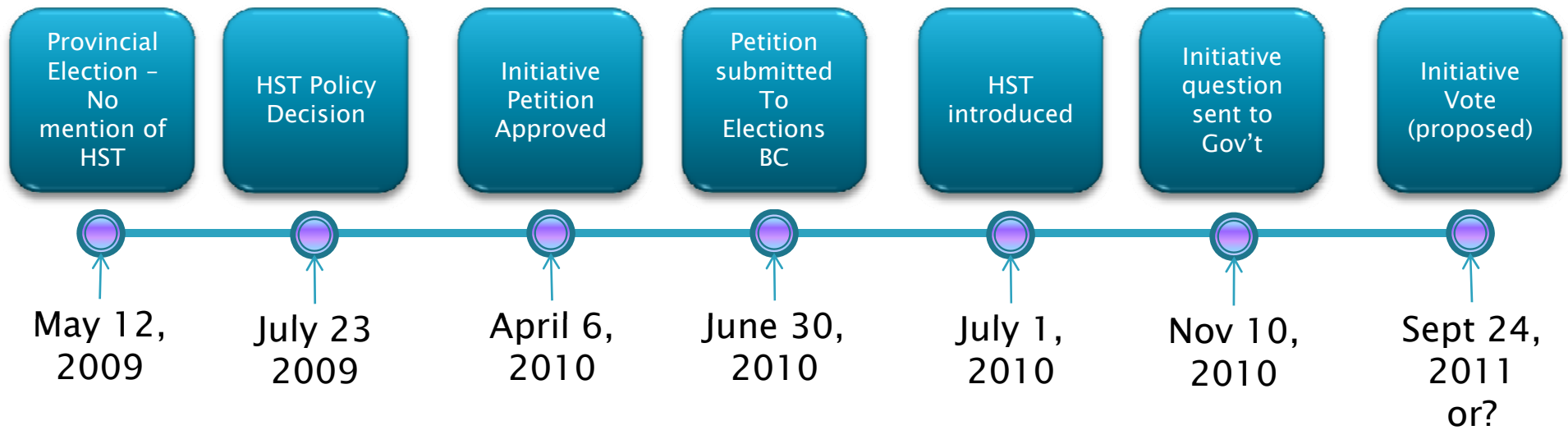
Yes = PST

Votes will be tallied by Elections B.C. and by government commitment, a **simple majority** vote will determine the outcome.



No = HST

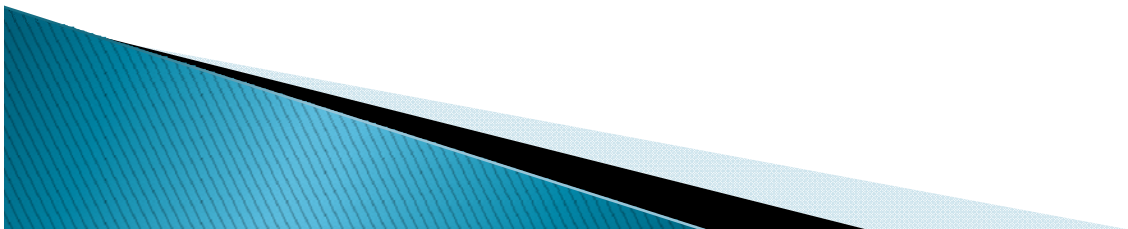
How did we come to this?



What the Vote **is** About

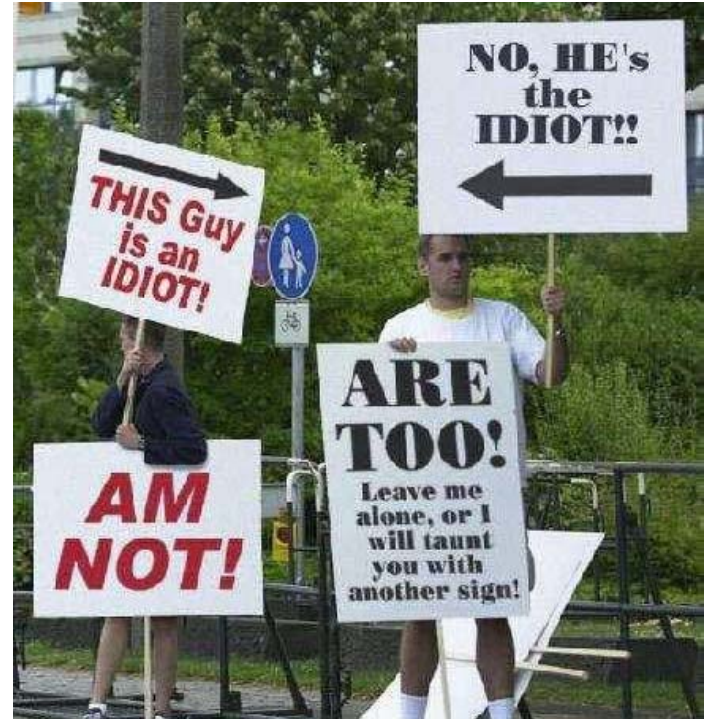
▶ It is about....

- Deciding on which taxation system, HST or PST, is best for the future of British Columbia.
- Reneging on an agreement with the federal government.
- Redoing the work to change tax administrative systems, people and processes within the Provincial and Federal Governments.
- Requiring all BC businesses to go through another costly adjustment to their systems and processes.



What the Vote **is not** about

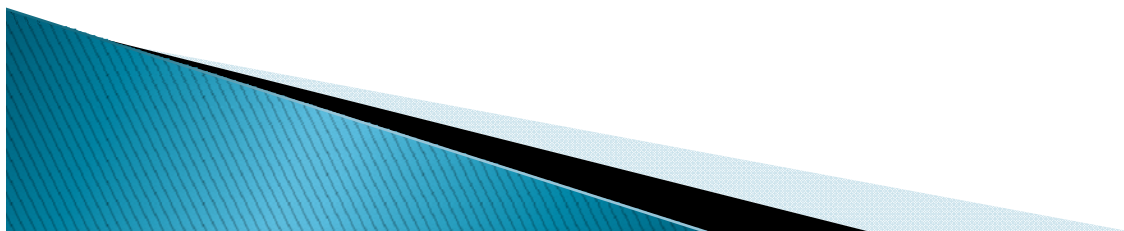
- ▶ It is not about...
 - Political retribution – there are other, more appropriate forums
 - Level of taxation – either option is revenue neutral
 - Government continues to operate in deficit
 - Service demand exceeds government revenues
 - At \$5.8 billion, HST represents the single largest source of revenue
 - We need the tax revenue – returning to the PST will not lead to reduced total taxes.



Top Ten Reasons to Support the HST



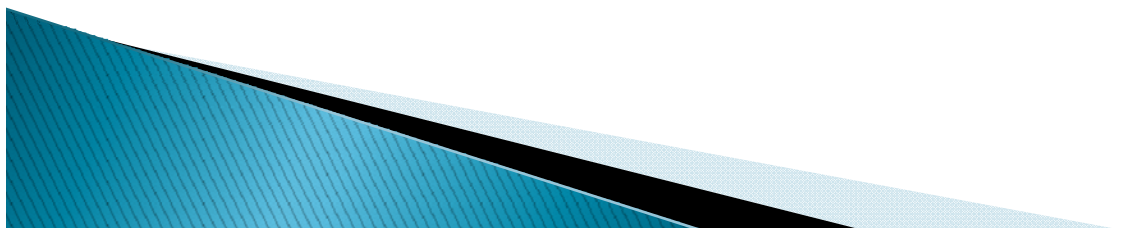
	Criteria	HST		PST	
1	Transparency	✓	The HST is painfully transparent	✗	PST is hidden in price of products/services
2	Tax base	✓	Broad	✗	Narrow, susceptible to tax evasion
3	Equity	✓	Broad application, standard rate	✗	Can distort consumer preferences
4	Competitiveness	✓	VAT is globally implemented	✗	PST reduces our international competitiveness
5	Capital Investment	✓	Elimination of Regressive PST	✗	Regressive - increases capital costs



Top Ten Reasons to Support the HST



	Criteria	HST		PST	
6	Economic Growth	✓	Encourages economic growth	✗	Regressive
7	Job Creation	✓	Elimination of Regressive PST	✗	Regressive
8	Tax Efficiency	✓	VAT has lower economic cost	✗	RST create a burden on capital goods and inputs
9	Reduced Compliance Costs	✓	Simplified accounting and reporting saves \$150 million/year	✗	Duplicated compliance processes
10	Administrative Costs	✓	Saves \$30 million/year	✗	Cost \$30 million/year to administer



Reasons that didn't make the Top Ten list



We already spent the \$1.6 billion



Effective Tax – Even Underground Economy Pays



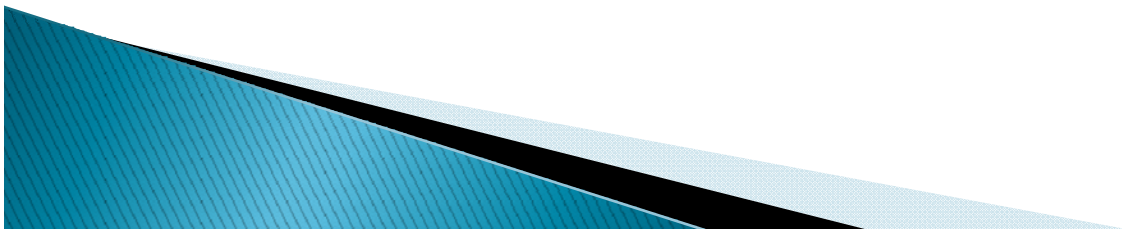
No exemptions – Even the Province Pays



Harmony is always good



Bottom Line – Chicken Little Lives



Conclusion

On the 2011 Initiative Question, I ask you to vote for the best taxation system for the future of British Columbia.

I ask you to vote NO, rejecting the return to the regressive PST.

