



Canadian Vehicle Manufacturers' Association  
Association canadienne des constructeurs de véhicules



## MEDIA RELEASE

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### CANADA DAY A CAUSE FOR CELEBRATION IN ONTARIO

#### SALES TAX REFORM WILL SPUR INVESTMENT AND JOB CREATION

**TORONTO** – This Canada Day will mark a significant milestone for Ontario's economy and long term prosperity, an Ontario business coalition says.

The planned harmonization of the Ontario Retail Sales Tax (RST) with the Federal GST is the most important measure available to stimulate economic recovery and ensure Ontario's prosperity, says the *Smart Taxation Alliance*, a coalition of business leaders representing a broad section of Ontario's economy.

Ontario will significantly reduce business costs by the billions of dollars, which will stimulate new investment, jobs and competitive prices in the years to come. The alternative is to continue with Ontario's high tax threshold, plagued with a costly and inefficient RST which adds billions of dollars to the cost of doing business, which is ultimately paid by the consumer. Clearly the status quo is not an option for the *Smart Taxation Alliance*.

Positive impacts of a single sales tax, when combined with other personal and business tax reforms will include:

- Cutting the marginal effective tax rate on new investment in half, thereby increasing both domestic and foreign investment in Ontario;
- Encouraging business investment in Ontario and the creation of jobs;
- Cutting in half the red tape suffered by businesses in Ontario in the collection, remittance and auditing of sales taxes, for an estimated annual savings of \$500 million;
- Removing layers of embedded taxes in goods and services throughout Ontario valued at roughly \$5 billion;
- All economic sectors contributing equally to revenue generation in the province; and,
- Increasing competitiveness of Ontario business, particularly those who export their goods and services.

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The *Smart Taxation Alliance* includes the Ontario Chamber of Commerce, AGS Automotive Systems, Canadian Chamber of Commerce, Canadian Council of Chief Executives, Canadian Council of Grocery Distributors, Canadian Manufacturer's & Exporters Ontario, Council of Ontario Construction Associations, Certified General Accountants of Ontario, Gennum Corporation, Information Technology Association of Canada, Ontario Automobile Dealer Association, Ontario Road Builders' Association, Ontario Trucking Association, Railway Association of Canada, Retail Council of Canada, TD Bank Financial Group, TELUS, Toronto Automobile Dealer Association and the Toronto Board of Trade.

"The tax rate on business investment in Ontario had put us at a disadvantage next to our peer jurisdictions in the US and Canada. As of July 1, Ontario will be far better positioned to become a magnet for investment and innovation. This is why we need tax reforms, most importantly, sales tax harmonization."

**Len Crispino, President & CEO of the Ontario Chamber of Commerce**

"Transforming the province's sales tax regime with HST is sound tax policy. It strengthens Ontario's supportive tax environment and improves regulatory efficiency which enable Ontario businesses to compete successfully."

**Winston Woo, Director, AGS Automotive Systems**

"CME has advocated for the HST as it will make us better prepared to compete and win in the global marketplace. The move to a harmonized tax will help companies improve productivity, create jobs, grow the economy and enhance Ontario's standard of living."

**Ian Howcroft, Vice President, Canadian Manufacturers & Exporters Ontario**

"Ontario's vehicle manufacturers export 85% of their production and continually compete against assembly plants globally to win new investment and production mandates. The HST, coupled with other tax changes such as corporate tax reductions and the elimination of the capital tax, are critical to the industry's long term competitiveness and our ability to retain tens of thousands of high skilled jobs for Ontarians."

**Mark Nantais, President, Canadian Vehicle Manufacturers' Association**

"As we prepare for successful transition to the new harmonized sales tax, it's important to remember the positive attributes that HST will bring, particularly in support of the small business community. HST will help fuel a stronger business investment climate in Ontario, create jobs and accelerate Ontario's recovery."

**Doug Brooks, CEO, Certified General Accountants of Ontario**

“The HST is crucial to both the short-term recovery and the long-term prosperity of Ontario’s manufacturing sector. The implementation of the HST was a much-needed first step to help make Ontario manufacturers more competitive, to encourage investment and innovation, and to safeguard Ontario manufacturing jobs.”

**Richard Paton, President, Chemistry Industry Association of Canada**

“Progressive economies are embracing the competitiveness of valued added tax structures. Ontario’s economy and the construction industry have a lot to gain from the HST. Tax savings for construction businesses will be significant to our members and that means more well-paid new jobs to help build the new Ontario’s prosperous future.”

**Ian Cunningham, President, Council of Ontario Construction Associations**

“The OGCA has recognizes and appreciates the value of a single tax system to our industry and the positive effect it will have. The Ministry’s cooperation in addressing our concerns regarding the implementation of the HST and its effect on the tender process and ongoing projects shows that this bold endeavor will improve the business climate in Ontario. “

**Clive Thurston, President, Ontario General Contractors’ Association**

“Modernizing our sales tax system is an essential step in driving growth and infrastructure investment in this province. As builders of both provincial and municipal infrastructure, our businesses -and in turn the taxpayer - will recognize the benefits of reducing the administrative burden through the simplification of our tax structure.”

**Rob Bradford, Executive Director, Ontario Road Builders' Association**

“Modernizing the way Ontario taxes business inputs by harmonizing the provincial retail sales tax and the multi-jurisdictional vehicle tax with the GST, will help stimulate investment in new, more productive, safer and more environmentally-benign equipment. And, since trucks are responsible for moving about three-quarters of Ontario’s trade with the United States, it will ultimately help to improve Ontario’s economic competitiveness leading to more jobs and greater prosperity.”

**David Bradley, President and CEO, Ontario Trucking Association**

“By simplifying the province’s tax structure the HST will take costs and double-taxation out of our business, and thousands of other businesses across the province. That will make Ontario a more attractive and competitive place to do business, encouraging innovation and price reductions for consumers and exports,” said Robert McFarlane, TELUS executive vice-president and CFO.

**Robert McFarlane, Executive Vice-President and CFO, TELUS**

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