

# BC Conservatives Say No to the BC Liberal HST Proposal

The BC Conservative Party has investigated the BC Liberal proposed HST (Harmonized Sales Tax). This concept of harmonization of the PST (Provincial Sales Tax) with the GST (Goods and Services Tax) has been **totally rejected** by the Board of Directors of the BC Conservatives after determining the following:

1. The HST, as proposed by the BC Liberals, will apply PST to goods and services previously exempted from PST. This very broad application of the PST at the rate of 7% will increase the tax burden on seniors, fixed income recipients, people with disabilities, low income earners, students, as well as the average household, which will see a real cost increase of between \$700 for a student and \$2,100 for an average BC family per year.
2. The BC Liberal HST will curb consumption at a time when BC is still struggling to come out of an economic recession.
3. The BC Liberal HST will increase 'leakage' to the underground economy as people and businesses utilize cash and will resort to bartering to avoid paying this new tax.
4. The BC Liberal HST will damage the housing industry and the real estate markets, two key drivers of the economy.
5. The BC Liberal HST will discourage tourism by increasing the cost of goods and services for visitors to BC.
6. The BC Liberal HST will make some BC businesses un-competitive with our closest trading partners in the United States where taxes are lower overall, and with Alberta, where there is no PST.
7. The BC Liberal HST will be used to pay large debt servicing costs for the Olympic debt and infrastructure costs, and will not improve services for health, education or other critical government services, or reduce the overall debt.

In conclusion, the BC Liberal HST, upon examination, is an ill-conceived tax designed to make up for the BC Liberals poor fiscal management and largesse during the economic boom. It is a totally unfair tax and imposes grave hardships on British Columbians at a time when they are already fiscally-challenged. British Columbia does not need another tax but rather fairer taxes.

The BC CONSERVATIVE TAXATION PLAN would include:

1. A fiscal objective towards the eventual elimination of the PST, as in Alberta, to reduce the burden on consumers, to free up the economy to rebuild itself, and to make us more competitive.
2. Making the BC PST more investment friendly, during the phase out period, by incorporating the concept of a system of input tax credits for businesses. This will ensure that BC Business is placed in a competitive tax position with other jurisdictions while not placing an undue burden on consumers and citizens to pay for it.
3. Streamlining personal income tax rates and doubling the basic personal exemption.
4. Reducing the general corporate income tax rate to 9%.
5. Eliminating the BC Property Transfer Tax
6. Rejecting the BC Liberal HST to ensure that decisions relating to PST rates and exemptions would be made by British Columbians and not the federal government.