



## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



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# Total Tax Relief Package for Jobs and Growth

- Moving to a single, value-added tax on July 1, 2010
  - Combined rate of 13% – Ontario's portion will be 8% (current RST general rate), federal portion will be 5%
- Providing \$4.5B in business tax relief over three years
- Providing \$10.6B in tax relief to people over three years

Excluding the federal transitional relief, Ontario will be **reducing total tax revenue by \$3.4B** over the first four years

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# Study by Jack Mintz on the Impact of the 2009 Budget Measures

- Professor Jack Mintz, Palmer Chair of Public Policy at the University of Calgary is known internationally as a leading authority on taxation economics
- His recent report “**Ontario’s Bold Move to Create Jobs and Growth**” (Nov. 2009) examines the impact on investment, jobs and incomes in Ontario from the HST and proposed Ontario corporate income tax rate cuts together with other recent tax changes for business
- He finds that the reduction in the tax burden on new business investment would dramatically improve Ontario’s international competitiveness

The report estimates that, within ten years, the benefits to Ontario from the lower tax burden on new investment would be **\$47 billion in increased capital investment, higher annual incomes of up to 8.8%, and 591,000 net new jobs.**

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# Agenda

- Harmonized Sales Tax (HST)
- Additional Tax Relief for Business
- Tax Relief for Individuals
- Business and Personal Case Studies (optional)



## **Countries Around the World Have Adopted a Value-Added Tax**

- More than 140 countries, including all OECD countries except the U.S., have a value-added tax
  - On July 23, 2009, BC announced its intention to harmonize its provincial sales tax effective July 1, 2010 at a proposed combined rate of 12% (7% provincial sales tax and 5% federal GST)

**“We had to move fast if we were not to be left at a competitive disadvantage to Ontario.”**

*The Honourable Colin Hansen, Minister of Finance, British Columbia, August 20, 2009*



## International Calls for Harmonization

- Since 1990, OECD has called on the province to harmonize its provincial sales tax with the GST
  - In its 2008 Survey of Canada, the OECD noted that “There has as yet been no progress on VAT harmonization, and sales taxes will continue to add significantly to business capital costs in the 5 provinces with RSTs. Encouraging the provinces to go in the direction of such harmonization is therefore appropriately a top priority of the federal government.”
- The IMF has on several occasions identified sales tax harmonization as a beneficial policy that would increase productivity and investment
  - Their modeling analysis also found that, among the various kinds of taxes, the GST is the one that is least harmful to economic efficiency and growth

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# Canadian experts had been calling for harmonization as a high priority before the 2009 Budget

- Harmonization of Ontario's sales tax with the GST will lead to a stronger economy with higher real wages, a higher standard of living, higher productivity, lower business costs, and increased investment.. This is one of the most important policy directions we can put in place today to position us for a strong recovery at the end of our current economic difficulties." **Len Crispino, President and Chief Executive Officer, Ontario Chamber of Commerce, January 2009**
- "Harmonizing its sales tax with the GST is one of the most important steps Ontario could take to improve its competitiveness." **Derek Burleton, Associate Vice President and Director of Economic Analysis, TD Bank Financial Group, January 2009**
- "An immediate priority for Ontario is to move toward harmonizing our provincial sales tax with the federal GST, converting it to a value added tax. Research by us and others shows that this is the most effective tax change to stimulate investment and job creation." **Roger Martin, Dean of the Rotman School of Management, University of Toronto, and Chair of Ontario's Task Force on Competitiveness, Productivity and Economic Progress, 2006**
- "Existing retail sales taxes have serious drawbacks: i) they result in uneven effective tax rates on consumption because many nondurable goods and services are not taxed; ii) they impose cascading business taxes on business inputs that are eventually borne by consumers in the form of higher prices; and iii) retail sales taxes make it more difficult for businesses to compete in global markets and to invest in capital." **Jack Mintz et al, C.D. Howe Institute, 2008**

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# Post-Budget Endorsements of Harmonization

- The **Ontario Chamber of Commerce** noted that “Business will become much more competitive, with reduced costs of operation. And when business reduces their cost, they’re able to pass on those savings to the consumer, who is the ultimate winner in all of this.”
- The Chair of the **Institute for Competitiveness & Prosperity** wrote, “The most positive feature is the impact it [sales tax harmonization] will have on new business investment and, therefore, jobs and wages. We need more investment by Ontario businesses to improve prosperity for the average Ontarian.”
- The **Canadian Council of Chief Executives** commented that harmonizing the federal and provincial sales taxes is “the single most important measure [the] government could take to encourage renewed business investment and growth across Ontario.”
- **CD Howe Institute** commented that "putting an end to Ontario’s archaic retail sales tax and adopting a value-added tax like the GST would sharply lower the effective tax rate on new business investment and offer the province a much-needed economic boost."
- The **Canadian Manufacturers and Exporters Association** commented: "Sales tax harmonization is exactly the kind of forward-looking policy reform that will be critical in strengthening the provincial economy and speeding along recovery. In fact, it is the single most important step that can be taken to boost the provincial economy and create job opportunities in the future."



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# How the HST Will Work

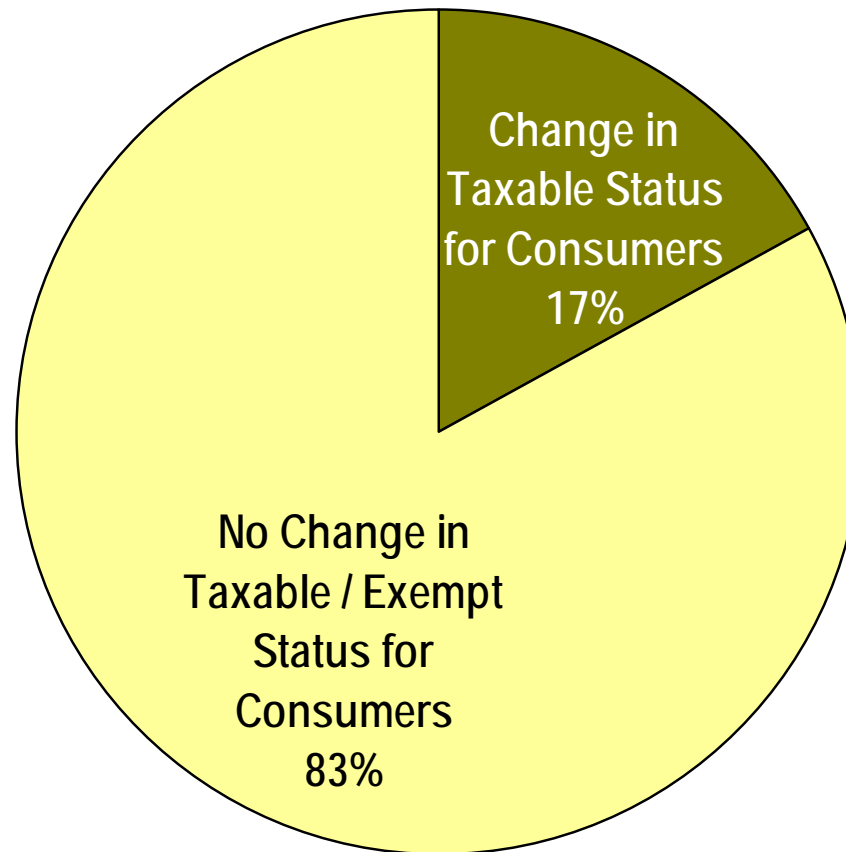
- The tax will be administered by the Canada Revenue Agency
- HST Rates:
  - 13% (most goods and services)
  - 0%
    - Prescription drugs, medical devices, basic groceries, certain agriculture and fishing products, exports
  - Tax-exempt
    - Most rentals of residential housing, most educational services, most health care services, day care services, legal aid services, some supplies by charities and public sector bodies, most financial services

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# Taxable Status of Goods and Services for Consumers Under HST\*



*Note:* \* Proportion of consumer spending. Tax status is based upon whether the good or service is currently taxed to the consumer. Diagram is for illustrative purposes. Based on 2005 provincial Input-Output tables. Detailed tax treatment is set out in the 2009 Budget, this paper and Single Sales Tax Information Notice 2 — June 18, 2009.

*Source:* Ontario Ministry of Finance.

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# HST: Three Ways Business Save

## Reducing Compliance Costs

Businesses will save over \$500 million a year in administrative and compliance costs

One set of forms, one payment and one point of contact for audits, appeals and taxpayer services

Eliminating the many complex RST rules that vendors currently face will result in further direct benefits to business

## Input Tax Credits on Business Purchases

Most businesses will receive input tax credits for sales tax they pay on many of their business inputs and capital investments

While some business inputs were RST-exempt, many were RST-taxable

Input Tax Credits will provide significant savings to business – direct benefit

## Reducing Embedded Tax in Supplier Prices

The HST will eliminate cascading layers of RST–embedded tax hidden in the purchase price

Removing this embedded tax makes inputs cheaper

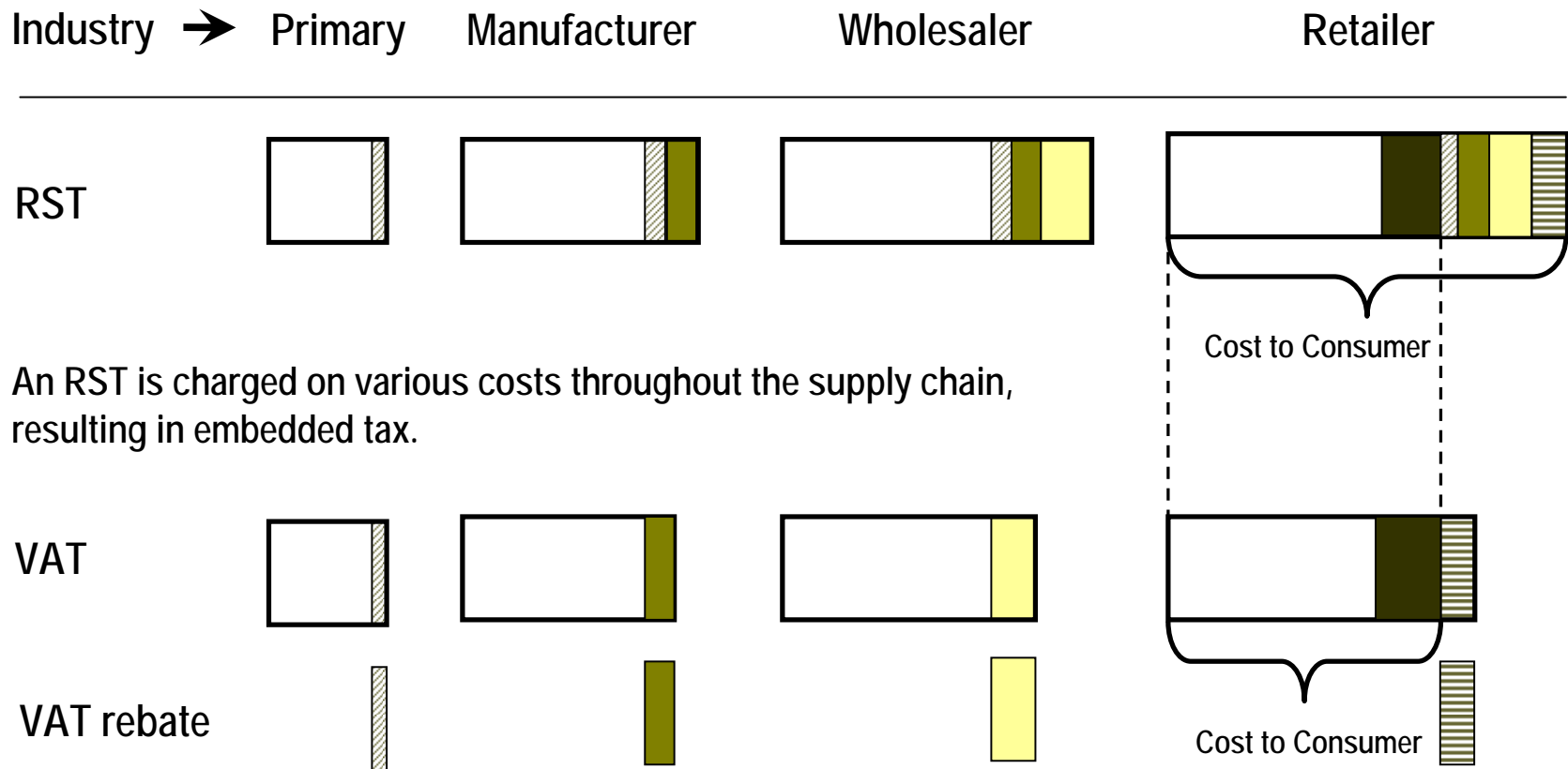
Business save by removing sales tax embedded in the prices they pay their suppliers – indirect benefit

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## VAT Lowers Costs



A VAT is rebated at each stage of the supply chain, eliminating the embedded tax.

*Note:* Illustrative example only. Not to scale.



## TD Bank Special Report on HST

- On September 18, TD Economics released a report on the impact of sales tax harmonization in Ontario and B.C.
- The report notes that harmonization will help businesses, and particularly exporters gain a competitive edge.  
**“In order for businesses to generate an increase in demand for their products they will have to pass those savings onto consumers. This in turn should help spur business investment, employment and income growth.”**



## **TD Bank Special Report on HST**

- They predict that the majority of business cost savings will be passed onto consumers in the form of lower pre-tax prices
- They estimate that 80% of business savings will be passed on in the first year, and 95% by the third year
  - As a result, the pre-tax price of goods and services will fall by 0.8% - 0.9%
  - Even after the additional tax on previously untaxed items is factored in, there will be only a modest increase of 0.7% in the CPI in Ontario
- TD estimates a \$2.5 - \$3 billion annual cost increase for consumers. This would be more than offset by the \$10.6 billion Ontario is providing in tax relief to people over the first three years, and would be almost fully offset on an ongoing basis by the annual permanent tax relief



## **Point-of-Sale Rebates**

- Point-of-sale rebates for the Ontario portion of the proposed HST (8%) will be introduced for:
  - children's:
    - clothing, footwear, diapers, car seats and car booster seats
  - books (including audio books)
  - feminine hygiene products
  - print newspapers
  - qualifying prepared food and beverages sold for \$4.00 or less
- The federal portion of the proposed HST (5%) will still be charged on these items



## Temporary Input Tax Credit (ITC) Restrictions

- Temporary restrictions will be placed on ITCs for large businesses (with annual taxable sales over \$10 million) and financial institutions on the following items:
  - energy, except where used to produce goods for sale
  - telecommunication services other than internet access or toll-free numbers
  - road vehicles weighing less than 3,000 kilograms (and parts and certain services) and fuel to power those vehicles
  - food, beverages and entertainment
- These restrictions will not apply to:
  - farmers or public service bodies
  - goods or services acquired solely for re-supply by large businesses





## Phase-in of ITCs on Restricted Items

- After the first 5 years of HST implementation, ITCs relating to restricted items will be phased in over a three-year period. Accordingly:
  - in the sixth year, a business that had been subject to the restrictions will be able to claim a 25% ITC on the restricted items;
  - in the seventh year, the business will be able to claim a 50% ITC;
  - in the eighth year, the business will be able to claim a 75% ITC; and
  - in the ninth year, the business will be able to claim full ITCs (only with respect to inputs used in its commercial activities)



## **New Housing Rebates**

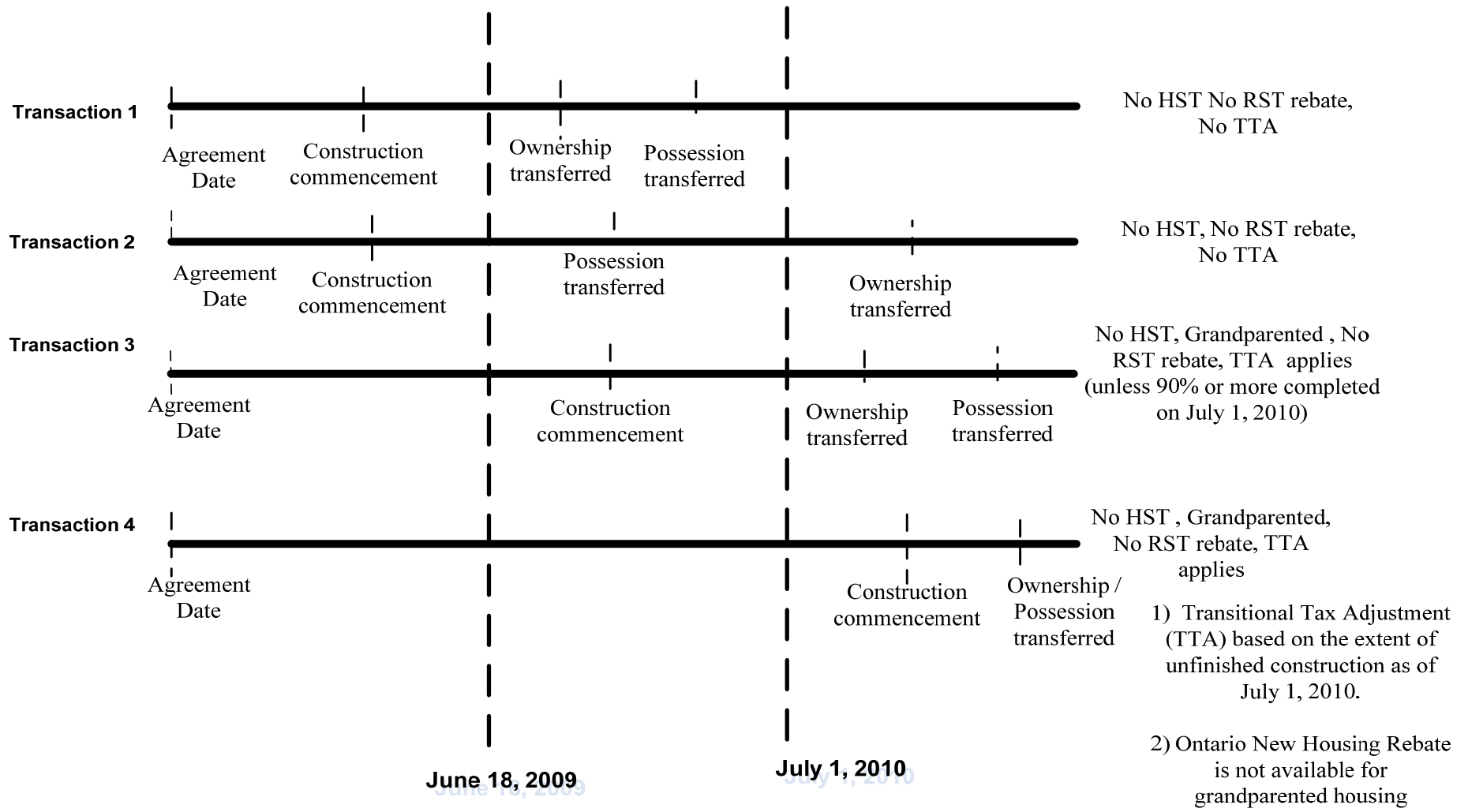
- New homes purchased as primary residences will qualify for a rebate of 75% of the provincial portion of the HST payable, up to a maximum rebate of \$24,000
- On average, new homes priced up to \$400,000 will not be subject to additional tax compared to the RST currently embedded in the price of new homes
- Resale homes will not be subject to the HST

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# Sales Tax Reform: Single-Unit Housing Transitional Rules – Agreements signed on/before June 18, 2009

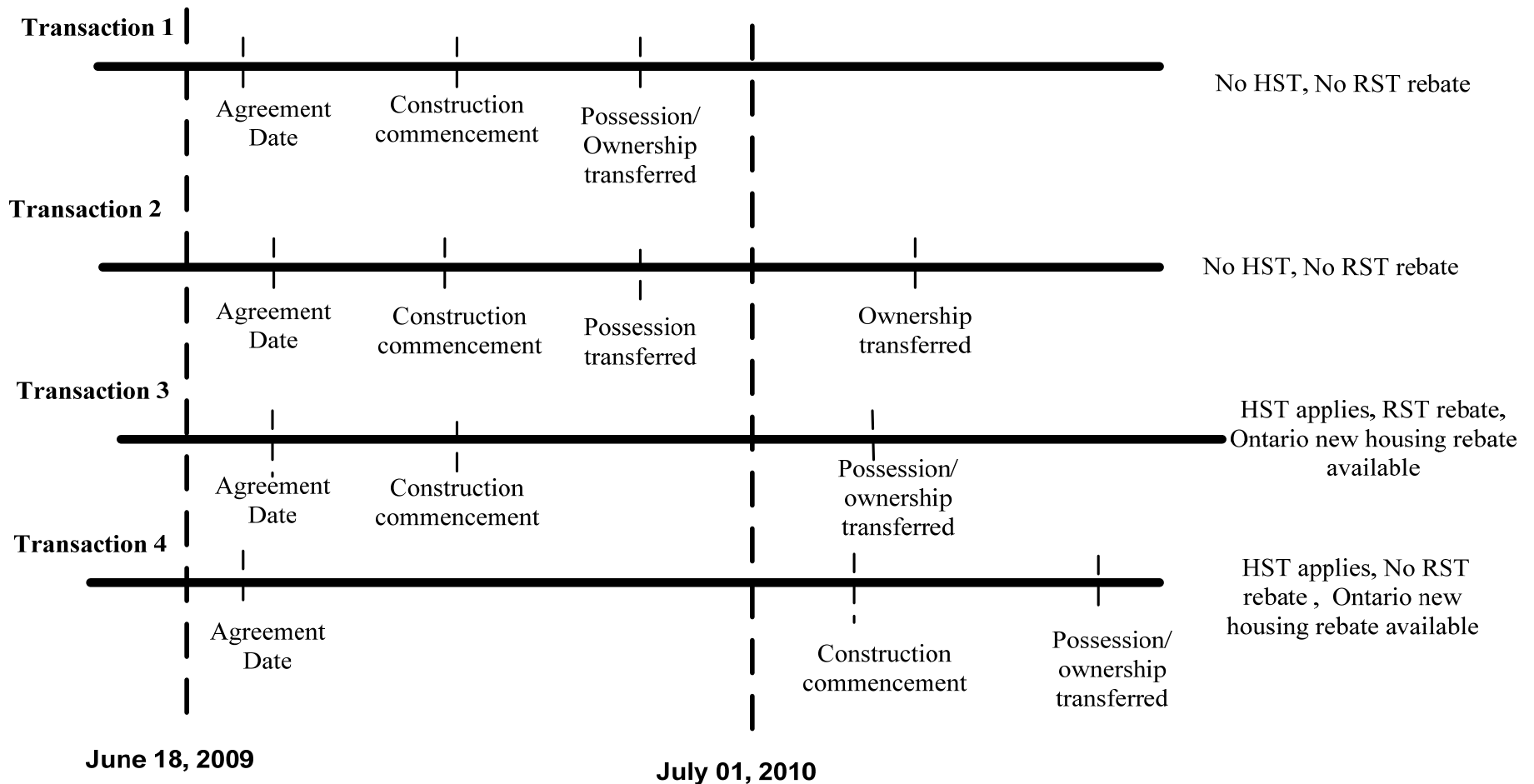


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# Sales Tax Reform: Single-Unit Housing Transitional Rules – Agreements signed after June 18, 2009 and before July 1, 2010



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# Supporting Public Service Bodies

Ontario's public service bodies will be able to claim **provincial rebates** to keep them fiscally neutral on a sector by sector basis.

	<b>GST &amp; Federal HST (5%)</b>	<b>Nova Scotia (8%)</b>	<b>New Brunswick<sup>1</sup> (8%)</b>	<b>Nfld. &amp; Labrador (8%)</b>	<b>Québec (7.5%)</b>	<b>Ontario<sup>3</sup> (8%)</b>	<b>BC Proposed<sup>5</sup> (7%)</b>
<b>Municipalities</b>	100%	57%	57%	0%	0% <sup>2</sup>	<b>78%</b>	75%
<b>Universities and Public Colleges</b>	67%	67%	0%	0%	47%	<b>78%</b>	0%
<b>School Authorities</b>	68%	68%	0%	0%	47%	<b>93%</b>	0%
<b>Hospital Authorities</b>	83% <sup>4</sup>	83%	0%	0%	52%	<b>87%<sup>4</sup></b>	0%
<b>Charities and Qualifying Non-Profit Organizations<sup>6</sup></b>	50% <sup>4</sup>	50%	50%	50%	50%	<b>82%<sup>4</sup></b>	57%

<sup>1</sup> In New Brunswick, Universities and Colleges, School Boards and Hospitals are provincial Crown agents eligible for the 100% government rebate.

<sup>2</sup> Québec intends to move to a 100% QST rebate for municipalities in 2014 when it changes its funding formula for municipalities.

<sup>3</sup> Rebate of provincial portion of tax paid based on federal GST public service body definitions.

<sup>4</sup> Charities and qualifying non-profit organizations would be eligible for the hospital PSB rebate for eligible services traditionally performed by hospitals.

<sup>5</sup> BC is reviewing the grants it pays to schools, health authorities, colleges and universities in light of any increased provincial tax they would pay under the proposed HST.

<sup>6</sup> A qualifying non-profit organization is a non-profit organization that has at least 40% of its total revenue from government funding.



## Small Supplier Threshold

- To reduce the administrative burden and complexity for small business, Ontario will parallel the GST small supplier threshold:
  - businesses with total taxable sales of \$30,000 or less based on four previous calendar quarters (\$50,000 or less for a public service body) will not be required to register for GST/HST purposes and collect the HST, subject to limited exceptions
    - those that choose not to register will not be required to file a HST return
    - those that choose to register will collect the HST and will be eligible to claim ITCs
- GST registrants are automatically registered for HST
- Vendor compensation will end as part of the transition to the HST, but will apply for RST returns filed up to and including those filed for the period ending March 31, 2010



## Small Business Transition Credit

- Small business will receive one-time transitional support totalling up to \$400 million
- Most businesses (other than financial institutions) with less than \$2 million in annual revenue from taxable sales will be eligible for a transition credit of up to \$1,000

<b>Total Taxable Revenues in First Full Fiscal Quarter Commencing After June 30, 2010</b>	<b>Amount of Transitional Credit</b>
Up to and including \$15,000	\$300
Over \$15,000 and up to and including \$50,000	2% of Taxable Revenue for that Quarter
Over \$50,000 and up to and including \$500,000	\$1,000

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# Implementing the HST - Key Dates

- **March 2009:** Ontario Budget announcement on HST
- **June 18, 2009:** date of release of transitional rules for housing
- **October 14, 2009:** date of release of general transitional rules
- **December 9, 2009:**
  - Bill 218: *Ontario's Plan for More Jobs and Growth Act, 2009* passed by the Ontario legislation
  - Bill C-62: *Provincial Choice Tax Framework Act, 2009* passed by the House of Commons
- Additional technical details – Place of Supply Rules, Details on Restricted ITCs
- **May 1, 2010:**
  - date that HST will generally apply to prepayments, but only to extent that goods and services are provided on or after July 1, 2010
- **July 1, 2010: Implementation Date**
  - date that HST will generally begin to apply / RST will generally cease to apply
- **October 31, 2010:** date that any outstanding RST will become payable





## **General Transitional Rules**

### ■ **GOODS:**

- RST applies if ownership or possession transferred before July 1, 2010
- HST applies if ownership and possession transferred on or after July 1, 2010

### ■ **SERVICES:**

- RST applies to taxable services to extent performed before July 1, 2010
- HST applies to services to extent performed on or after July 1, 2010
- De minimis rule: No HST if services performed all or substantially all ( $\geq 90\%$ ) before July 1, 2010

### ■ **PREPAYMENTS PRIOR TO JULY 1, 2010:**

- Special transition rules apply



## General Transitional Rules

### ■ **LEASES AND LICENCES:**

- RST applies to extent lease interval occurs before July 1, 2010
- HST applies to extent lease interval occurs on or after July 1, 2010
- One-month rule: No HST if lease interval begins before July 1, 2010 and ends before July 31, 2010

### ■ **INTANGIBLE PERSONAL PROPERTY:**

- HST applies if due or paid on or after July 1, 2010
- Memberships: treated as a service, i.e., HST applies to extent membership period is on or after July 1, 2010
- Admissions: treated as a service, i.e., HST applies to extent event or activity is on or after July 1, 2010
  - see also Disclosure Requirements for Tax-Included Pricing

### ■ **PREPAYMENTS PRIOR TO JULY 1, 2010:**

- Special transition rules apply



## Special Transitional Rules - Prepayments

- For goods, services and leases provided/occurring on or after July 1, 2010:
  - RST applies (if any) if prepaid on or before October 14, 2009
  
  - If prepaid after October 14, 2009 and before May 1, 2010:
    - consumers pay RST (if any)
    - certain businesses and public services bodies may be required to self-assess the Ontario component of the HST (GST applies in the normal manner)
  
  - HST applies if prepaid on or after May 1, 2010 and before July 1, 2010



## **Special Transitional Rules – Grandparenting Exceptions**

- Subscriptions to Magazines
  - No HST if paid before July 1, 2010
- Prepaid Funerals
  - No HST if contract entered into in writing before July 1, 2010
- Passenger Transportation Services
  - No HST if continuous journey begins before July 2010
- Freight Transportation Services
  - No HST if continuous freight movement begins before July 2010
- Passenger Transportation Passes
  - No HST if pass period begins before July 2010 and ends before August 2010



## Returns and Exchanges

- If RST-paid goods returned for a full refund: RST refund
- If RST-paid goods exchanged for goods of equal value:  
No RST refund and no HST
- If RST-paid goods exchanged for goods of lesser value:  
RST refund on difference and no HST
- If RST-paid goods exchanged for goods of greater value:  
HST applies on additional payment
- If RST-exempt goods exchanged:  
HST applies on full value of replacement goods



## Returns and Exchanges

- Where RST refunds are available:
  - Vendors can provide RST refunds to purchasers for returns on or before October 31, 2010
  - Purchasers can apply to the Ministry of Revenue for refunds after October 31, 2010



## Final RST Returns

- Final RST returns will generally be required to be filed with the Ontario Ministry of Revenue on or before July 23, 2010
- Where an amount is collected or becomes payable as or on account of RST after June 2010, the vendor will be required to account for that amount in a supplemental RST return to be filed on or before the 23rd day of the following month
- All supplemental RST returns will be required to be filed no later than November 23, 2010



## Other Transitional Rules

- Real Property (other than residential housing)
- Continuous Supplies (e.g., natural gas, electricity, cable television, telephone services)
- Progress Payments and Holdbacks
- Budget Payment Arrangements (e.g., natural gas supplied under an equal-payments billing plan)
- Combined Supplies (e.g., supply-and-install contract)
- Lifetime Memberships
- Direct Sellers
- Disclosure Requirements for Tax-Included Pricing
- Transitional RST Inventory Rebate for Residential Real Property Contracts





# HST Implementation Issues Under Review

- Temporarily Restricted Input Tax Credits:
  - Reporting requirements
  - Timing issues
  - Potential simplification (i.e., proxies)
  - Rules for selected listed financial institutions (SLFIs)
  - Special rules for acquisitions, amalgamations and other forms of business reorganizations
  
- Place of Supply Rules:
  - View towards modernizing the place of supply rules, particularly in areas of services and intangible personal property
    - Increase in e-commerce and electronic supplies of services and IPP has created pressures for modernizing the place of supply rules



## Winding Down the Retail Sales Tax

- As part of the move to the HST, Ontario will wind down broad-based tax provisions of the current *Retail Sales Tax Act*, with the exception of certain provincially levied taxes, such as the sales tax on specified insurance premiums and private transfers of used vehicles
- The existing RST and related exemptions, special rates, credits and rebates under the *Retail Sales Tax Act* will generally end for transactions on or after July 1, 2010
- Other tax changes announced in Ontario's Tax Plan includes:
  - replacing alcohol fees with taxes and maintaining current levels of revenue from alcohol sales
  - creating a legislative mechanism to introduce a Regional Tourism Levy

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- Harmonized Sales Tax (HST)
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- Business and Personal Case Studies (optional)



## **Corporate Income Tax Relief**

- The Ontario Budget will provide \$4.5 billion in tax relief for business over three years
- Starting July 1, 2010, the government will:
  - cut Corporate Income Tax (CIT) rates
  - eliminate the CIT small business deduction surtax
  - exempt more small and medium-sized businesses from the Corporate Minimum Tax (CMT) and cut the CMT rate from 4% to 2.7%

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# Corporate Income Tax Relief

## Ontario's Corporate Income Tax Rate Cut Plan

Date	Rates (Per Cent)			
	General	Manufacturing & Processing	Small Business	Small Business Deduction Surtax
Current	14	12	5.5	4.25
July 1, 2010	12	10	4.5	0
July 1, 2011	11.5	10	4.5	0
July 1, 2012	11	10	4.5	0
July 1, 2013	10	10	4.5	0

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# Capital Tax Elimination

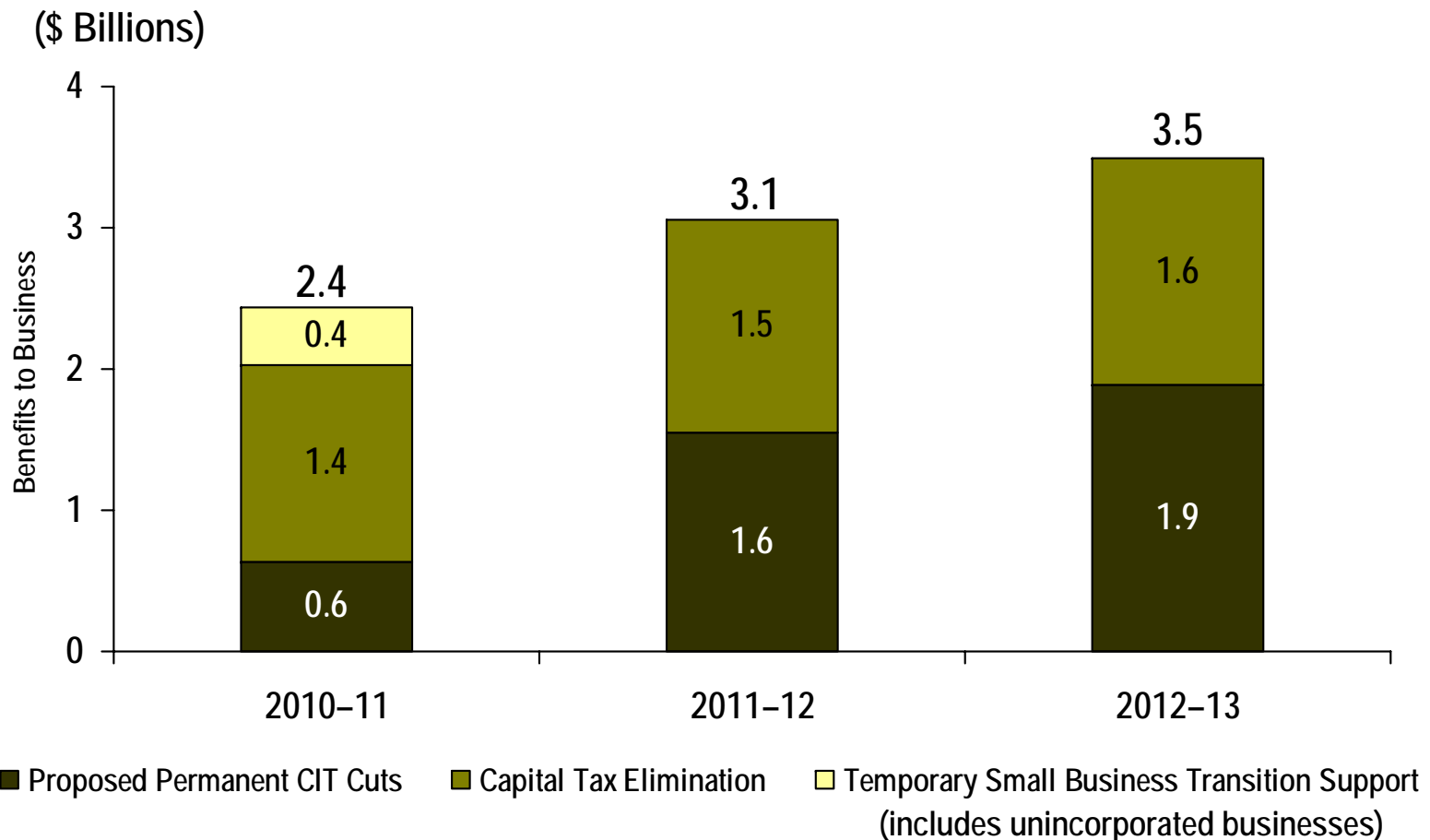
- In 2004, the government legislated a plan to eliminate Ontario's Capital Tax by 2012
- Since then, the government has accelerated the elimination plan and further relieved the Capital Tax burden on businesses
- Effective January 1, 2007, Capital Tax rates were cut by an additional 21% and Capital Tax was eliminated for Ontario companies primarily engaged in manufacturing and processing and resource activities
- On January 1, 2010, Capital Tax rates will be cut by one-third and the tax will be fully eliminated on July 1, 2010
- The elimination of capital tax will provide about \$1.6 billion a year in tax relief for business

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# Corporate Tax Relief for Jobs and Growth



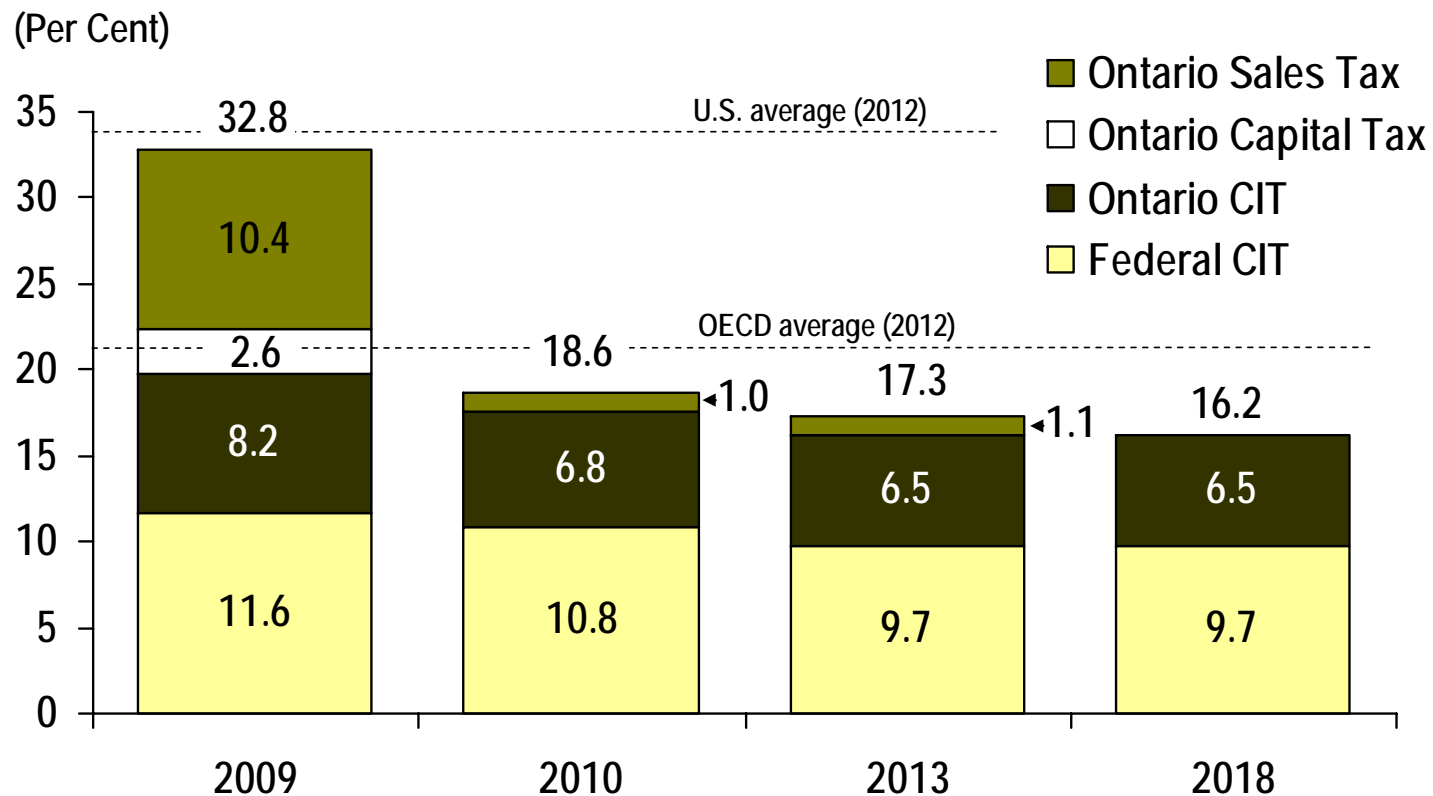
*Source:* 2009 Budget estimates for proposed permanent CIT cuts and the temporary small business transition support. Capital Tax elimination estimates are savings compared to the Capital Tax structure before the 2004 Ontario Budget measures.

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### Cutting Ontario's METR on New Business Investment in Half\*



\* Includes the Ontario Corporate Income Tax (CIT) rate cuts and harmonized sales tax proposed in the 2009 Budget, the phase-out of Ontario's capital tax by July 1, 2010, and the reduction in the general federal CIT rate to 15 per cent by 2012.

Sources: Ontario Ministry of Finance and Finance Canada.



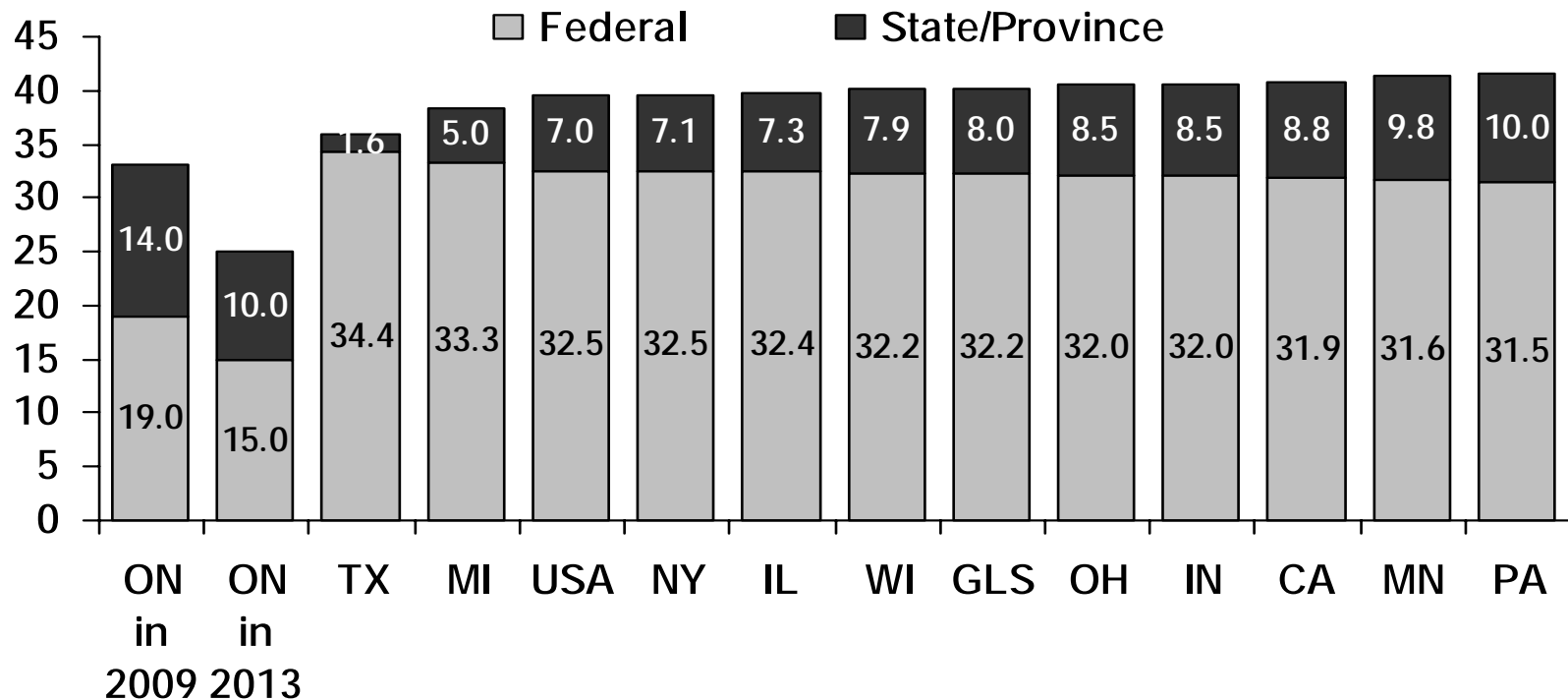
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# Ontario's Competitiveness with the U.S.

General Corporate Income Tax Rates in 2013  
(Per Cent)



*Notes:* State corporate income tax is deductible for federal tax purposes. USA is U.S. average; GLS is Great Lake States average. Some states do not have a corporate income tax, but other taxes that are approximately equivalent have been included.

*Source:* Ontario Ministry of Finance, current as of April 2009.



## Targeted Tax Relief for Business

- The Ontario Budget will also provide the following targeted tax measures:
  - enhanced refundable tax credit rates for small businesses that hire apprentices and co-op students
  - extending the refundable Ontario Innovation Tax Credit to more small and medium-sized businesses
  - providing a temporary accelerated depreciation for buying eligible computers and software
  - extending an accelerated CCA rate for manufacturing and processing machinery and equipment investments
  - enhancing tax support for the creation of interactive digital media products in Ontario
  - expanding the refundable Ontario Computer Animation and Special Effects Tax Credit
  - making the enhanced tax credit rates under the refundable film and television tax credits permanent
  - enhancing the refundable book publishing tax credit

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# Provincial Property Tax Relief for Businesses

- Continue cutting high business education tax (BET) rates through the \$540 million BET reduction plan announced in the 2007 Budget
  - Under this plan, high BET rates are being reduced to a target maximum rate by 2014
  - As a result of reassessment, the target maximum BET rate has been lowered from 1.60% to 1.52%
  - New construction will benefit from the 1.52% maximum BET rate immediately
- The 2008 Budget accelerated the BET cuts for businesses in northern Ontario to ensure that they benefit from the full BET cut by 2010, four years earlier than originally announced

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# Sales Tax Transition Benefit

- \$4 billion in cash payments to 6.5 million Ontario families and individuals – totalling up to \$1,000 for single parents and couples and up to \$300 for single people – in 2010 and 2011 to ease the transition to a new HST

## Ontario Sales Tax Transition Benefit

Payment Month	Single Individuals		Single Parents or Couples	
	Maximum Benefit	Phase-out Range	Maximum Benefit	Phase-out Range
June 2010	\$100	\$80,000-\$82,000	\$330	\$160,000-\$166,600
December 2010	\$100	\$80,000-\$82,000	\$335	\$160,000-\$166,700
June 2011	\$100	\$80,000-\$82,000	\$335	\$160,000-\$166,700
<b>Total</b>	<b>\$300</b>		<b>\$1,000</b>	

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# Personal Income Tax (PIT) Relief for People

- \$1.1 billion in ongoing, broadly based PIT cuts – 93% of Ontario taxpayers will get a tax cut; families and individuals with up to \$80,000 of income will get an average tax cut of 10%

### Ontario Personal Income Tax Rates, 2010 (%)

Taxable Income <sup>1</sup>	Currently Legislated	Proposed (2010)
\$0 - \$37,106	6.05	5.05
\$37,106 - \$74,214	9.15	9.15
> \$74,214	11.16	11.16

<sup>1</sup> Taxable income thresholds are adjusted annually to reflect Ontario inflation.

- Ontario will benefit from the lowest provincial tax rate in Canada on the first \$37,106 of taxable income, based on legislation currently in place in other provinces

## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



# Additional Tax Relief for People

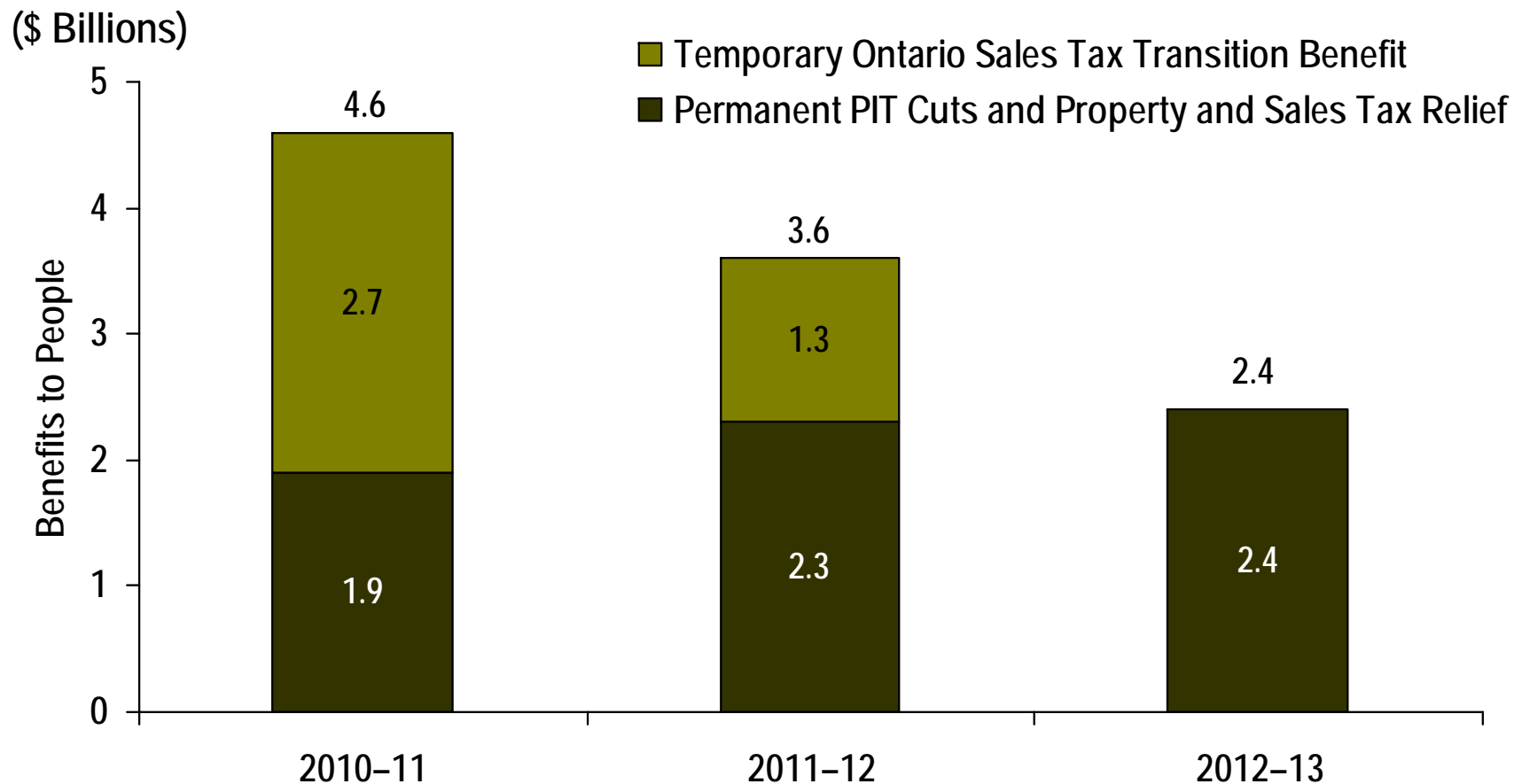
- **Ontario Sales Tax Credit** – an enhanced credit of up to \$260 a year for each adult and child in low- to middle-income families
  - will be one of the most generous sales tax credits in Canada
  - about 2.9 million families and individuals will benefit from this measure
- **Enhanced Refundable Ontario Property Tax Credit** - an additional \$270 million in property tax relief on an annual basis to low- to middle-income homeowners and tenants
  - will provide a basic amount of up to \$250 for non-seniors or \$625 for seniors, plus 10% of occupancy cost
  - about 2.3 million families and individuals will benefit from this measure

## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
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# \$10.6 Billion in Tax Relief for People Over Three Years



Source: 2009 Ontario Budget.



## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



# Agenda

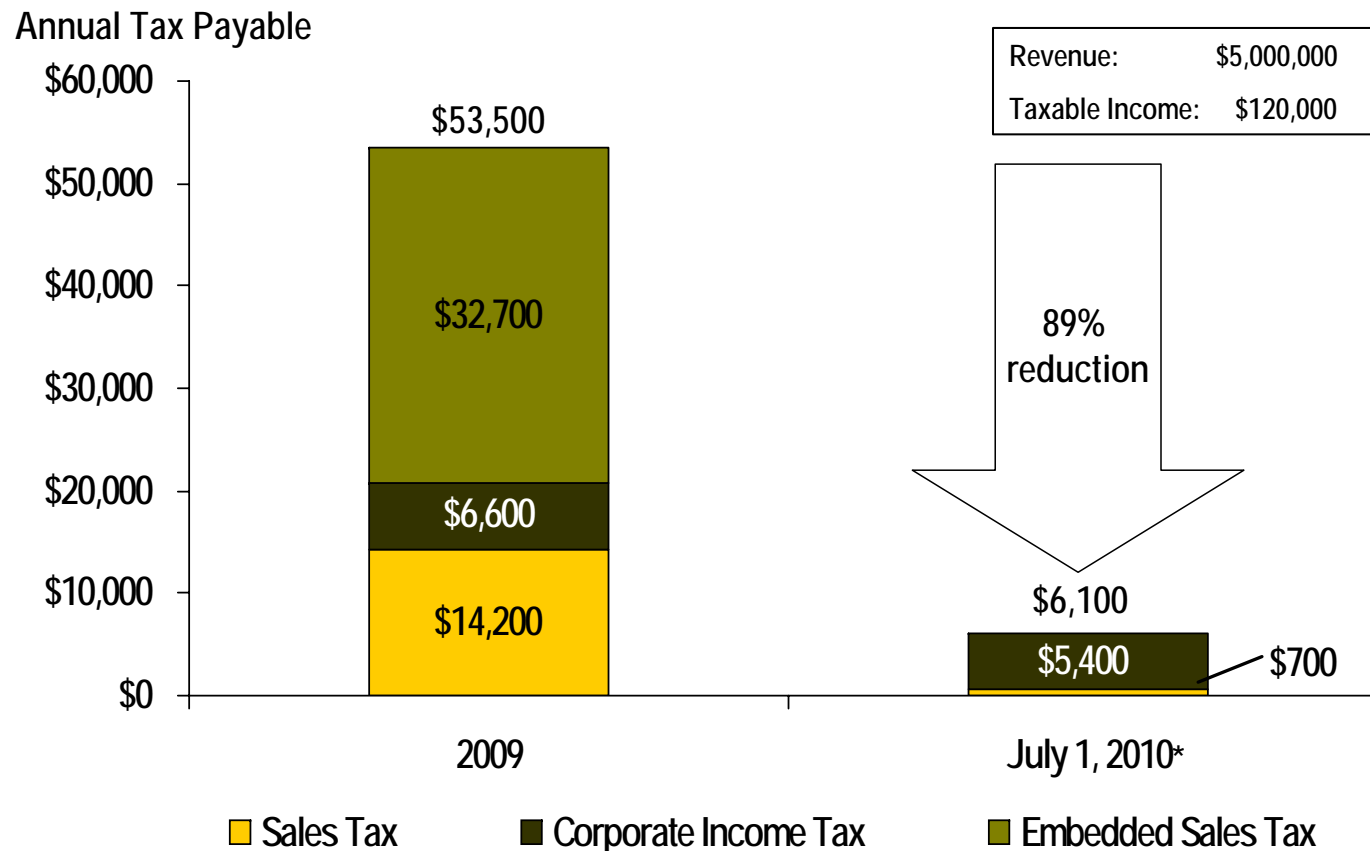
- Harmonized Sales Tax (HST)
- Additional Tax Relief for Business
- Tax Relief for Individuals
- Business and Personal Case Studies (optional)

# ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



## Tax Savings for a Manufacturer



*Note:* \*The savings commence July 1, 2010. Sales tax payable after July 1, 2010 is due to the continued application of sales tax on insurance premiums.

*Source:* Ontario Ministry of Finance.

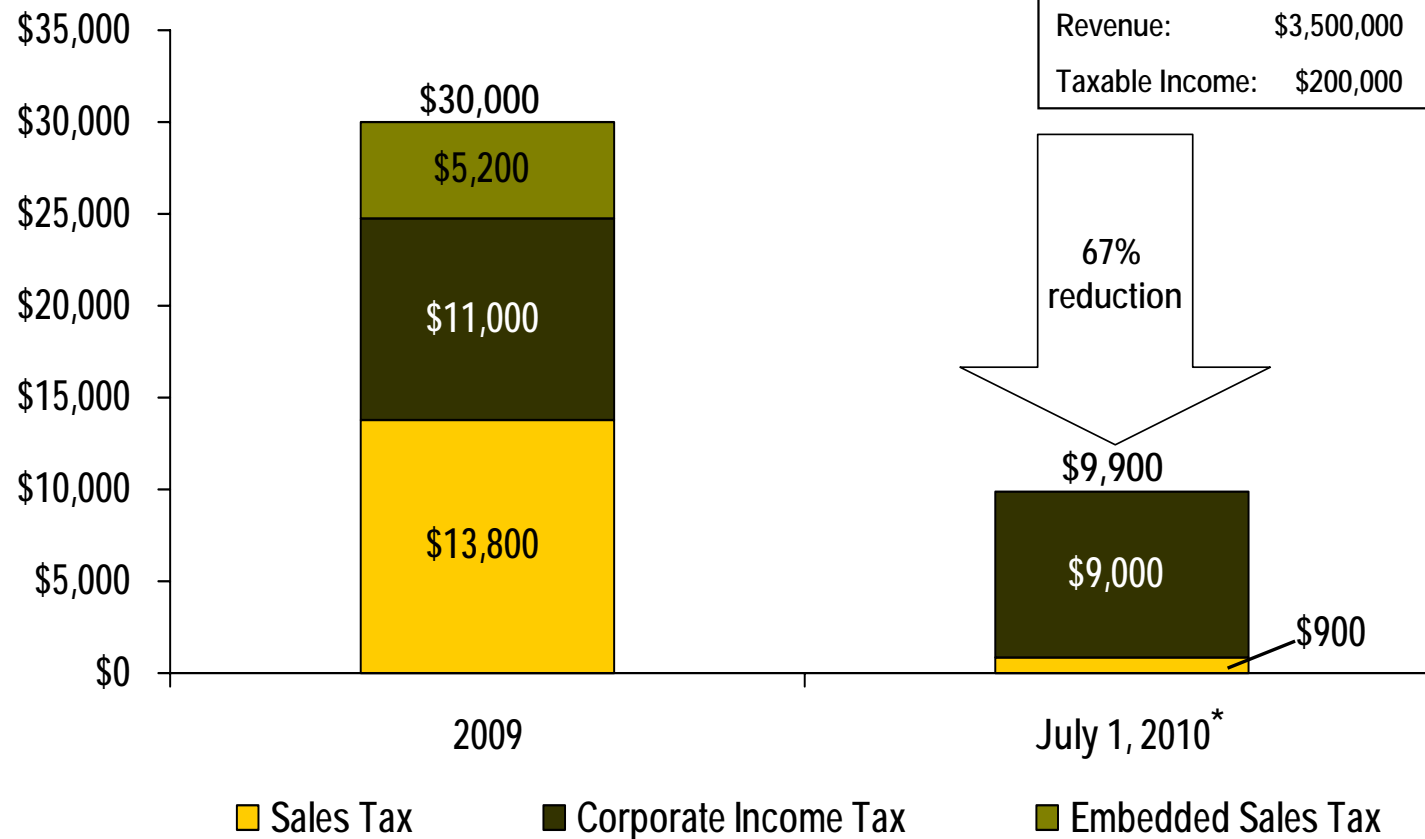
## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
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### Tax Savings for a Restaurant

Annual Tax Payable



*Note:* \*The savings commence July 1, 2010. Sales tax payable after July 1, 2010 is due to the continued application of sales tax on insurance premiums.

*Source:* Ontario Ministry of Finance.

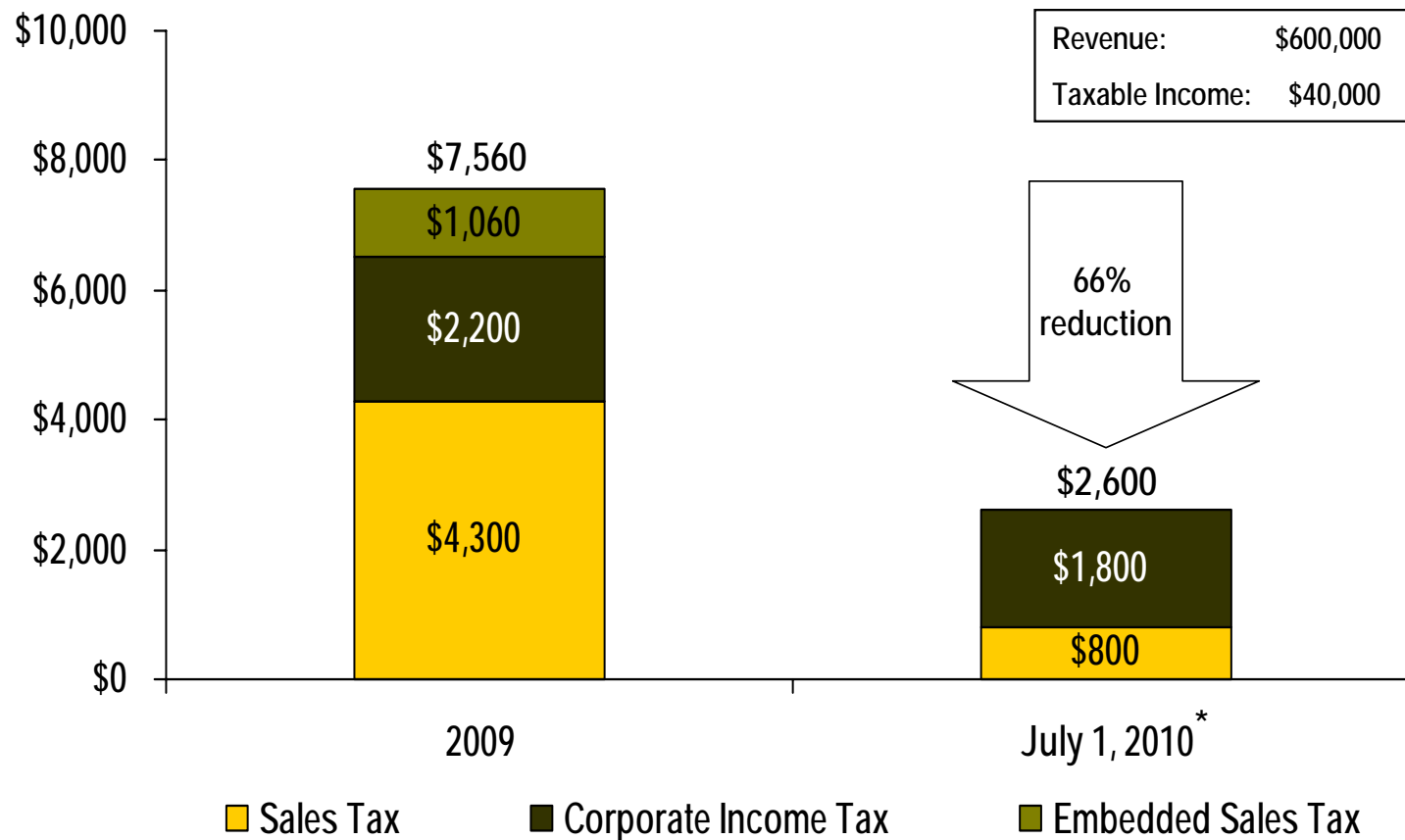
## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



### Tax Savings for a Retailer

Annual Tax Payable



*Note:* \*The savings commence July 1, 2010. Sales tax payable after July 1, 2010 is due to the continued application of sales tax on insurance premiums.

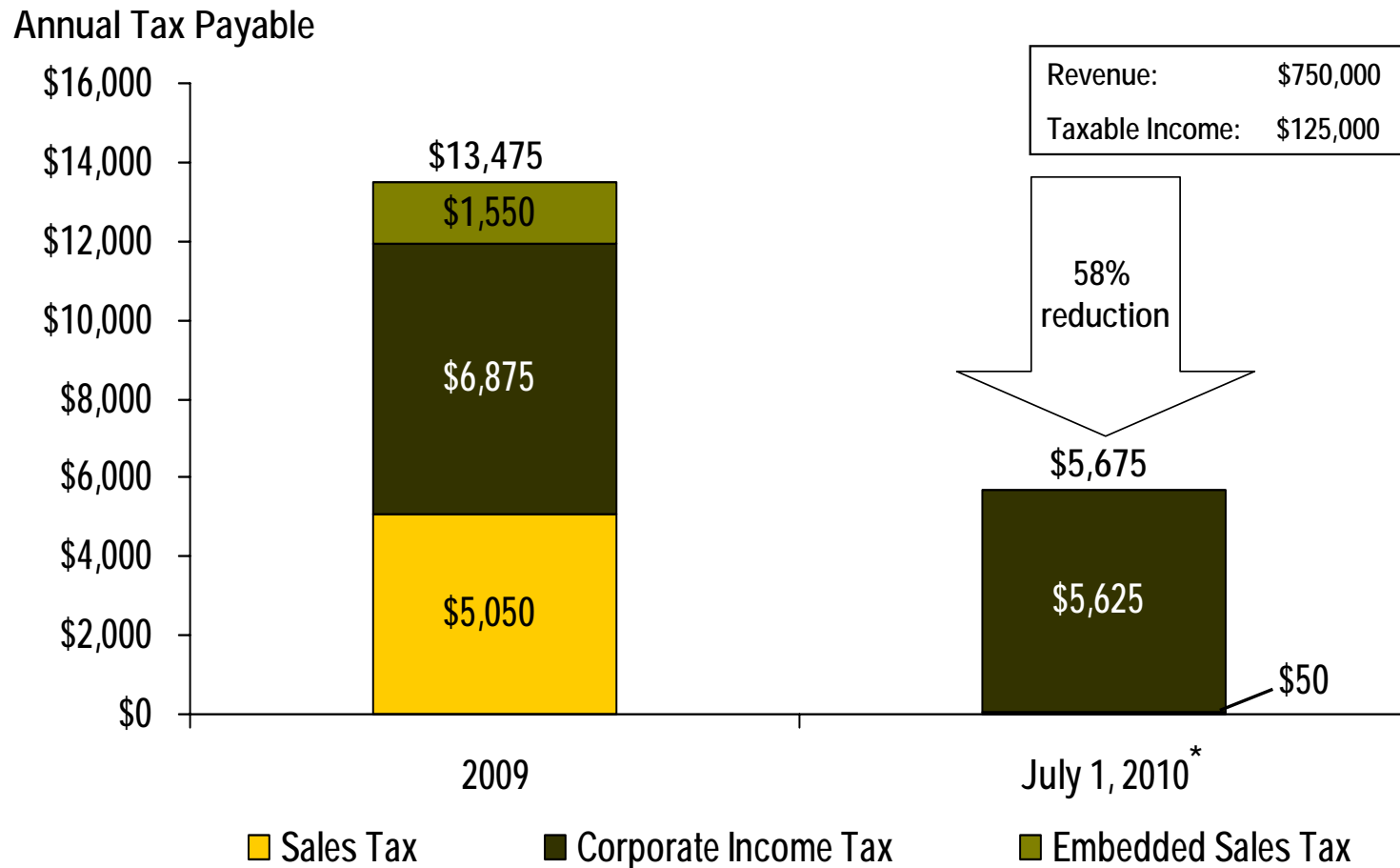
*Source:* Ontario Ministry of Finance.

## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
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### Tax Savings for a Software Publisher



*Note:* \*The savings commence July 1, 2010. Sales tax payable after July 1, 2010 is due to the continued application of sales tax on insurance premiums.

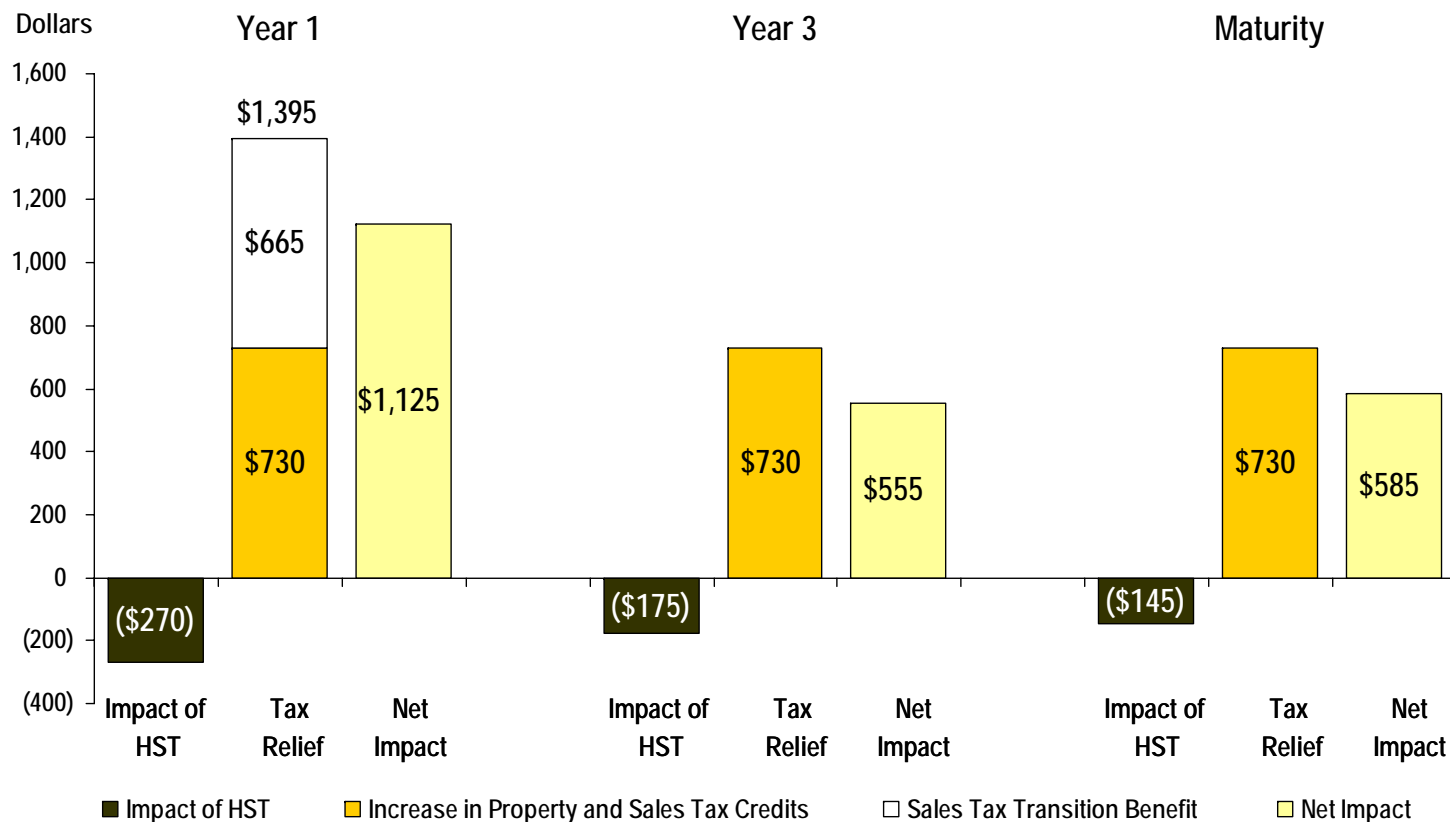
*Source:* Ontario Ministry of Finance.

# ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



## Single Parent on Ontario Works, 2 Children (ages 5 & 7)



*Note:* Single parent with \$11,532 in annual Ontario Works benefits, paying \$620 in monthly rent, with no day-care costs.

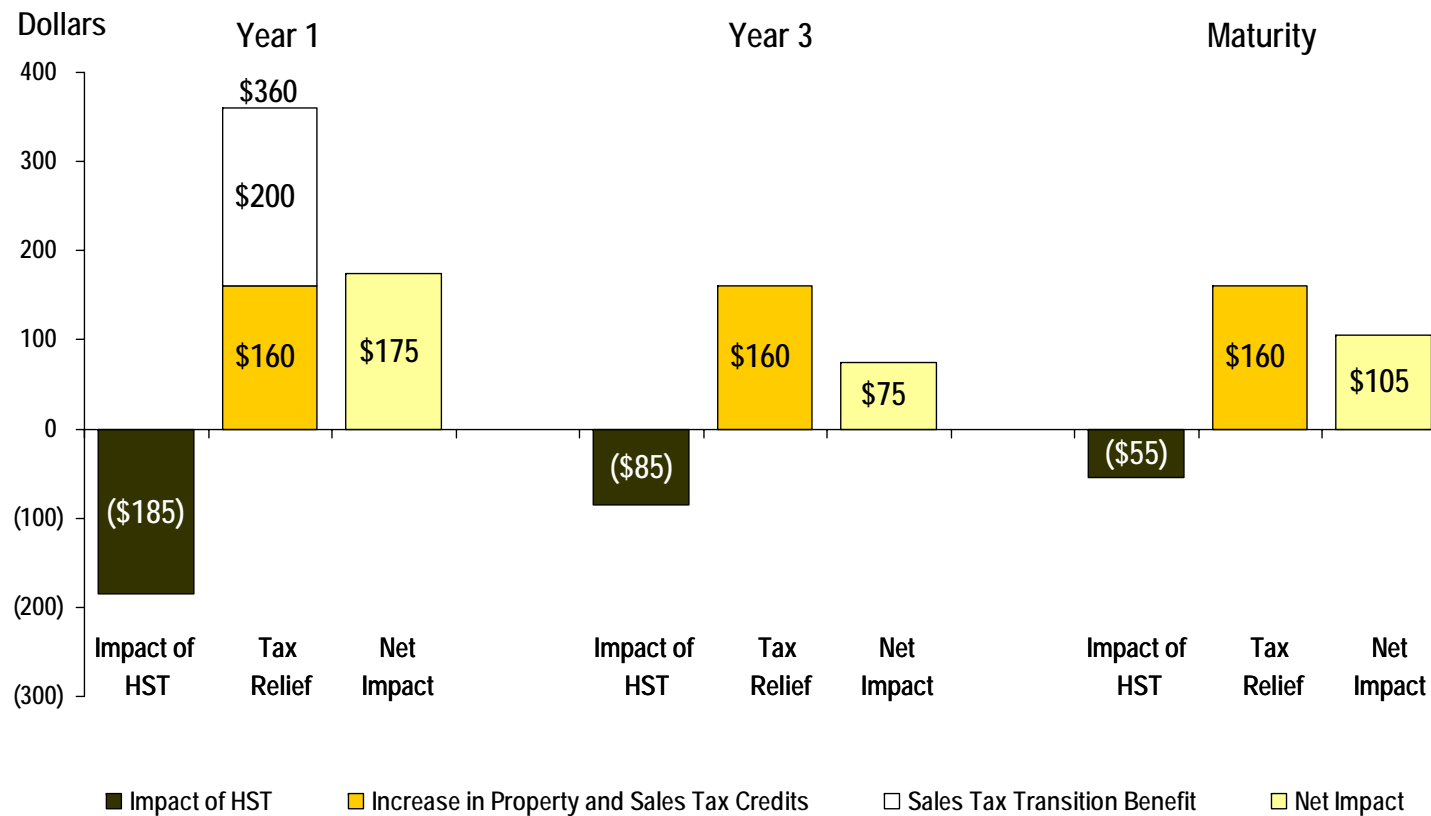
*Source:* Ontario Ministry of Finance, November 12, 2009.

# ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
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## Single Senior, Pension Income \$20,000



*Note:* Senior individual with pension income including Old Age Security, Guaranteed Income Supplement and Canada Pension Plan, and paying \$600 in monthly rent.

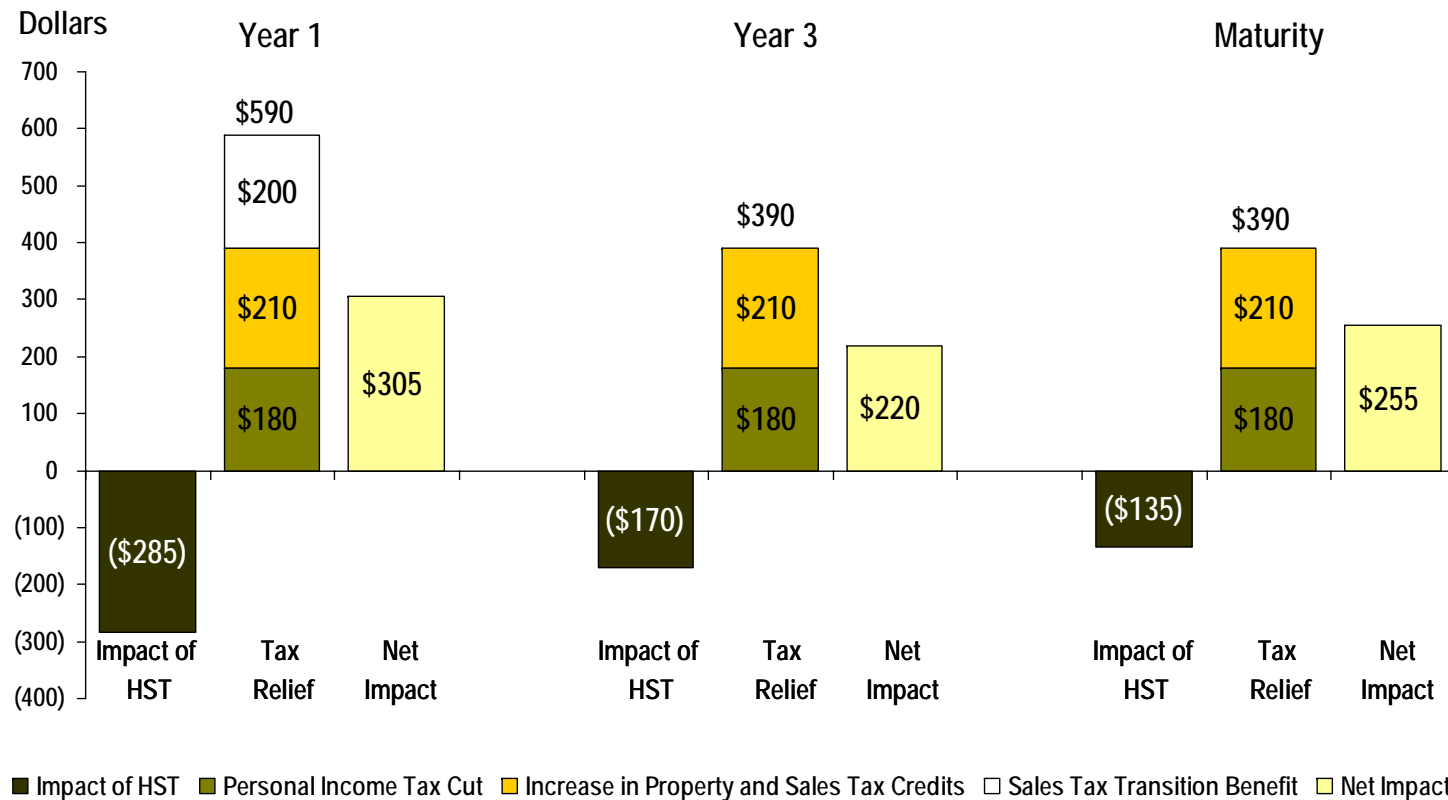
*Source:* Ontario Ministry of Finance, November 12, 2009.

# ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



## Single Individual, \$30,000



*Note:* Individual with \$600 in monthly rent.

*Source:* Ontario Ministry of Finance, November 12, 2009.

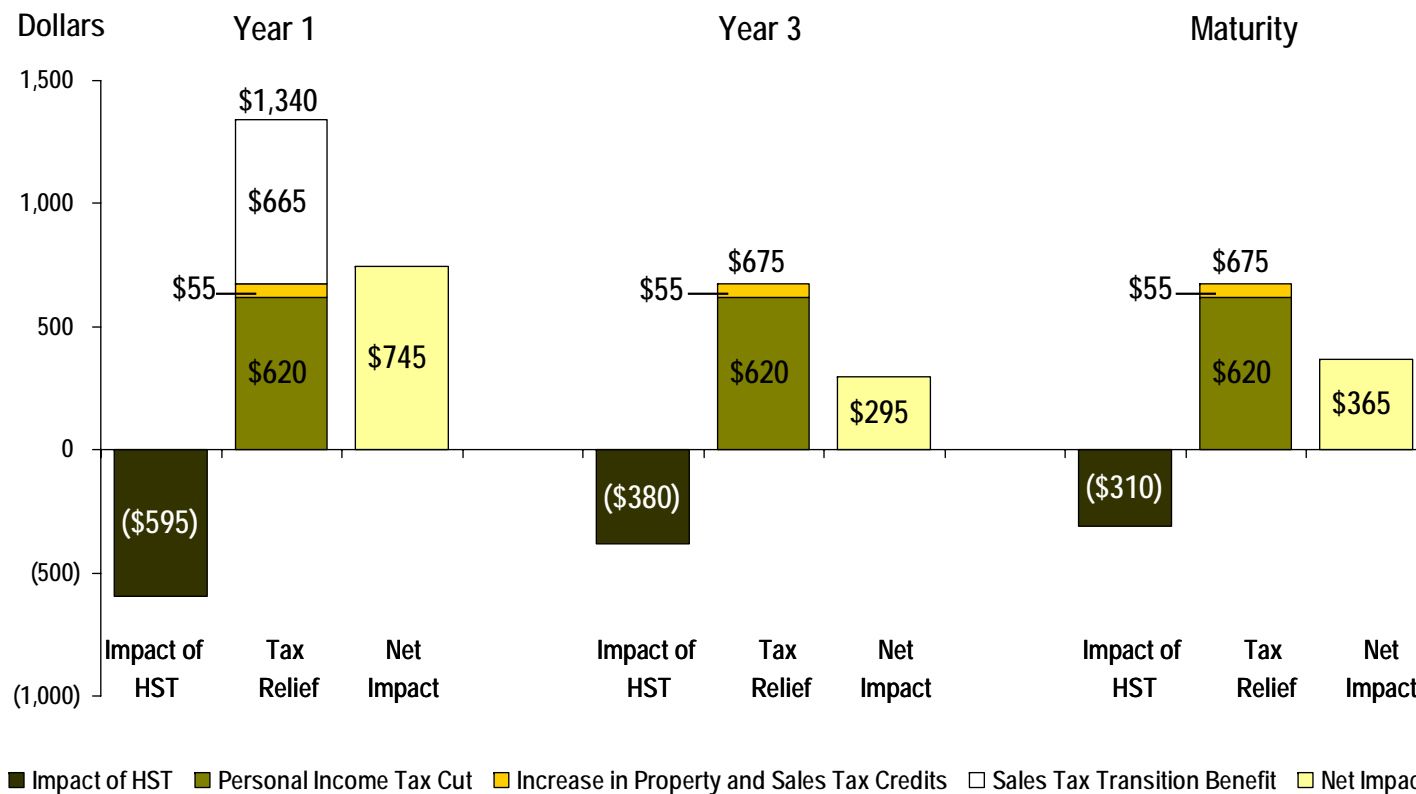


# ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



## Couple, \$70,000, 2 Children (ages 5 & 10)



*Note:* Family with income split 60%/40%, paying \$4,000 in property taxes on their home, with day-care costs of \$11,000 a year.  
*Source:* Ontario Ministry of Finance, November 12, 2009.

## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
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# For Additional Information from the Canada Revenue Agency (CRA)

- Contact the CRA at [www.cra.gc.ca/harmonization](http://www.cra.gc.ca/harmonization)
  - To subscribe to the electronic mailing list to receive the quarterly publication, Excise and GST/HST News, go to [www.cra.gc.ca/lists](http://www.cra.gc.ca/lists)
  - For more information on simplifying GST/HST filing obligations, go to [www.cra.gc.ca/gsthst-filing](http://www.cra.gc.ca/gsthst-filing)
  - Read:
    - NOTICE 247  
Harmonized Sales Tax for Ontario and British Columbia - Questions and Answers on General Transitional Rules for Personal Property and Services
    - NOTICE 244  
Harmonized Sales Tax for Ontario – Questions and Answers on Housing Rebates and Transitional Rules for Housing and Other Real Property Situated in Ontario
- Call: CRA's National Toll-Free Number
  - 1-800-959-5525 (Personal property/services)
  - 1-800-959-8287 (Real property)

## ONTARIO'S TAX PLAN FOR JOBS AND GROWTH:

Cutting Personal and Corporate Taxes  
and Harmonizing Sales Taxes



## For Additional Information from the Province of Ontario

- Visit the Ontario Ministry of Revenue website at [www.ontario.ca/taxchange](http://www.ontario.ca/taxchange)
  - Read Ontario's Tax Plan for Jobs and Growth: Cutting Personal and Corporate Taxes and Harmonizing Sales Taxes
  - Obtain HST information including transitional rules and information notices
  - Calculate the personal or business and corporate income tax benefits you or your business may be eligible to receive (page 2462)
  - Sign up for the email alert service by clicking on Email Alerts from the homepage
- Call the Budget hotline toll-free at 1-800-337-7222

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### In the Spotlight: Harmonized Sales Tax

On July 1, 2010, Ontario is proposing to implement the most important tax reform in a generation to increase the province's competitiveness.

It's a big change that would make a big difference. It would mean more jobs and greater prosperity, which would benefit all Ontarians.

More than 130 countries already have a similar value-added tax system and many experts say it's the right move for Ontario.

[Learn more about the benefits of the proposed HST.](#)

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