

AUG 4 1989

## **Notice of Ways and Means Motion Relating to a Goods and Services Tax**

That it is expedient to amend the Excise Tax Act, the Excise Act, the Customs Act, the Customs Tariff, the Income Tax Act and other statutes of Canada to provide among other things:

### **Goods and Services Tax**

1. That a tax (in this motion referred to as the "goods and services tax") be imposed after 1990 under the Excise Tax Act at the rate of 7%

- (a) of the value of the consideration in respect of taxable supplies, on recipients of such supplies made in Canada,
- (b) of the aggregate of the duty paid value of the goods and any excise tax imposed under the Excise Tax Act in respect of imported goods, on every person who imports goods into Canada, and
- (c) of the value of the consideration in respect of taxable supplies, other than goods, imported into Canada, on recipients resident in Canada

as set out in the documents entitled "The Goods and Services Tax" tabled in the House of Commons by the Minister of Finance on December 19, 1989 and "The Goods and Services Tax Technical Paper" issued by the Minister of Finance on August 8, 1989.

### **Goods and Services Tax Credit**

2. That a refundable goods and services tax credit, determined by reference to family income and payable quarterly commencing in December, 1990, be provided to individuals under the Income Tax Act in amounts not exceeding \$190 per adult and \$100 per child and an additional amount not exceeding \$100 for single adults and single parents, as set out in the document entitled "The Goods and Services Tax" tabled in the House of Commons by the Minister of Finance on December 19, 1989.

### **Individual Surtax**

3. That the 3% surtax on individuals under the Income Tax Act on tax payable in excess of \$15,000 proposed in the budget of April, 1989 be increased for the 1991 and subsequent taxation years to 5% on the amount, if any, by which the tax payable by an individual for the year under Part I of that Act exceeds \$12,500.

### **Large Corporations Tax**

4. That the rate of the tax on large corporations under the Income Tax Act proposed in the budget of April, 1989 be increased to 0.2%, effective January 1, 1991.

### **Federal Sales Tax**

5. That the consumption or sales tax under Part VI of the Excise Tax Act not be payable in respect of transactions after 1990.

### **Inventory Rebate**

6. That a prescribed rebate of the consumption or sales tax under Part VI of the Excise Tax Act be paid in respect of tax-paid inventories on hand at the end of 1990 as set out in the document entitled "The Goods and Services Tax" tabled in the House of Commons by the Minister of Finance on December 19, 1989.

### **Telecommunication Taxes**

7. That the telecommunication programming services tax and the telecommunication services tax imposed under the Excise Tax Act not be payable on services provided after 1990.

### **Selected Excise Taxes**

8. That the excise taxes under the Excise Tax Act on playing cards, lighters, matches, coin-operated games and smokers' accessories be repealed effective January 1, 1991.

### **Gasoline Excise Tax Refund**

9. That the 1.5 cent per litre refund under the Excise Tax Act in respect of the excise tax on gasoline and aviation gasoline, other than the refund on gasoline purchased by the physically disabled, registered charities or registered amateur athletic associations, be repealed effective January 1, 1991.

### **Air Transportation Tax**

10. That the air transportation tax imposed under the Excise Tax Act

(a) on an amount payable in Canada, or payable outside Canada with the first emplanement in Canada, for transportation of a person by air that begins in the taxation area and ends outside the taxation area, be increased to \$40 effective for transportation beginning after 1990, and

(b) on an amount payable for transportation of a person by air that begins in the taxation area and ends in the taxation area, be imposed

(i) in the case of a charter flight, at the rate of 7% plus \$5 or such lesser amount as may be prescribed by order of the Governor in Council in respect of each emplanement, and

(ii) in any other case, at the rate of 7% plus \$10 or such lesser amount as may be prescribed by order of the Governor in Council on the amount payable,

In the case of an amount payable in Canada, effective for transportation beginning after 1990, and in the case of an amount payable outside Canada, effective for enplanements in Canada on an international flight after 1990.

#### **Cash Registers and Electronic Point-of-Sale Equipment**

11. That, effective December 19, 1989, the following goods be exempt from the consumption or sales tax imposed under Part VI of the Excise Tax Act:

- (a) electronic bar-code scanning equipment designed to read product bar codes applied to goods held by a person for sale in the ordinary course of a business,
- (b) cash registers designed with the capability of calculating and recording sales taxes imposed by more than one jurisdiction,
- (c) equipment designed to convert a cash register or similar sales recording device to one having the capability of calculating and recording sales taxes imposed by more than one jurisdiction,
- (d) sales recording devices similar to cash registers, designed with the capability of calculating and recording sales taxes imposed by more than one jurisdiction, sold to or imported by a person for use by that person in a retail or wholesale outlet primarily for recording sales and controlling inventory,
- (e) electronic equipment that is ancillary to the goods described in any of subparagraphs (a) to (d), when sold to or imported by a person for use by that person in a retail or wholesale outlet primarily for recording sales and controlling inventory, and
- (f) articles and materials to be incorporated into or form a constituent or component part of any of the goods described in subparagraphs (a) to (e), when sold to or imported by a manufacturer or producer for use by that manufacturer or producer in the manufacture or production of such goods.

#### **Excise Tax and Duty Adjustments**

12. That the duties of excise levied under the Excise Act on spirits, beer, cigars and Canadian raw leaf tobacco and the excise taxes levied under the Excise Tax Act on wine, cigarettes and manufactured tobacco be increased, effective January 1, 1991, in order to maintain aggregate revenues from federal sales and excise taxes and excise duties from those products at the levels that would prevail were the existing taxes to remain unchanged.

#### **Customs Act Adjustments**

13. That the provisions in the Customs Act relating to abatements, drawbacks and refunds of duties not apply in respect of the goods and services tax.

**Customs Tariff Adjustments**

14. That the duties relief provisions of Part II of the Customs Tariff not apply in respect of the goods and services tax.

**Agricultural Levy**

15. That the levy imposed under subsection 204(4) of the Criminal Code be repealed effective January 1, 1991.