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# bulletin

## Harmonized Sales Tax

Clearly these are very competitive times for unionized construction companies in BC. The introduction of a different tax regime can be quite troublesome. With the government's recent move into the world of Harmonized Sales Taxes (HST) there is much concern being expressed regarding the implications for our membership. To be sure, there are differing views from our members related to the Harmonized Sales Tax.

After careful consideration and analysis, CLR's Board of Directors has concluded that on balance, the HST will reduce costs for businesses while removing a significant barrier to new investment in British Columbia.

The Board believes that as the HST will reduce the cost of new capital investment in the manufacturing and resource industries, this will lead to the creations of new jobs in the construction industry as companies take advantage of a more competitive investment environment in British Columbia. The Board anticipates that the HST will not only generate more long term stable employment in the resource and manufacturing industries but will also serve to preserve existing jobs as the HST reduces the cost of investing to modernize existing facilities.

The harmonization of GST and PST taxes will decrease the demand on member resources to prepare taxation remittances and, for the first time, will allow members the benefits of tax credits for products that were previously subject to the PST. With the implementation of the HST, members will be able to claim tax credits for both the PST and GST on goods that are subject to both taxes – a potential savings of 7% on capital investment.

CLR's Board of Directors were undecided about the HST and it was only through a thorough examination of its impact that they were able to conclude that HST would be positive for BC.

CLR has issued the attached news release for all media outlets.

Should you have any comments or questions, please contact Clyde Scollan at CLR.

## **NEWS RELEASE**

### **Construction Labour Relations Supports HST**

**For Immediate Release**

**September 21, 2009**

The province's organized construction sector has come out in favour of the provincial government's plans to harmonize the provincial PST and the federal GST, says Clyde Scollan, president of the Construction Labour Relations Association of BC (CLR).

"This is a complex issue and after thorough study and analysis our board of directors has decided to come out in support of the BC government plans to institute the HST," Scollan said in a news release.

"We have concluded that the HST will reduce costs for business and government in terms of collecting the harmonized tax and this is just from the administrative point of view. More importantly, we also see sales tax harmonization as removing a significant barrier to new investment in wealth generating industries in BC."

Scollan said administrating the collection and payment of the existing PST is a costly and frustrating process that has left many of CLR's member companies having to assign significant staff resources to make sure they are correctly interpreting the PST's complex array of exemptions. Even with the most conscientious application of the PST regulations companies often found themselves challenged by PST bureaucrats in audits.

While CLR companies will be happy to be free of administering the PST, the big winners under the new HST will be workers in resource industries and in manufacturing, Scollan said.

"Harmonizing the sales taxes will effectively reduce the cost of new capital investment in the manufacturing and resource industries," Scollan said. "This will lead to jobs in the construction industry as companies take advantage of a more competitive investment environment in British Columbia. We expect that the HST will not only generate more long term stable employment in the resource and manufacturing industries but will also serve to preserve existing jobs as the HST reduces the cost of investing to modernize existing facilities."

Scollan said CLR's board of directors appreciates that bringing in the HST presents political challenges for the government and he encourages people to take time to properly evaluate the new sales tax initiative.

"As an organization we were undecided about the HST and it was only through careful consideration of its impact were we able to conclude that HST would be positive to BC on balance," Scollan said.

CLR conducts contract bargaining for over 300 companies that operate under industrial relations contracts with an array of construction trade unions. CLR also provides industrial health and safety training for its member companies. Association member companies are deeply committed to trades training and maintain a record of significant employment of apprentices.

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**For Further Information Contact:**

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