

The federal government continue to pursue negotiations with the provinces to achieve a single, visible national sales tax.

E. Advertising and the GST

As the time for implementing the GST draws nearer, consumers will be thinking about the impact of the tax on prices. Such consideration is expected to become a factor in determining whether to purchase certain products before or after the GST takes effect. Many businesses will likely exhort consumers to "take advantage of lower prices associated with the GST" or to "beat the GST" by purchasing before January 1, 1991. The Retail Council confirmed that it expected the GST to be an important factor in retail advertising.

One witness told the Committee that "perhaps the most practical and important problem facing consumers ... is misleading advertising in the pre-GST period." Given all the problems identified with determining the effect of the GST on prices, the Committee is concerned that some advertising claims associated with the GST might be misleading. The Minister of Consumer and Corporate Affairs informed the Committee that the Director of Investigation and Research would be giving priority to investigating misleading advertising claims associated with the GST. The Committee also understands that the Marketing Practices Branch of the Department of Consumer and Corporate Affairs will be monitoring GST-related advertising and that a forthcoming issue of the Misleading Advertising Bulletin will deal with this issue. During the pre-GST period it will be important for the government to promptly ensure that consumers understand the problems that may arise in connection with GST-related advertising claims. The Committee therefore recommends that:

The Director of Investigation and Research work with the GST Consumer Information Office to monitor GST-related advertising and alert consumers to misleading advertising claims.