



# GST hits the books

by Mark Sproston

**CALGARY (CUP)**—The GST will have a crushing effect on students despite the federal government's claim that education is exempt from the tax, say two Alberta legislators.

And both Yolande Gagnon, Liberal critic for advanced education, and Bob Hawkesworth, an NDP member of post-secondary education will suffer if the proposed tax comes into effect Jan. 1.

"Even though the federal government has said that education is exempt, indirect costs will be passed on to the student in one form or another," Hawkesworth said.

"(Institutions) will have to reduce the costs lost to the tax with higher fees for students or cuts in services offered, meaning a lower quality of education," Gagnon said. The GST will be "devastating" for students.

"Just at a time when tuition and housing costs are going up, everything else will be going up as well. This is not consistent with our ideas of having an educated population."

Gagnon said she is concerned about the price of text books, adding that "student loan policies will have to be reviewed so they are consistent with actual costs." Students with limited incomes will suffer the most, Hawkesworth said.

"Those with low incomes will get a tax credit which won't fully compensate them," he said. The credit will be indexed to inflation, but only above three per cent. For example, if inflation is seven per cent next year, the credit will only increase by four per cent.

That means the benefit will be reduced by three per cent per year, Hawkesworth said. "This loss means the value of the tax credit will erode over time."

# New tax will increase student's financial burden

by Kothai Kumanan

Besides ringing in the New Year, students this year, along with everybody else, will more than likely be greeting the new Goods and Services Tax (GST) on January 1.

Already passed by the elected House of Commons earlier this year, the GST legislation must now be approved by the Senate and receive royal assent before becoming law.

According to a recent study by the Ontario Federation of Students, Canadian students may be shelling out anywhere between \$340 and \$725 next January as a result of the GST, which was introduced by Finance Minister Michael Wilson in early 1989.

The GST, if passed, will have a tremendous impact on the quality of student life on campus. In spite of the fact that it will go into effect in less than three months there does not seem to be an abundance of information from University administrators as to how the GST will affect Dalousie students, who are already guaranteed average tuition fee increases of 25 percent next year.

Michael Wright, Director of Finance, said this is because "the federal government is still trying to interpret their own law".

Wright is also Chair of the Dalhousie GST Task Force, which along with campus representatives from all major Faculties, as well as non-academic groups, such as the Physical Plant and the Chartered Accountant's firm of Deloitte-Touche, has set as its goal the "interpretation of the GST for campus".

The Task Force, set up in early September, "addresses every area on campus to determine what each group sells and buys to see if it's taxable", said Wright. "We can code what's taxable and what's not in order to see what we can claim back and also, so that we don't claim incorrectly."

"Everyone is affected,"

said Wright. However, he added that seven percent GST will not be applied to tuition and any "incidental fees" such as Dalhousie Student Union fees will also be exempt.

Canadian Federation of Students researcher Sylvia Sioufi says institutions will still have to spend more because of the GST even though universities and colleges qualify for a 67 percent rebate, and students will end up paying for it through increased tuition fees.

Several leisure-type courses offered by Henson College will be taxed by the GST. However, Wright said this "will not be of concern to the average student".

Books are one area where students will definitely feel the pinch. Robert Bagg, Director of the Dalhousie University Bookstore, said "the GST appears to be right across the board and there seem to be no educational exceptions." According to Bagg, organizations like Atlantic Provinces Booksellers are pushing for no GST on books.

If applied, books will have an additional seven percent tagged on. Despite cost incurred by the bookstore in "converting" to GST, book prices themselves will not increase, said Bagg. "We have a margin of 20-25 percent and we'll have to live with that" he said.

In order to give students a break, Bagg said the bookstore will attempt to have B-term books on its shelves at the beginning of December. "I don't know if we'll see a big rush or not, but we are going to try to have more books in at an earlier date, as long as publishers have the required books in stock."

Sue Kingston, Head Text Buyer at Dalhousie Book-

store, estimates 70 percent of ordered books could in by December.

Bagg feels this would be a maximum since there are many determining factors. "The biggest problem is that we only have 8,000 square feet, when for a university of this size, we really should have at least 15,000 square feet. This does not give us the room to get A term books off the shelf early and put B term books on."

Other cost increases for the bookstore include an increase in freight, which is presently about \$150,000 as well as replacing cash registers that are not 'GST-compatible' and which were bought only a few years ago.

Students travelling to Dalhousie from other parts of the country will be hit by the GST. All domestic as well as Canada-United States flights to be taken after January 1 will have the GST added to the booking, according to Travel Cuts, the travel agency operated by the Canadian Federation of Students. In fact, within Canada, the GST will apply to virtually all forms of travel, from air fares to taxi rides, the only exception being municipal transit services.

Ironically, exceptions under the GST legislation for 1991 bookings include flights and holiday packages to fashionable sun destination like Mexico, the Caribbean islands and Hawaii. Overseas airfares, as well as connector flights within Canada which are part of a ticket to or from overseas destinations are also exempt under the new GST. Package deals to the continental U.S. paid for in one all-inclusive price will have only the air fare portion taxed; accommodation, meals,

rental cars and other related expenses are exempt.

The GST will not apply to duty-free goods purchased at Canadian airports or border crossings, but will apply to excess baggage charges on flights taxed by the GST.

Students will definitely see a rise in rents, though indirectly since it applies to all landlord operating costs and not directly on rents themselves. Some critics say tenants could face increases of \$300-\$400 a year when the tax hits management fees, utilities, repairs and other costs. According to Wright, residence costs will not be directly increased by the GST, but because of the extra burden of all residence-related services being taxed, residence costs will likely increase in the future.

Students may also be eating out less come January. According to the Canadian Restaurant and Food Services Association, Canada's \$23 billion food services industry will be hit hardest by the proposed GST. Restaurants and other food service outlets like cafeterias will have their products taxed.

Staff at Major Foods and Beaver Food Limited, the two companies which service the various cafeterias at Dalhousie, were unable to say whether their prices would be affected. "Residence meals will be exempt from GST," said Wright.

Most food sold in supermarkets will not be taxed. Some groceries such as muffins, cakes, pies and ice cream, which are not considered to be for "home consumption" and are "luxury items" which compete with food service items will be taxed. Frozen dinners may be taxed, but presently are not in the realm of GST-taxable foods.

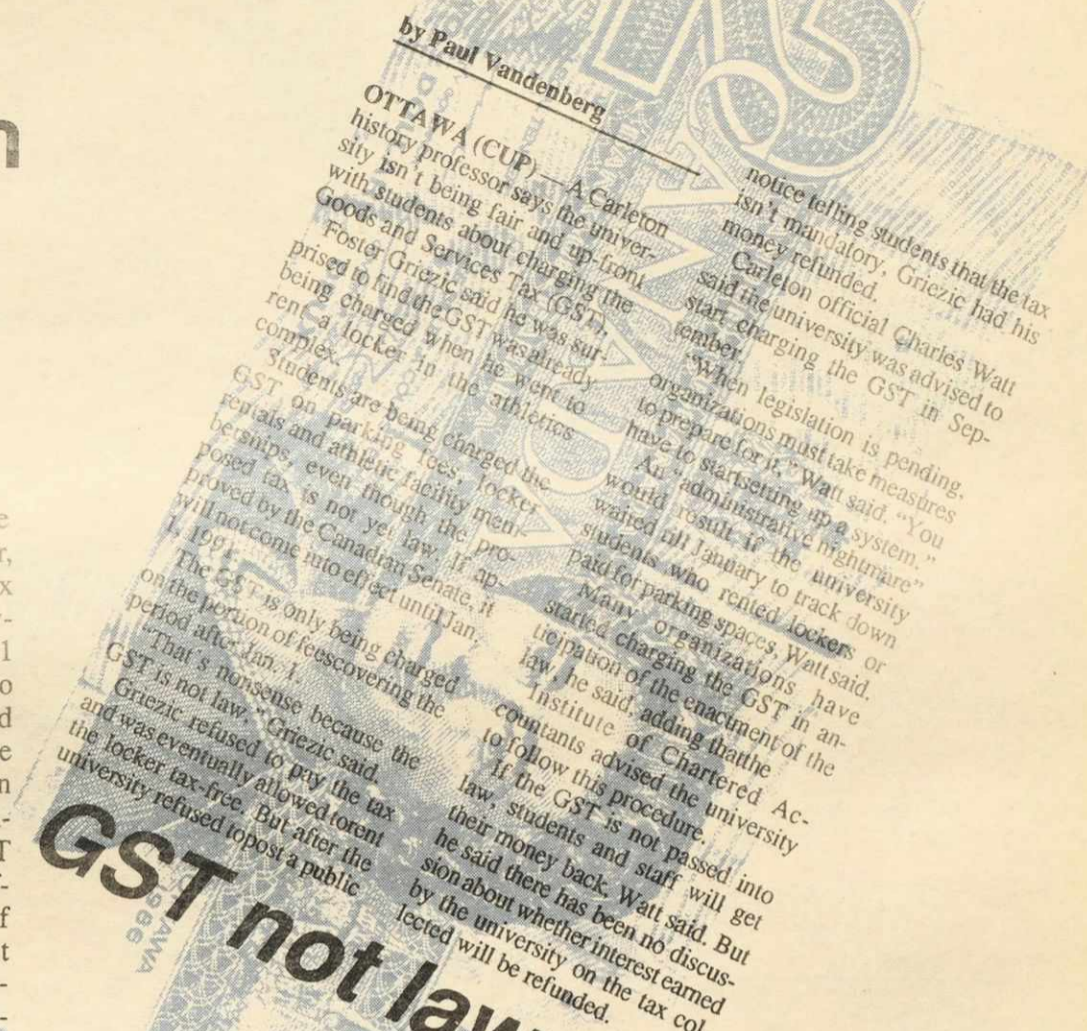
For students who are thinking of purchasing a car, the recommended federal tax will actually mean a tax saving of up to \$1000 on 1991 models, applying equally to new domestic and imported vehicles, but not to private sales of used cars between individuals. The independent Ottawa-based GST Consumer Information Office estimates tax drops of \$374 on new sub-compact cars; \$512.29 for new compacts; \$852.41 for a mid-size.

Other non-essentials, that will likely be taxed in the future include the Dalplex athletic fee. Wright said the athletic fee, currently an optional \$50 fee paid along with tuition for Dalplex membership, will fall under the GST-taxable category unless it becomes compulsory in the future.

Services such as tickets for baseball, hockey or the symphony and Dalhousie parking permits already have the seven per cent added to the original cost. Cable bills, however, will decrease since the GST will replace the existing 11 per cent federal telecommunications tax.

Though the GST is obviously going to influence the everyday lives of students on campus, David Bassett of the GST office said "On the basis of our calculations on what students spend, the GST will cost about \$200 to the average student."

Alasdair Sinclair, professor of Economics at Dalhousie feels that "there is no pressure for the university to increase fees due to the GST...Students will face increases due to services as individuals and not (specifically) as students". Students are not to be taxed more than anyone else, he said.



# GST not law yet

OTTAWA (CUP)—A Carleton history professor says the university isn't being fair and up-front with students about charging the Goods and Services Tax (GST). Foster Griezic said he was surprised to find the GST was already being charged when he went to rent a locker in the athletics complex. Students are being charged GST on parking fees, locker rentals and athletic facility memberships, even though the proposed tax is not yet law. It will not come into effect until Jan. 1, 1991. The GST is only being charged on the portion of fees covering the period after Jan. 1. "That's nonsense because the GST is not law," Griezic said. Griezic refused to pay the tax and was eventually allowed to rent the locker tax-free. But after the university refused to post a public notice telling students that the tax isn't mandatory, Griezic had his money refunded. Carleton official Charles Watt said the university was advised to start charging the GST in September. "When legislation is pending, organizations must take measures to prepare for it," Watt said. "You have to start setting up a system." An administrative nightmare would result if the university waited until January to track down students who rented lockers or paid for parking spaces, or started charging the GST in advance, he said, adding that the Institute of Chartered Accountants advised the university to follow this procedure. If the GST is not passed into law, students and staff will get their money back, Watt said. But he said there has been no discussion about whether interest earned by the university on the tax collected will be refunded.