

GST. The Committee further recommends that non-diagnostic psychological services provided on an elective basis continue to be taxable. For greater certainty, the Committee recommends that the Regulations to the Excise Tax Act provide that only those psychological services billed under codes A1-A2-A3 or T1-T2-T3 as diagnostic health care under the fee schedule of the Council of Provincial Associations of Psychologists be treated as exempt.

28. That, all provincially licensed commercial day care services be entitled to a rebate of 50% of all GST paid.
29. That, the provision of legal aid services be made fully taxable and that a full rebate of tax be paid to all provincial legal aid societies.

#### **Chapter 4: the GST and Small Business**

30. That a small business collection fee be paid, equal to the lesser of \$600 or 5% of the net remittance of the registrant. In accordance with the Technical Paper proposals, the fee should be available only to registrants who are carrying on a business and have revenue from taxable and zero-rated supplies of \$2 million or less in a full fiscal period.
31. That the government consider use of general simplification methods for various types of small businesses, and not just registrants selling a combination of taxable and zero-rated food products at the retail level. Since a second threshold limit could ease the transition to the GST for businesses exceeding the \$30,000 threshold, the government should consider especially simplifying procedures for small businesses in particular industries that have supplies of goods and services between the \$30,000 exemption limit and a \$500,000 limit. In all cases where additional methods are developed, the use of the method should be optional only. Small business fees should not be paid to those using simplified accounting methods, and businesses using the methods should not be allowed to adjust the net remittance calculated under the method if a lower net remittance is later calculated under the regular method. However, businesses should have the option to change the method of calculation the following year.

That the government should allow the following simplifying methods when the GST system is implemented:

- (a) a reduced rate option similar to Japan. Use of the option would have to be approved by the Minister;
- (b) a de minimis rule similar to Japan. This revenue test would be in addition to the use test outlined in Section 108 of the Draft Legislation; and
- (c) a direct seller option which provides that where all or substantially all of the goods supplied by a particular person (the "Supplier") are ultimately