

The final alternative considered was a federal Value-Added Tax, similar to the systems in place in Europe. Under such a regime, the Government would have flexibility in exempting products and business operators. The calculation of tax liabilities would be based on invoices.

Stage I of tax reform was put in place in the summer of 1988. Stage II of reform is not yet in place. In August 1989, the Department of Finance issued a technical paper which outlined many of the details of the new Goods and Services Tax. The House of Commons Standing Committee on Finance studied this technical paper, issuing a Report in November 1989. The federal government responded on December 19, 1989 with revised proposals.

Bill C-62 was given first reading in the House of Commons on January 24, 1990. It was examined by the House of Commons Standing Committee on Finance which amended the Bill and reported to the House of Commons on March 30, 1990. The Bill was further amended in the House and passed on April 10, 1990.

The Bill was given first reading in the Senate of Canada on April 11, 1990. On May 3, 1990, it received second reading and was referred to this Committee. Three hundred and eighty presentations were made to the Committee in Ottawa and in all ten provinces and two territories during approximately 200 hours of public hearings. This Report represents the conclusions of the Standing Committee on Banking, Trade and Commerce on Bill C-62.