

FOREWORD

In November 1984, the Minister of Finance, the Honourable Michael H. Wilson, issued an economic and fiscal statement in the House of Commons. At that time he also tabled a document entitled "A New Direction For Canada -- An Agenda for Economic Renewal" which spoke of a consultative process with the private sector in order to resolve a number of economic problems. Tax reform was not explicitly mentioned in that document. It did, however discuss the need to encourage business investment, enhance exports and promote economic growth. All of these have subsequently been used as important arguments in favour of tax reform. The document did mention explicitly the need for tax simplification.

This was followed in October 1986 by the Minister's "Guidelines for Tax Reform in Canada". This document listed several features that were to characterize a reformed tax system, including: fairness, simplicity, balance of revenue sources, stability of revenues, etc.

In June 1987 the Minister of Finance tabled in the House of Commons a White Paper on Tax Reform, which included three possibilities for sales tax reform. The first, a National Sales Tax would integrate federal and provincial sales tax systems. If this option were not possible, two alternatives for a federal-only multi-stage sales tax were put forth.

The federal Goods and Services Tax option was viewed as a broadly-based tax with a uniform tax rate. Tax calculations would simply require that the rate be multiplied by the difference between taxable sales and taxable purchases. Separate tax calculations would not be required on each invoice.