

- (603) Also, the income tax system may be the only means by which the federal government may address, on a national basis, issues of redistributive equity. The provinces control many of the redistributive levers on the expenditure side including health, education and welfare. Professor Boadway argues that since the end of inheritance taxation, the only instrument left to the federal government to address redistributive equity is the personal income tax.
- (604) Although raising corporate and personal income tax rates is obviously one option for replacing the existing FST, the Committee does not necessarily endorse this or any of the other numerous suggestions that were presented. Neither does the Committee have the resources necessary to provide a complete evaluation of the various alternatives received.
- (605) Fundamental questions about the GST remain. For instance, does the federal government really need to levy its own sales tax? Could the federal government vacate the sales tax field and raise income taxes instead? If some form of national consumption tax is desirable, must it take the form of a European-style credit-invoice VAT with the associated paperwork burden that requires tracking every transaction in the economy? The Government has completely bypassed any public debate on these questions in its haste to introduce the GST.
- (606) So far, the Government's strategy in promoting the GST has relied solely on comparing it with the FST. However, no matter how damaging the FST, this does not lead inevitably to the conclusion that the GST is the best alternative. Only a rigorous comparison between the GST and the other alternatives can determine that.