

9%

THE GST: How the new tax will affect students

by Ken Turriff

Post-secondary students are going to be digging deeper into what little they have left in their pockets starting next January 1. The reason? Possibly one of the largest tax grabs in Canadian history is due to take effect.

The Goods and Services Tax (GST) was first introduced in June 1987 as part of Finance Minister Michael Wilson's programme of comprehensive tax reforms. Further details of the GST were unveiled this past summer in a technical white paper.

The GST will be collected in a similar fashion to provincial sales tax but at a rate of nine per cent, and more than likely as a tax on top of a tax. It is intended to replace the Manufacturer's Sales Tax which is applied to most manufactured items at a rate of 12 per cent, and for other items such as tobacco and alcohol, at a rate of 15 per cent.

The major difference between the current tax system and the proposed one is that under the GST, many goods and services not previously subject to a federal tax will now be included.

Here are some of the ways in which the GST will effect postsecondary students:

Tuition: The GST will not be applied to credit courses or courses leading to required professional or occupational accreditation. The GST, however, will apply to most non-credit courses. For example, a non-credit course in word processing offered through a post-secondary continuing education programme will be taxed. A position paper released by the Canadian Federation of Students states, "Unfortunately Canadians who want to improve job skills through non-credit instruction will be taxed for their desire for upgrading." It further suggests that lab fees, computer user fees, material fees, athletic facility fees, etc., may also be subject to the nine per cent tax.

Student Housing: Students will not be taxed on residence fees as rent is not taxable under the GST proposal.

Food: While foods and beverages consumed in restaurants and pubs (on and off campus) will be taxed, meal plans provided through a post-secondary institution will not be subject to the nine per cent tax. Foodstuffs purchased at grocery and convenience stores for the moment are exempt but the finance minister has made no guarantees that food will remain untouched.

Transportation: All forms of transportation will be taxed with the exception of local municipal transit. Out of town students will be burdened with the additional cost when travelling to and from school at the beginning and end of terms.

Books: All stationery and textbooks, with the exception of used texts, will be subject to the GST. Rafael Barreto-Rivera, manager of the York bookstore, told *Excalibur* the impact of the GST will not be welcome. "Why should students with limited incomes pay more for what are already expensive books?"

Postal Services: Writing home is going to cost students more. Besides annual inflationary increases, students will have to pay between three and four more cents per stamp in tax under the GST proposal.

Telephone: While the current 11 per cent federal tax for long distance phone charges will fall to nine per cent under the GST, basic phone and installation charges not previously subject to a federal tax will now be included.

Clothing and Other Merchandise: You should consider getting that leather school jacket now while you can still afford it. In 1991, the GST will apply to clothing, accesso-

ries, gym bags, etc. Dr. Labib of the Sports and Fashion Store, located in Central Square, told *Excalibur* retailers are going to feel the effects too. He said foreign students and visitors are often confused enough as to why they are being charged eight per cent (provincial sales tax) more than the price listed on the price tag. The GST will only add to their confusion, he added.

Excalibur was given an exclusive interview with federal member of Parliament for Broadview-Greenwood, Dennis Mills. Mills, a possible Liberal leadership candidate and a passionate Canadian nationalist, discussed with *Excalibur* many of his creative and innovative ideas, including his "Campaign for Canada" agenda. His Campaign for Canada has three primary focuses: amendments to the Meech Lake Accord, a national environment programme, and as an alternative to the GST (not just a mere criticism), "The Single Tax" system proposal.

Under his Single Tax system, Mills proposes that an equitable and efficient single tax at a maximum rate of 25 per cent be set for all Canadian individuals and corporations. He says his proposal is intended to reduce taxes for those who are paying more than their share, while increasing the amount for corporations and individuals who pay little or none.

Mills believes the GST will have a negative impact on the Canadian economy.

"The worst disease of all that can set into an economic equation is inflation," he said. "The Minister of Finance by his own numbers, by his own admission, will declare that there is a minimum of a two and a half point rise in inflation with the Goods and Service Tax system."

Mills predicts there will be choppy waters ahead for postsecondary students too. "Think of it in terms of the clothes you buy, think of it as the food you eat," he explained. "Your life is skewed to the fast food world and so right off the bat you're discriminated against because you don't have time to go and buy the various components, which will not be taxed and taken home."

Mills doesn't believe the GST will be implemented, but that the Tories will be forced to back down. "I think that the Conservative government will take my Single Tax," he said.

"In implementing the Single Tax," he said, "we hope to phase out the Manufacturer's Sales Tax over about three years; no GST. That will unleash productivity. See, if people get a sense that the (tax) system is fair, that it's simple, that it's efficient, and it all works, people want to play ball."

Mills said further that the Conservative government's Goods and Services Tax proposal, in his opinion, lacks vision and creativity.

While it is widely accepted that fiscal responsibility and deficit reduction are important government priorities, it is equally important to understand that the GST is not a fair system because it hurts those who can afford it the least. The Single Tax proposed by Dennis Mills may just be a more viable and fairer alternative for all Canadians, one the federal government should not hesitate to consider.

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Keep in mind

The last day to petition for permission to register late for Fall Term and Full Session courses is:

**FRIDAY
NOVEMBER 3
1989**

This notice is a final reminder. Students who have not paid their academic fees and applicable late service charges by September 29, 1989 were notified that enrolment in Fall Term and Full Session courses had been cancelled.

Any student wishing to be registered was advised of the need to petition for permission to register late. Petitions which demonstrate administrative default on the part of a University office or cover compassionate reasons are considered. The Registrar's decision is final.

Petitions must be submitted in writing. The appropriate form is available from the Registration Office, Suite C130 West Office Building, telephone 736-5155.

Office of the Registrar