

- (44) Unless 100% of FST savings are passed on to consumers, the GST will truly be a regressive tax and lower-income families could be worse off, immediately and in the near future.
- (45) As with other refundable tax credits, the threshold for the GST credit is invariant with respect to family size. When the National Anti-Poverty Organization (NAPO) presented its brief to the Committee, this organization noted that large families whose income is below the poverty line will not receive the maximum amount of GST credit. For example, a family of three living in a large urban centre faces a poverty line of \$25,728 in 1991, almost \$1,000 above the anticipated threshold for maximum credit benefits. A family of seven or more, with an income at the poverty line, will lose \$650 in GST credits because of the uniform threshold. On the other hand, single individuals and small families with incomes well above the poverty line can still receive full credit benefits.
- (46) NAPO's preferred option "... is to establish a threshold that varies by household size, with the threshold set at least at the poverty line for such a household." (NAPO submission, P. 12) While the problem is clear, the solution is not. Poverty lines vary not only by family size but by location of residence as well. Therefore, one might conclude that a consistent application of the principles contained in the NAPO presentation would require numerous thresholds based on family size, and location. And if the poverty line is the relevant determinant of the threshold, one might question why the threshold for singles and small families is so much above the poverty line.