

Adjournment Debate

Material was gathered through examination of existing federal sales tax law, through review of Bill C-62, an act to amend the Excise Tax Act, and discussions with officials of the Nepean Minor Hockey Association and tax policy officers with the Department of Customs and Excise, and Finance.

It must be clear at the outset that the material presented in this paper, because of the nature of the subject, cannot be considered as definite. This is because the goods and services tax has been introduced into the House of Commons as Bill C-62 but is not a law at this time. Also, in certain of the more technical aspects of the application of GST there is no policy. What is presented is the likely direction such policy will take. These areas of uncertainty have been identified in the body of the text.

Despite these considerations, what is presented here is the first detailed look at this tax and its specific implications for minor hockey.

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I do not have the time to read the background and methodology of the report, but I will read the executive summary.

The GST is intended to eliminate many of the flaws and inequities which exist in the current Federal Sales Tax. The vast majority of goods and services in Canada will be subject to this tax, which is essentially a 7 per cent tax on personal consumption. It will require all businesses and organizations in Canada who have annual taxable sales in excess of \$30,000 to register for and collect this tax.

The Nepean Minor Hockey Association, like all other hockey associations in Canada, will be affected by this tax. As the organization providing a minor hockey program for players between the ages of five and 19 in the city of Nepean, the NMHA in 1989-90 operated with a total budget of \$402,000. The vast majority of these funds come from the sale of memberships to individual players. In addition, other revenue comes from the rental of practice ice purchased from the city, the proceeds from a bingo, profits from a used equipment sale, sponsor contributions and tournament revenues.

It is concluded that the NMHA, given its current operations, would have a total of \$206,500 in taxable sales annually. This would require the NMHA to register for GST and collect some \$14,020 in taxes yearly. However, by taking eligible input tax credits of \$10,185, the net amount of GST to remit would be a total of \$3,935. While the NMHA is a non-profit organization, it will receive no special funding, unlike certain other organizations engaged in organizing amateur athletics.

In addition to the amount of GST required to be added to its sales, the NMHA will be forced to absorb a total of \$20,406 in GST on its purchases. As a consequence, the NMHA will face a total GST related increase of \$24,341. This represents a 6 per cent increase.

There are ways of reducing the NMHA's total amount of taxable sales to less than \$30,000 per year, but this would only save some

\$3,935 in GST annually. This is due to the fact that the NMHA, being a non-profit organization, does not mark up purchases subsequently resold to any significant amount. By not being registered, by being below the \$30,000 threshold, they would not have to keep books and records, and file periodic tax returns, but would save relatively little money.

Individual teams in the NMHA would not be registered for GST as long as their operating budget does not exceed \$30,000. In a similar manner, referees, timekeepers and instructors would be below this threshold.

I filed a copy of this report with the Minister of Fitness and Amateur Sport at the time I asked the question. I hope the parliamentary secretary or whoever responds will have had the time to read the report and to specifically refer to the items that I mentioned.

This report was very well thought out and researched. Even after it took into account all the provisions that were supposed to help non-profit amateur sport, an increase of 6 per cent to an organization such as the NMHA still exists. This could have an extremely negative effect on minor hockey in Nepean and, as is probably the case, all of Canadian minor hockey.

In response to my initial question in the House, the Minister of Fitness and Amateur Sport praised the Minister of Finance for doing a tremendous job for amateur sport in the GST legislation and stated he should be congratulated. I say to the minister, come on. Put your helmet on and get into the game. Your praise of the Minister of Finance is eloquent but makes no sense. In hockey terms, you do a lot of dazzling skating and shooting but no scoring.

Your answers to my questions deserve a misconduct and I am sure you will be cut from the team when Canadians vote in the next election.

Mr. Murray Cardiff (Parliamentary Secretary to Deputy Prime Minister, President of the Privy Council and Minister of Agriculture): Madam Speaker, I am pleased to respond to the hon. member's concerns.

I want to make very clear that the Government of Canada has no intention of scrapping the goods and services tax. We all know the GST is an important part of the government's economic plan. It is a crucial element that contributes to making the economy stronger and more dynamic, to restoring the country's financial health, and to improving the fairness of the tax system.